



UCC & Associates brings you the updates on the Finance Bill 2019 presented by the First Female Finance Minister Mrs Nirmala Sitharaman of the Republic of India.

- ❖ The Budget provides impetus to PM Narendra Modi's dream to make India a USD 5 trillion economy by 2024.
- ❖ Termed as “**Green Budget**” by PM Modi.
- ❖ The Budget prioritises transformation of 'Gaon', 'Garib' and 'Kisan'.

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Budget Updates of Finance Bill 2019 - 5th July 2019

KEY CHANGES IN TAX PROVISIONS

Direct Taxes:

➤ **Individual:**

- There is **no change** in the Tax slab for the individuals
- **Income Tax Rates for Financial Year 2019-20 (AY 2020-2021):**

S. No	Individual - Others	Tax Rates
1	Taxable Income up to Rs 2,50,000	NIL
2	Rs 2,50,001 to Rs 5,00,000	5%
3	Rs 5,00,001 to Rs 10,00,000	20%
4	Above Rs 10,00,000	30%

S. No	Resident Senior Citizen (Between 60 to 80 year of age)	Tax Rates
1	Taxable Income up to Rs 3,00,000	NIL
2	Rs 3,00,001 to Rs 5,00,000	5%
3	Rs 5,00,001 to Rs 10,00,000	20%
4	Above Rs 10,00,000	30%

S. No	Resident Super Senior Citizen (Above 80 years of age)	Tax Rates
1	Taxable Income up to Rs 5,00,000	NIL
2	Rs 5,00,001 to Rs 10,00,000	20%
3	Above Rs 10,00,000	30%

Plus, Surcharge and Cess:

- Surcharge: 10% of the Income Tax if taxable Income exceeds Rs 50 Lakhs up to Rs 1 Crore.
- Surcharge: 15% of the Income Tax if taxable Income exceeds Rs 1 Crore up to Rs 2 Crore.
- **Surcharge** on Individual income has increased to
 - 25% for Total Income above Rs 2 crore but lesser than 5 crores
 - 37% for Total Income above Rs 5 crores
- Health and Education Cess (HEC): HEC will be levied at the rate of 4% on Income Tax and Surcharge, wherever applicable.

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- Individual taxpayers having taxable annual income up to Rs.5,00,000/- will get full tax rebate under section 87A and will not be required to pay any tax.
- Individuals with gross income up to Rs. 6,50,000/- will not be required to pay any tax if they make investments in provident funds, specified savings, insurance, etc for Rs. 1,50,000/-.

Note: If total income i.e. after deduction under chapter VIA (Deduction u/s 80C and Other section), deduction of Interest on Housing loan, Standard deduction (Salary) of Rs. 50,000/- and other salary benefits like HRA etc. exceeds Rs. 5,00,000/- then tax structure for Individual remains same and no benefit of tax of Rs. 12,500/- is allowable to such individual.

- **Section 80EEA** introduced for exemption in case of Interest on housing loans
 - Effective from AY 2020-21
 - Maximum Deduction Rs 1,50,000
 - Loan sanctioned during FY 2019-20
 - Stamp duty value of the property should not exceed Rs 45 lakh
 - Introduced **Section 80EEB** up to Rs 1,50,000 on interest paid for purchase of Electric motor vehicle
 - Effective from AY 2020-21
 - Loan sanctioned during FY 2019-20 to FY 2022-23
 - The deduction **u/s 80CCD** for contribution by Central Government in specified pension scheme increased from 10% to 14% from AY 2020-21.
- **Corporate:**
- The Tax rate of **25%** for gross Turnover/receipt up to Rs 400 crores
 - 35AD extended to Li-On battery, Semi-Conductor, Laptops, Fabrication & Photo Volic.

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➤ Start-ups

- Benefits u/s 54GB has been extended on capital gains arising from transfer of residential property up to FY 2020-21.
- The funds raised by start-ups not to be scrutinised by Assessing Officer unless approved by the supervising authority
- E verification of the identity of the investor.
- Amendment in sec 56 “Income from Other Sources”
- Relaxed set off and carry forward norms proposed

➤ TDS Provisions

i. **Amendment in Section 194-IA – TDS on Purchase of Immovable property.**

Amendment has been proposed in the definition of **consideration for immovable property** to include the club membership fee, car parking fee, electricity or water facility fee, maintenance fee, advance fee or any other charges of similar nature.

ii. **Amendment in Section 194DA: Payment in respect of Life Insurance policy**

- TDS rate has been increased from 1% to 5%.
- Effective from the **1st day of September, 2019**

iii. **Insertion of New Sections**

194M – TDS on Payment of any work and professional fees by certain individuals or Hindu undivided family

- Section 194M shall be inserted for deduction of TDS by any person, being an individual or a Hindu undivided family (other than those who are required to deduct income-tax as per the provisions of section 194C or section 194J) from payment made for any work (including supply of labour for carrying out any work) in pursuance of a contract or by way of fees for professional services during the financial year.
- **TDS deduction at the rate of 5%**
- TDS deduction if such sum or, as the case may be, aggregate of such sums, paid to a resident during a financial year **exceeds fifty lakh rupees.**
- Effective from the **1st day of September, 2019**

194N – TDS on Payment of certain amounts in cash by Banking Companies, co-operative society, post office.

- TDS deduction from payment of any sum, or, as the case may be, aggregate of sums, in cash to any person (herein referred to as the recipient) from an account maintained by the recipient during the previous year. (on cash withdrawal)
 - TDS deduction on payment of cash made in excess of **one crore rupees**
 - **TDS deduction @ 2%**. of sum exceeding one crore rupees, as income-tax.
- **General:**
 - **Faceless E Assessment**
 - Aadhar and PAN are interchangeable for filing of ITR
 - Amendment in **sec 50CA** “Special provision for full value of consideration for transfer of share other than quoted share”
 - Securities transaction tax restricted to difference between settlement and strike price of options

INDIRECT TAXES

➤ **GST:**

- **Quarterly return** for turnover up to Rs 5 crores
- E Invoice will replace e-way bill from Jan 2020
- **Exemption** limit in supply of goods increased from Rs 20 lakhs to Rs 40 lakhs
- GST rate on **Electric Motor Vehicles** reduced from 12% to 5%
- **Legacy dispute resolution scheme** Offered for Litigations amounting to Rs 3.75 Lakh Crore for its quick disposal
- Business establishments with annual turnover of up to Rs 50 crores exempt from any charges on merchant discount rate.

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➤ Customs:

- Custom duty on gold and other precious metals raised from 10% to 12.5%
- Special Additional duty and Road & Infrastructure cess on Petrol & Diesel increased by Re 1
- Exemption on electronic items, oil and paper withdrawn
- 5% custom duty on Imported books
- Defence Equipment's not manufactured in India are exempt from customs duty
- Basic Custom duty increased on various products including cashew kernels, PVC, vinyl, Metal Fittings, Rubber products, Marble Tiles, CCTV camera etc.
- Customs duty reduced on capital goods for manufacturing of certain electronics goods, fuels for nuclear plants etc.
- Export duty rationalised on raw & semi-finished leather
- Penalty u/s 117 of Customs Act increased from Rs 1 lakh to Rs 4 lakh in case of Bogus entities
- Nominal duty on tobacco and crude oil
- Fraudulently availed or attempt to avail duty drawback or exemption exceeding Rs 50 Lakh shall be non bailable offence

OTHER HIGHLIGHTS

➤ Infrastructure Development:

- **National Common Mobility card** launched in March 2019
- Rs 50 Lakh crore investment in Railway from 2018-2030
- **Public Private Partnership** to be promoted for development of Railways
- State road networks to be developed in second phase of **Bharatmala Project**
- **Maintenance, Repair & Overhaul (MRO)** to achieve self-reliance in aviation segment

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- Roadmap to be laid for India to be a hub for **Aircraft leasing and financing activities**
- Waterways to be developed for cheaper transport facilities through **Jal Marg Vikas Project**
- Power at affordable rates through **One Nation One Grid**
- Cross subsidy surcharges, undesirable duties to be removed for bulk consumers
- New education policy proposed and National Research Foundation to be set up
- Study in India proposed to bring foreign students for higher education
- Jal Jeevan Mission with aim for water supply to all rural households by 2024
- Holistic management of water resources and its supply

➤ **Medium & Small Enterprises:**

- 2% leverage on interest for GST registered MSMEs
- Loan of upto Rs 1 Crore to be processed within 59 mins for MSMEs
- Pradhan Mantri Karam Yogi Maandhan Yozana launched for pension to retail traders 60years and above with gross turnover upto Rs 1.5 Crores
- Payment platform to be created for filing of bills and payment thereof to eliminate delays.
- **SFURTI** envisions 100 new clusters with focus on Honey, Khadi and Bamboo helping 50,000 artisans to join economic chain
- Pradhan Mantri Matsya Sampada Yojana for robust fisheries management

➤ **Banking Sector**

- NPAs reduced by Rs 1 lakh crore in FY 2018-19
- Rs 4 lakh crore recovered in last 4 years
- Government will grant Rs 70,000 crore in public sector bank
- Stand Up India Scheme for demand-based business

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➤ **Investments**

- Increase in Foreign direct investment by 6% for FY 2018-19
- Reduction in net fund owned requirement for foreign reinsurers in IFSCs reduced from Rs 5000 crores to Rs 1000 crores
- 100% FDI permitted to Insurance Intermediaries
- FPIs permitted to subscribe listed debt securities issued by ReTIs and InvITs
- Local norms for FDI in single brand retail sector to be eased
- Contemplating to organize Annual Global Investors Meet in India
- Stock exchanges to be enabled to allow AA rated bonds as collaterals
- KYC norms to be relaxed for FPIs
- NRI-Portfolio Investment Scheme Route is proposed to be merged with the Foreign Portfolio Investment route

➤ **Laws & Regulations:**

- Labour laws to be replaced by four Labour Codes
- NRI holding Indian passport can get AADHAR without being in India for minimum 180 days
- Social enterprises and Voluntary Organisations can raise funds on electronic platform under ambit of SEBI
- Threshold for minimum public shareholding in the listed companies increased from 25% to 35%.

THANK YOU

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