



HIGHLIGHTS OF UNION BUDGET 2019-2020

BUDGETARY ESTIMATES:

- Revised Fiscal deficit for 2018-19 at 3.4% against Budgeted estimate of 3.3%.
- Budgeted Fiscal deficit for 2019-20 at 3.3%
- Total Budgeted expenditure 2019-20 at INR 27,86,349 crores.
- Tax Revenue Receipts for 2019-20 estimated at INR 16,49,582 crores.
- Non-Tax Revenue Receipts for 2019-20 estimated at INR 3,13,179 crores.
- Gross Capital Receipts for 2019-20 estimated at 8,23,588 crores.

MAJOR TAX PROPOSALS OF THE FINANCE (No 2) BILL 2019:

DIRECT TAXES PROPOSALS:

Income Tax:

- No change in tax slabs and cess for all assesseees.
- *Surcharge in case of individuals/HUF increased so as to increase the effective rate of tax by 3% where taxable income is between Rs 2 crores to Rs 5 crores and by 7% where taxable income is in excess of Rs 5 crores.*
- Corporate tax rate reduced to 25% for companies with turnover upto Rs. 400 crores in FY 17-18 as against 250 crores.
- Additional deduction of Rs 1.5 lakhs for interest on loans borrowed for purchase of an affordable house.
- TDS of 2% on cash withdrawal exceeding 1 crore in a year from a bank account.
- Individual/HUF not covered under audit required to deduct TDS @ 5% if the annual payment made for contractual work or for professional fees exceeds Rs. 50 lakhs. PAN sufficient to pay TDS.
- Gift (transfer without consideration) of any sum of money, or property situated in India by a resident to non-resident to be taxed in India.
- Mandatory filing of IT return if deposits in a current account in a year exceeds 1 crore or expenditure more than Rs. 2 lakh on foreign travel or electricity consumption of more than Rs. 1 lakh in a year



- All companies (including listed companies) to pay tax @ 20% on buy back of its shares. Corresponding exemption provided to shareholders.
- PAN & Aadhaar to be made interchangeable and filing of IT return with Aadhaar to be allowed.
- Faceless electronic assessment involving no human interface to be launched and to be handled by a centralized unit of income tax department.
- Pre-filled tax return forms will be made available.
- Provisions for registered trust tightened.
- 60% of the withdrawals (as against 40% earlier) from National Pension System (NPS) to be exempt. Deduction limit increased to 14% from 10% for government employees.
- Interest payment to NBFC's to be allowed only on actual payment.
- Interest deduction upto 1.5 lakh on loan for purchase of electric vehicle
- Tax Benefits for units located in International Financial Services Centre to be expanded.
- TDS on taxable insurance policy maturity increased to 5% from 1%.
- Penalty for business with turnover exceeding 50 crores in previous year, if facility for accepting payment through the prescribed electronic modes of payment is not offered to customers.
- Benefits for startups to be expanded. Valuation of Investments in startups would not be scrutinized if they submit requisite documents and ease in assessments of startup
- TDS u/s 194-IA to include all charges paid towards club membership fee, car parking fee, electricity and water facility fees, maintenance fee etc.

Securities Transaction Tax (STT)

- Relief in levy of STT by restricting the levy only to the difference between settlement and strike price in case of exercise of options.

INDIRECT TAXES PROPOSALS:

- Proposal to lower the GST rate on electric vehicles from 12% to 5%.
- Taxpayers having annual turnover of less than Rs 5 crore can now file quarterly returns.
- Fully automated GST refund system to be initiated.



- An electronic invoice system is proposed that will eventually eliminate the need for a separate e-way bill.
- Amendment in GST law to provide for transfer of amount between major heads within electronic cash ledger.
- Change in law to clarify that interest payable for late payment of tax shall be levied only on that portion of tax which has been paid by debiting the electronic cash ledger and not gross liability.
- Business establishments with annual turnover more than 50 crores need to offer such low cost digital modes of payment.
- Sabka Vishwas Legacy Dispute Resolution Scheme proposed for quick closure of service tax and excise and other indirect taxes related litigations.
- Changes in customs duties to promote Make in India
- Increase of infrastructure cess and excise duty on petrol, diesel by Rs.1 each per litre.
- Increase of custom duty by 2.5% on gold
- 5% customs duty is being imposed on imported books
- Nominal basic excise duty is being imposed on Tobacco products
- Customs duty exemption on certain e-vehicle parts

OTHERS MISCELLENEOUS PROPOSALS:

- Government to create a Payment platform for MSMEs to enable filing of bills and payment thereof on the platform itself.
- Pension benefits to be extended the to about 3 crores retail traders & small shopkeepers whose annual turnover is less than 1.5 crore
- Proposed transfer/sale of investments by FIIs/FPIs (in debt securities issued by IDF-NBFCs) to any domestic investor within the specified lock-in period.
- Aadhaar Card for Non-Resident Indians with Indian Passports after their arrival in India without waiting for 180 days.
- Direct tax revenue significantly increased by over 78% from 6.38 lakh crore in Financial Year 2013-14 to around 11.37 lakh crore in Financial Year 18-19.
- Conditions for carry forward and set off of losses in the case of start-ups is proposed to be relaxed. Period of exemption of capital gains arising from sale of residential house for investment in start-ups up to 31.3.2021 is proposed to be extended



- 1 lakh loan under MUDRA scheme for one woman in every SHG
- National Sports Education Board to be setup to prepare youth for new age skills like Artificial Intelligence, IoT, Big Data, 3D Printing, Virtual Reality etc
- Proposed further recapitalization of PSBs Rs.70,000 crore
- Vision for \$5 trillion economy driven by 'virtuous cycle' of investment
- Mantralaya to ensure Har Ghar Jal to all rural households by 2024 under Jal Jeevan Mission
- Promotion of rental housing & Model tenancy law to be finalized
- Action plan to deepen long term bonds market
- Social stock exchange for listing social enterprises and voluntary organizations.
- Exclusive TV channel for startups
- Local sourcing norms to be eased for FDI in single brand retail
- Record Recovery of 4 lakh crores in last 4 years due to IBC and other measures.
- Rationalising of labour laws into 4 labour codes proposed.
- No charges or Merchant Discount Rate shall be imposed on customers as well as merchants for digital/online payments.
- 2% Interest subvention scheme for GST registered MSMEs upto 350 crore allocated for 2019-20.
- Proposal to SEBI to increase public shareholding to 35% from 25%
- Housing Finance companies to be regulated by RBI.
- Amendments in RBI Act / Insurance Act / Securities Contract Regulations Act and various other acts.
- 100% FDI to be permitted for insurance intermediaries.
- FPIs to be permitted to subscribe to listed debt securities issued by REITs and InvITs
- Government to raise a part of its gross borrowing program in external markets in external currencies.
- Know Your Customer (KYC) norms for Foreign Portfolio Investors to be made more investor friendly.

---XXXX---