

# INTERIM BUDGET 2019-20 ANALYSIS

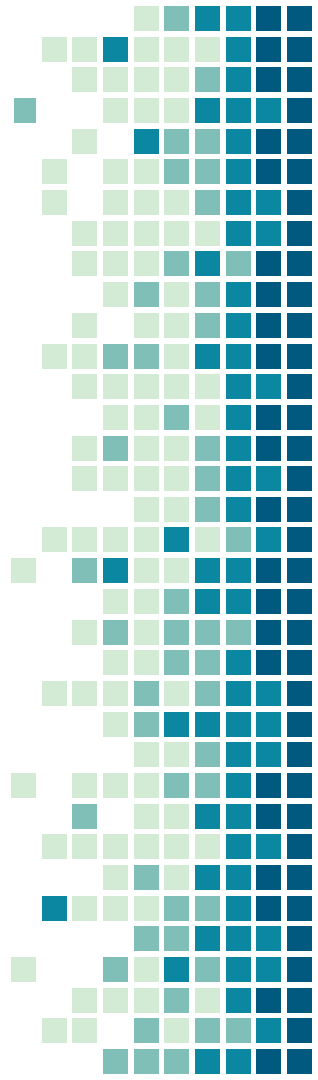
BY  
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CHARTERED ACCOUNTANTS





# INTRODUCTION

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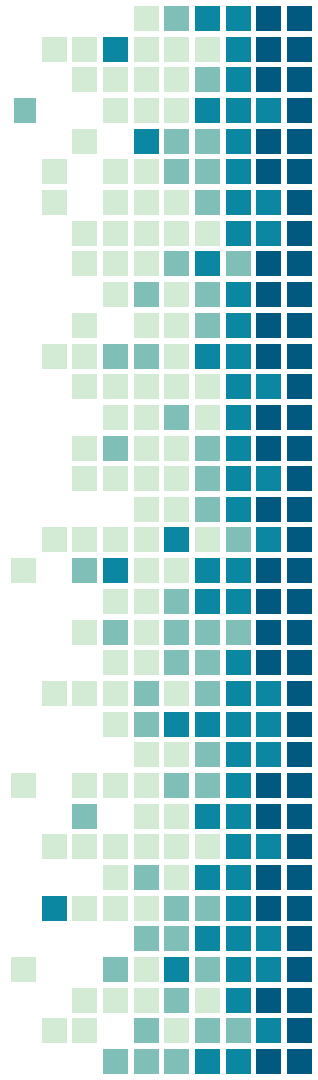
*Finance Minister Piyush Goyal presented the Interim Union Budget 2019-20 in Parliament on February 1, 2019. This was the last Budget before the 2019 Lok Sabha polls. The thrust of the Budget was on the agricultural sector and middle class. The budget having a populist tone managed to give a little bit to every segment of society.*

*On the Direct tax front, the Budget has tried to benefit the salaried and middle class by increasing the standard deduction and tax rebate. Initiatives are taken to process the income tax returns and refunds within 24 hours and to eliminate the interface between the department and the people. On the Indirect tax front, since changes under the GST laws are implemented through recommendation of GST council during their periodic meetings, the budget proposals were limited to Custom legislation. On the Customs duty front, to promote 'Make in India' campaign the government has abolished duties on 36 capital goods..*

*As always, we welcome your comments and feedback!!*



# POLICY ANNOUNCEMENTS



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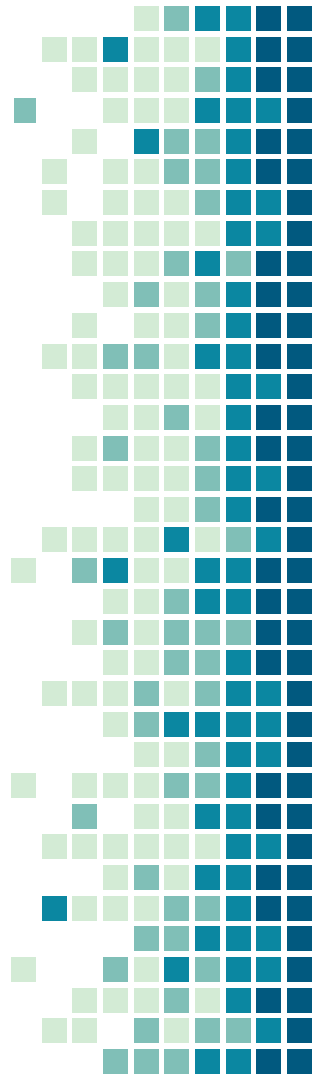
- Under Pradhan **Mantri Kisan Samman Nidhi** , government to provide Rs 6,000/- per annum to farmers who owns less than 2 hectares of cultivable land
- Under **Kisan Credit Scheme**, interest subsidy of 2% and additional 3% for timely loan repayment is proposed for farmers pursuing animal husbandry and fisheries
- For farmers affected by natural calamities, where assistance is provided from **National Disaster Relief Fund** , interest subsidy of 2% and additional 3% for prompt repayment for entire period of loan
- Under mega pension scheme **Pradhan Mantri Shramyogi Maan Dhan Yojana** for unorganized sector workers having monthly income upto INR 15,000/-, government proposed :
  - Assured monthly pension of Rs. 3,000 from age 60
  - To contribute equal contribution in the pension account of the worker every month

# POLICY ANNOUNCEMENTS

- GST Registered **MSME units** will get 2% interest rebate on an incremental loan of Rs. 1 Crore
- To promote entertainment industry, government proposed:
  - Single window clearance for ease of shooting films also for Indian filmmakers (Currently available only to foreigners)
  - To introduce anti-camcording provisions in the Cinematograph Act, to control the menace of piracy



# DIRECT TAX PROPOSALS



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# DIRECT TAX PROPOSALS

## Rates/Slabs of Income Tax and applicable Surcharge and Cesses

- There is no change in tax slabs of individuals, HUFs and firms
- For domestic companies the rate of income tax is unchanged
- Surcharge remains unchanged
- Health and Education Cess remains unchanged
- Rebate u/s 87A is increased to Rs 12,500 from Rs. 2,500 for total income up to Rs. 5,00,000. If income after VI-A (80C, 80D, etc) deductions is above Rs. 5,00,000, there will be no benefit of this rebate
- Refer ***Annexure*** for slabs, rates and understanding of working of rebate



# DIRECT TAX PROPOSALS

## Salary

- Standard deduction is increased to Rs. 50,000 from Rs. 40,000

## Capital Gains

- Exemption of capital gain u/s 54 (selling and buying another house property) can also be claimed even if taxpayer invests capital gains in two residential houses subject to a condition that total capital gains do not exceed 2 crores. Earlier exemption was allowed in respect of only one residential house property. This benefit can be exercised once in lifetime

## House Property

- Benefit of not offering notional income by claiming house property to be self occupied property extended to two residential houses from one house

# DIRECT TAX PROPOSALS

## **Benefit to Real Estate Industry**

- No notional rent on property held as stock in trade upto 2 years from end of financial year in which occupation certificate/completion certificate is received
- 100% tax exemption for developing housing projects extended to projects approved prior to 31<sup>st</sup> March, 2020 fulfilling prescribed conditions [Section 80IBA]

## **TDS**

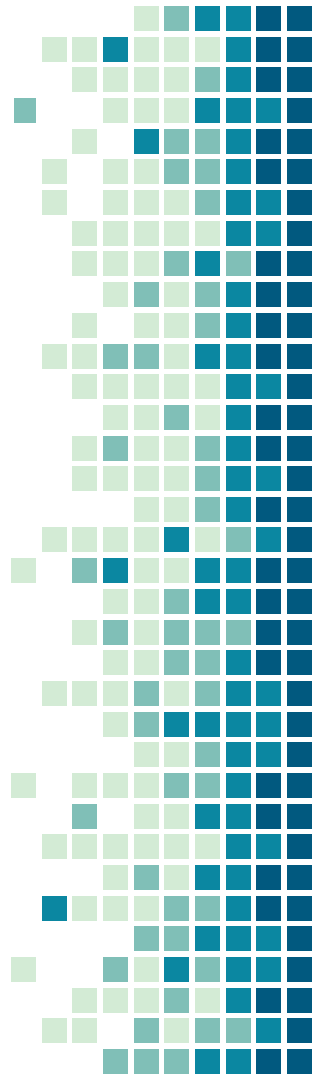
- TDS threshold for rent is increased to Rs. 2,40,000 from Rs. 1,80,000
- TDS threshold for interest earned on bank/cooperative society/post office deposits increased to Rs. 40,000 from Rs.10,000

## **Assessment Proceedings**

- New scheme of scrutiny assessment u/s 143 of the Income Tax Act 1961 is proposed in which the interface between the Assessing Officer and the assessee is eliminated



## CONTACT US



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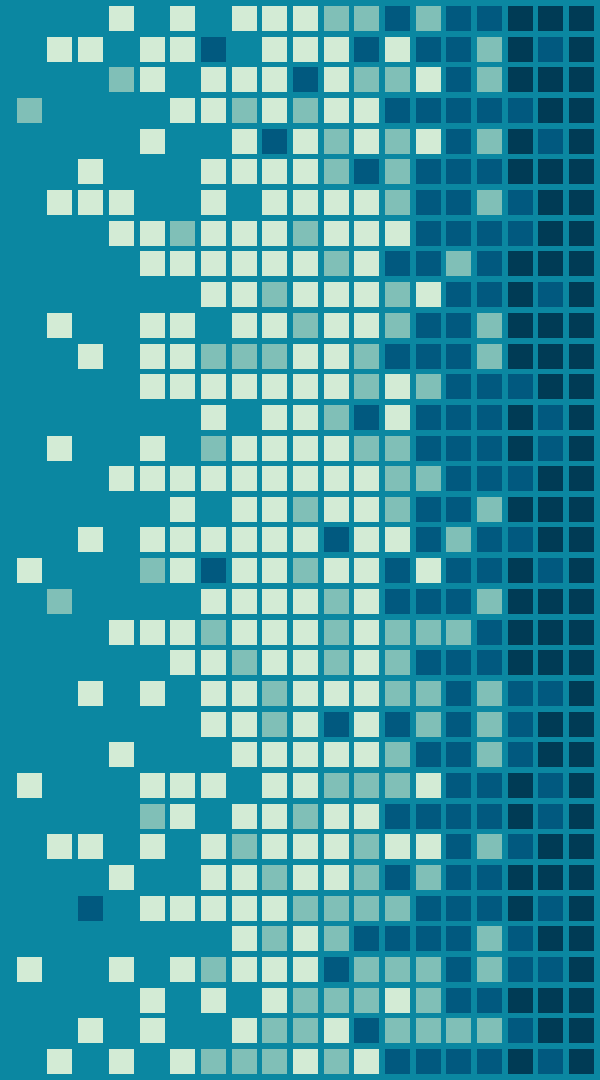
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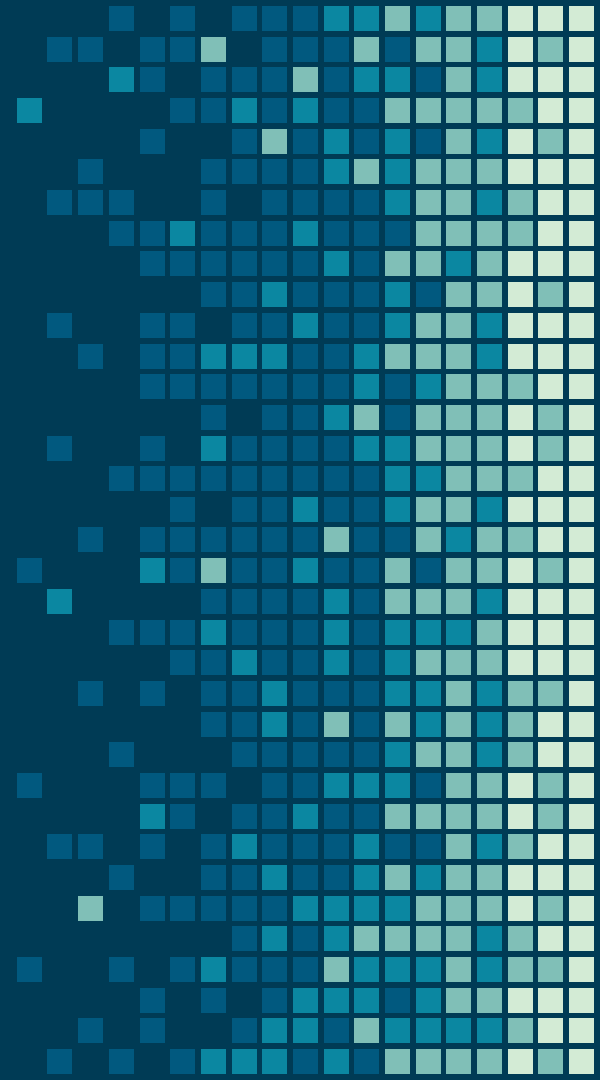
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ANNEXURE



# SLAB RATES FOR INDIVIDUALS AND HUF'S FOR FY 2019-20

Total income	Person less than 60 years	Person less than 80 years and more than 60 years	Person more than 80 years
Upto to INR 2,50,000	NIL	NIL	NIL
INR 2,50,000-INR 300,000	5%*	NIL	NIL
INR 3,00,000-INR 5,00,000	5%*	5%*	NIL
INR 5,00,000-INR 10,00,000	20%	20%	20%
INR 10,00,000 and more	30%	30%	30%

Note: In addition to tax, surcharge shall be charged at applicable rates if total income is more than 50 lakh rupees or 1 crore as the case may be. Further 4% Health and Education Cess shall be levied on tax and surcharge.

\* If income is not exceeding INR 5,00,000, no tax shall be payable as per available rebate u/s 87A of the Income Tax Act

# UNDERSTANDING OF REBATE- TAX PAYABLE

If total income is	Tax Payable for person less than 60 years	Tax payable for person less than 80 years and more than 60 years	Tax payable for person more than 80 years
Upto to INR 2,50,000	NIL	NIL	NIL
INR 2,50,000-INR 300,000	NIL	NIL	NIL
INR 3,00,000-INR 5,00,000	NIL	NIL	NIL
INR 5,00,000-INR 10,00,000*	INR 12,500 plus 20% of amount exceeding INR 5,00,000	INR 10,000 plus 20% of amount exceeding INR 5,00,000	20% of amount exceeding INR 5,00,000
INR 10,00,000 and above*	INR 1,12,500 plus 30% of income exceeding INR 10,00,000	INR 1,10,000 plus 30% of income exceeding INR 10,00,000	INR 1,00,000 plus 30% of income exceeding INR 10,00,000

\* If income is exceeding INR 5,00,000, no rebate will be available under section 87A of the Income Tax Act



# RATES FOR DOMESTIC COMPANY FOR FY 2019-20

A) For a domestic company having total turnover/ gross receipts in the previous year **not exceeding** INR 250 crore:

Particulars	Taxable income < INR 1 crore	INR 1 crore < taxable income < INR 10 crore	Taxable income > INR 10 crore
Corporate tax	25.00%	25.00%	25.00%
Surcharge	-	7.00%	12.00%
Corporate tax + surcharge	25.00%	26.75%	28.00%
Education cess	4.00%	4.00%	4.00%
<b>Effective tax rate</b>	<b>26.00%</b>	<b>27.82%</b>	<b>29.12%</b>

# RATES FOR DOMESTIC COMPANY FOR FY 2019-20

B) For a domestic company having total turnover/ gross receipts in the previous year **exceeding** INR 250 crore:

Particulars	Taxable income < INR 1 crore	INR 1 crore < taxable income < INR 10 crore	Taxable income > INR 10 crore
Corporate tax	30.00%	30.00%	30.00%
Surcharge	-	7.00%	12.00%
Corporate tax + Surcharge	30.00%	32.10%	33.60%
Education cess	4.00%	4.00%	4.00%
<b>Effective tax rate</b>	<b>31.2%</b>	<b>33.38%</b>	<b>34.94%</b>

# RATES FOR FOREIGN COMPANY FOR FY 2019-20

Particulars	Taxable income < INR 1 crore	INR 1 crore < taxable income < INR 10 crore	Taxable income > INR 10 crore
Corporate tax	40.00%	40.00%	40.00%
Surcharge	-	2.00%	5.00%
Corporate tax + Surcharge	40.00%	40.80%	42.00%
Education cess	4.00%	4.00%	4.00%
<b>Effective tax rate</b>	<b>41.60%</b>	<b>42.43%</b>	<b>43.68%</b>