

The background of the slide features a blue-toned image of binary code (0s and 1s) with several white dollar signs (\$) scattered throughout. The text is centered over this background.

INTERIM BUDGET 2019-20

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DIRECT TAX



Direct Tax Highlights

- No tax till INR 5 Lakh income for individual taxpayers. Individuals having income up to INR 5,00,000 shall enjoy the rebate under Section 87A for an amount of INR 12500 which was earlier at INR 2500.
- Standard Deductions under Section 16 of Income Tax Act, 1961 for salaried Person increased from INR 40000 to INR 50000.
- Threshold for deduction of TDS on house rent under Section 194-I has been increased from INR 1.8 Lakh to INR 2.4 Lakh.
- No TDS on interest income under Section 194-A up to INR 40000 earned on bank/post office deposits.
- Benefit of rollover of capital gains increased from investment in one residential house to two residential houses for capital gains under Section 54 of Income tax Act, 1961 up to INR 2 crore by affording the assessee a one time opportunity.
- Income Tax returns to be processed within 24 hours and refund will be paid immediately.
- Within nearly two years, almost all assessments and verification of IT returns will be done electronically by an anonymised tax system without any intervention of officials.
- Tax benefits for affordable housing extended till 31st March, 2020 under Section 80-IBA of Income Tax Act.
- Exemption on Notional Rent on second self-occupied property under Section 23 of Income tax Act, 1961 i.e.. Individual can hold two self occupied property with no tax on notional rent.
- For the purpose of period of exemption from levy of tax on notional rent, holding period of unsold inventory for Construction Industry has increased from one year to two years.

Direct Taxation Highlights

For Individual Taxpayers

Budget Proposals

➤ Individuals having income up to INR 5,00,000 shall enjoy the rebate for an amount of INR 12500 which was earlier at INR 2500.

Current Provisions of Income tax Act, 1961

Section 87A provide if the total income of a **resident individual does not exceed INR 350,000** , then lower of the following allowed as rebate-

- ✓ INR 2500 ,or
- ✓ Tax Liability

Proposed Amendments Income tax Act, 1961

Proposed Amendment in the Corresponding section(Sec 87 A) has been to increase the limit of total income available to Residents Individual **from 350,000 to 500,000** to avail rebate of lower of the following-

- ✓ INR 12500 ,or
- ✓ Tax Liability

Significance of Proposal

Taxability for income-earners up to INR 500,000 annually- Nil
Taxability for income-earners above INR 500,000- There is no benefit of Rebate under Section 87A

Budget Proposals	Current Provisions of Income tax Act, 1961	Proposed Amendments Income tax Act, 1961	Significance of Proposal
<p>➤ Standard Deductions increased from INR 40,000 to INR 50,000.</p>	<p>Section 16 provide a Standard Deduction of INR 40,000 to salaried person</p>	<p>Proposed Amendment under Section 16 for Salaried Individuals is to increase standard deduction of INR 40,000 to INR 50,000.</p>	<p>A marginal relief of additional INR 10,000 deduction to salaried class individuals which extends tax benefit to individual.</p>
<p>➤ Exemption on Notional Rent from one self-occupied house property increased from one to two self-occupied properties</p>	<p>As per Section 23, If an individual owns more than one house for his own residence then only one house, as per his choice, would be treated as self-occupied, other house is deemed to be let-out and notional rent shall be chargeable to Income Tax.</p>	<p>As per Proposed Amendment in Sec 23 , If an individual owns more than one house property for his own residence, then he can now claim exemption on Notional Rent from two house properties as self-occupied.</p>	<p>Earlier a person could claim one house property as self occupied but now can claim self-occupied exemption on Notional Rent received from second house property as well.</p> <p>Continued.....</p>

Budget Proposals

➤ **Continued, Exemption on Notional Rent from one self-occupied house property increased from one to two self-occupied properties**

Current Provisions of Income tax Act, 1961

Tax Implications as per Sec 23:-
✓ Notional Rent from second self occupied property **(which is treated as let out)** is taxable,
&
✓ Deduction u/s 24(b) up to INR 200,000 is available in respect of interest paid on loan borrowed for such property

Proposed Amendments Income tax Act, 1961

Tax Implications as per proposed amendment in Sec 23:-
✓ Notional income from second self-occupied house property(now treated as self occupied) is exempt from tax,
&
✓ Deduction u/s 24(b) up to aggregate of INR 200,000 in respect of interest paid on loan borrowed for such property remains same.

Significance of Proposal

Middle class individuals & their families who have to maintain houses at two locations on account of their job, care of parents & children etc. will likely to get benefited by such proposed amendment.

Budget Proposals	Current Provisions of Income tax Act, 1961	Proposed Amendments Income tax Act, 1961	Significance of Proposal
<ul style="list-style-type: none"> ▪ Benefit/Exemption of roll over/reinvestment of capital gains increased from investment in one residential house to two residential houses up to INR 2 crore by affording the assessee a one time opportunity. 	<p>Section 54 provides, Long term Capital gain arising on sale of residential house to an Individual or HUF is exempt to the extent capital gain invested, if the proceeds are re-invested in purchase / acquisition of another (one/single) residential house</p>	<p>As per Proposed Amendment in Sec 54, For the purpose of reinvestment of capital gain arising on sale of residential house</p> <ul style="list-style-type: none"> ✓ Limit to invest such Capital gain increased from one residential house to two residential houses, provided that :- I. Amount of capital gains does not exceed INR 2 crores, and II. Such option shall be available only once in a lifetime to the taxpayer (i.e. he shall not be subsequently entitled to exercise the option for the same or any other assessment year) 	<p>Parents who want to sell their house to buy two houses, for their children likely to get benefit from proposed amendment</p>

For Corporates:

Budget Proposals	Current Provisions of Income tax Act, 1961	Proposed Amendments Income tax Act, 1961	Significance of Proposal
<ul style="list-style-type: none"> ➤ Holding period of unsold inventory for Construction Industry/real estate developers, has increased from one year to two years. 	<p>Notional Rent in respect of unsold inventory held upto one year is exempt from Income tax (from the end of financial year in which certificate of completion is obtained from competent authority)</p>	<p>Under Proposed Amendment, now Notional Rent in respect of unsold inventory is exempt from tax up to two years (i.e. Period of exemption of one year increased to two years.)</p>	<p>Proposed Amendment provides a further exemption of one more year as an incentive to real estate developers which helps them to reduce their tax cost & accordingly pass on the benefit to ultimate home buyers.</p>
<ul style="list-style-type: none"> ➤ Tax benefits for affordable housing available for project approved extended till 31st March, 2020. 	<p>As per Sec 80-IBA, Deductions available in respect of profits derived from developing an affordable housing project which has received approval from Government between 1 June 2016 till 31 March 2019</p>	<p>As per Proposed Amendment under Section 80-IBA, now the Tax benefits are extended for one more year for all housing projects approved i.e. till the end of 31 March, 2020.</p>	<p>Proposed Amendment by providing exemption period of 1 more year as an incentive to real estate developers helps them to reduce their tax cost & accordingly they pass on the benefit to ultimate home buyers.</p>

Budget Proposals	Current Provisions of Income tax Act, 1961	Proposed Amendments Income tax Act, 1961	Significance of Proposal
<p>➤ Increase in threshold limit for deduction of tax from Rent</p>	<p>As per Section 194-I ,Every person (including an individual or HUF who are subject to tax audit) shall be liable to deduct tax from payment of rent. if the amount of rent during the financial year exceeds INR 1,80,000.</p>	<p>As per Proposed Amendment in section 194-I,The threshold limit, for deduction of tax on payment of rent, increased from INR 1,80,000 to INR 2,40,000.</p>	<p>Proposed Amendment benefit the small tax payers by reducing the TDS compliance</p>
<p>➤ Increase in threshold limit for deduction of tax from interest on deposits</p>	<p>As per Section 194 A, Tax is to be Deducted at Source by Banks & Post Offices. on Interest Income from Bank & Post Office Deposits , if interest income exceeds INR 10,000</p>	<p>As per Proposed Amendment in Section 194 A, the threshold limit to deduct the Tax Deduction At Source on interest income has been increased from INR 10,000 to INR 40,000</p>	<p>Proposed Amendment benefit in following ways:-</p> <ul style="list-style-type: none"> • Likely to reduce the tax compliances for small tax payers • Benefit the small depositors. • Benefit the spouses who are not employed or non-working

Finance Bill 2019 has been presented by the Hon'ble Finance Minister on 1st February 2019 related to Indirect Taxation regime.

**Indirect
Tax**

- Group of Ministers to suggest ways to reduce GST for home buyers.
- Businesses with less than INR 5 crore annual turnover, comprising over 90% of GST payers, will be allowed to file quarterly returns.

**High
lights**

- Indian Customs to fully digitised EXIM transactions and leveraging RFID for logistic.
- Government abolished custom duties on 36 capital goods
- Minimum 14% of GST collected to be allocated to states by Central Government

OTHER GENERAL HIGHLIGHTS



Key Achievements



INR 19,000 allocated for construction of Rural roads under Pradhan Mantri Gram Sadak Yojana (PMGSY)

Growth of 18% in direct tax collection in 2017-18 and 1.06 crore people has filed income tax returns for the first time in FY 2017-18

During the period 2014-18, a total number of 1.53 crore houses have been built under the Pradhan Mantri Awas Yojana (PMAY)

Government has disbursed over ₹35,000 crore under #OROP (One Rank One Person) scheme since announcement of scheme

Centrally Sponsored Schemes (CSS) allocation increased to ₹3,27,679 crore in 2019-20 as against ₹3,04,849 crore in 2018-19

Fiscal Programme

- Fiscal deficit has been brought down to 3.4% in 2018-19 and pegs the fiscal deficit of year 2019-20 at 3.4% of GDP.
- Government's stated commitment earlier was to bring down the fiscal deficit to 3.1 percent of GDP by the end of March 2020, and to 3% by March 2021.
- Total expenditure increased from INR 24,57,235 crore in 2018-19 by over 13% to INR 27,84,200 crore in 2019-20.
- Capital Expenditure for 2019-20 estimated at INR 3,36,292 crore as against INR 3,04,849 crore in 2018-19 .
- National Education Mission allocation from increased INR 32,334 crore in 2018-19 by about 20% to INR 38,572 crore in 2019-20.
- Focus now on debt consolidation along with fiscal deficit consolidation programme.



Railways and Housing

- All Unmanned Level Crossings on broad gauge network have been eliminated.
- Capital support from the budget for railways is proposed at INR 64,587 crore in 2019-20 against the Railways' overall capital expenditure programme of INR 1,58,658 crore.
- Introduction of the first indigenously developed and manufactured semi high-speed "Vande Bharat Express"
- The Government will make 1 lakh villages into Digital Villages over next five years.

Labour

- Maximum ceiling of the bonus given to the laborers has been increased from Rs. 3,500 pm to Rs. 7,000 pm and the maximum ceiling of the pay has been increased from Rs. 10,000 pm to Rs. 21,000 pm.
- The ceiling of payment of gratuity has been enhanced from Rs. 10 lakhs to Rs. 20 lakhs.
- Launches "Pradhan Mantri Shram-Yogi Maandhan Yojana" for unorganised sector worker with income up to Rs. 15,000 per month, beneficiaries will get monthly pension of Rs. 3,000 after the age of 60 years by contribution of Rs. 100 pm.
- A Committee under NITI Aayog will be set up to complete the task of identifying De-notified, Nomadic and Semi-Nomadic communities not yet formally classified.



Benefits to Farmers

- Farmers having up to 2 hectares of land will get INR 6000 per year in three equal instalment under Pradhan Mantri KIsan SAMman Nidhi (PM-KISAN). The scheme will be effective from December 1, 2018.
- Interest subvention for farm loan takers: Farmers affected by natural calamities to get 2% interest subvention and additional 3% interest subvention upon timely repayment.
- 2% interest subvention to farmers who pursue animal husbandry, fisheries jobs through Kisaan credit cards.
- Kamdhenu Scheme for animal husbandry. National Kamdhenu Ayog allocated INR 750 crores for cows under National Gokul Mission.
- With an aim to double the income of farmers, Government, has fixed the minimum support price (MSP) of all 22 crops at minimum 50% more than the cost.

Public Benefits

- Spent Rs. 1.7 Lakh Crore to provide food grains at affordable prices to the poor and middle classes in the year 2018-19. Rs. 60,000 crores are being allocated for MGNREGA in 2019-20
- GST registered SME units will get 2% interest rebate on incremental loan of Rs. 1 Crore.
- Single window clearance for shooting of films to Indian filmmakers.
- Targeted expenditure to bridge urban-rural divide & to improve quality of life in villages
- Around 2 lakhs seats will increase for the reservation of 10% for Economically Weaker Section



Unorganised workers

A new pension scheme - **Pradhan Mantri Shram-yogi maandhaan** - for young workers in the unorganised sector



₹3,000

will be provided as assured monthly pension from the age of **60** on an affordable monthly amount during their working age



₹15,000

will be the monthly income limit for the workers to join the scheme



₹500 cr.

has been allocated for the scheme

- The monthly amount will vary from ₹55 to ₹100 depending upon the worker's age

Other Proposals:

- Government increases defence budget to more than Rs. 3 lakh Crores first time ever. Additional funds will be provided, if needed.
- 22nd AIIMS has to be opened in Haryana.
- PCA restriction has abolished from 3 major banks (Bank of India, Oriental bank of Commerce, Bank of Maharashtra)



Women Development to women led development

- To ensure cleaner fuel and health assurance, we embarked upon Pradhan Mantri Ujjwala Yojana, a programme to give 8 crore free LPG connections to rural households out of which 6 crore connections have already been disbursed.
- 26 weeks of Maternity Leaves to empower the women

THE WOMEN'S BUDGET



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