



Budget 2019 – A Comprehensive Insight

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Foreword

The Union Budget 2019, being the interim budget, was presented by FM Piyush Goyal as the last chance to lure their Vote Bank in preparation of the upcoming Lok Sabha Elections. No amendments were proposed in relation to GST. The budget majorly seems to feature decisions and announcements in relation to Direct Tax and focused largely on boosting investments in Agriculture, Social Sector, Education, Infrastructure and Health.

The Interim budget seeks to:

Increase in rebate from the existing limit of INR 2,500 to INR 12,500 for the individual taxpayers with annual income up to INR 500,000

Providing relief to salaried taxpayers by way of increasing the amount of standard deduction from salary income, from existing limit of INR 40,000 to INR 50,000

Further, a giveaway was announced for farmers as well. The budget seemed to be focusing on the farmers, but the full picture can be analyzed only when the final budget of 2019 is presented, post the Lok Sabha Elections.

The Interim budget 2019 is being described as a fairly balanced budget where no one can be unhappy. Like all the proposals, this budget also has a number of points to be debated or criticized, but a concrete opinion can be made only post the release of the Final budget

Direct Tax Proposals



TAX RATES

Individual tax rates

Existing Slab Rates mentioned below will continue to apply for Financial Year 2019-20.

| Income Slab | Tax Rate |
|--|----------|
| Income up to Rs. 2,50,000 | Nil |
| Income from Rs. 2,50,001 – Rs. 5,00,000 | 5% |
| Income from Rs. 5,00,001 – Rs. 10,00,000 | 20% |
| Income more than Rs. 10,00,000 | 30% |

- Maximum exemption limit for senior citizen is INR 3 Lakhs and for very senior citizen is INR 5 Lakhs.
- As per existing law, 10% surcharge would continue to be levied, if income exceeds INR 50 Lakhs and 15% if income exceeds INR 1 crore.
- **“Health and Education Cess on income tax”** introduced last year shall continue to be levied at the rate of **4%** on the aggregate of income tax and surcharge

Corporate Tax Rates

No changes were announced for corporates and their tax rates continue to be the same as last year

| Particulars | Domestic Company (Turnover Less than 250 crore in PY 2016-17) | Foreign Company | LLP |
|---|--|-----------------|-----|
| Basic Tax | 25% | 40% | 30% |
| Surcharge on Basic Tax (Income exceed 1 crore) | 7% | 2% | 12% |
| Surcharge on Basic Tax (Income exceed 10 crore) | 12% | 5% | 12% |
| Health & Education Cess | 4% | 4% | 4% |

Direct Tax Proposals

Increase in tax rebate for individual taxpayers having taxable income up to INR 5 lakhs

- The existing law provides rebate of INR 2,500 to individuals having taxable income up to INR 3.5 lakhs
- It is proposed to increase the abovementioned rebate to INR 12,500 for individual taxpayers having taxable income up to INR 5 lakhs

The amendment will take effect, from 1st April 2020

Increase in Standard Deduction on Salary Income

- The previous budget introduced Standard Deduction of INR 40,000 for salaried taxpayers
- The interim budget proposes to increase the abovementioned deduction to INR 50,000

This will be effective from April 01, 2020

Relaxing the conditions for claiming exemption from capital gain tax on sale of House

- A relief has been proposed for taxpayers not having capital gains exceeding INR 2 crores on sale of residential house.
- It is proposed to afford to the taxpayer, a one time opportunity, at his option, to utilize the amount of gains for purchasing/constructing 2 residential houses in India instead of 1, as currently provided

This will be effective from April 01, 2020

Extension of time limit for obtaining approval of housing project

- As per existing provisions, deduction is allowed to taxpayers deriving income from developing and building housing projects

which are approved by Competent Authority on or before 31st March, 2019.

- It is proposed to extend the abovementioned time limit from 31st March, 2019 to 31st March, 2020

This will be effective from April 01, 2020.

Relief from charging notional rent on second self occupied house property

- Considering the difficulties of significantly high share of taxpayers, having 2 houses, owing to their jobs, children's education, care of parents etc., provisions for taxing notional rent are proposed to be amended
- The Finance Minister proposes to exempt levy of income tax on notional rent on second self-occupied house

This will be effective from April 01, 2020

Increase in threshold limit for deducting tax at source on interest on bank/post office deposits

- The existing TDS provisions requires banks to withhold tax on interest disbursed which exceeds INR 10,000.
- It is proposed to increase the abovementioned threshold limit for deducting tax to INR 40,000

This will be effective from April 01, 2020

Increase in threshold limit for deducting tax on rent payments

- Presently, tax at the rate of 10% has to be deducted on rental payments exceeding INR 1.8 lakhs annually.
- It is proposed to increase the above threshold to INR 2.4 lakhs

This will be effective from April 01, 2020

About Us

About us:

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