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HIGHLIGHTS OF BUDGET SPEECH BY FINANCE MINISTER PIYUSH GOYAL - ON TAXATION:

- **Existing rates of income tax to continue**.
- For Individuals full tax rebate up to ₹ 5,00,000 annual income after all deductions.
- Standard deduction has increase from ₹ 40,000 to ₹ 50,000 for salaries clause.
- Exempt on tax on second self-occupied house (No tax on notional rent on second house).
- Ceiling Limit of TDS u/s 194 A (interest on post office and bank deposits) has increased from ₹ 10,000 to ₹ 40,000.
- Ceiling Limit of TDS u/s 194 I has increased from ₹ 1,80,000 to ₹ 2,40,000.
- Capital Gain tax Benefit u/s 54 has increased from investment in one residential house to two residential houses.
- Benefit u/s 80-IBA has increased to one more year i.e. 2020.
- Benefit has given to unsold inventory has increased to one year to two years.
- Within 2 years, Tax assessment will be done electronically.
- Income Tax returns processing in just 24 hours (also refund).
- Minimum 14% revenue of GST to states by Central Govt.
- Custom duty has abolished from 36 Capital Goods.

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- Recommendations to GST council for reducing GST rates for home buyers.
- Individuals with gross income up to 6.5 lakh rupees will not need to pay any tax if they make investments in provident funds and prescribed equities.

ANALYSIS OF ₹ 5,00,000 EXEMPTION:

- Based on the Tax proposals made by the Finance Minister, The given ₹ 5 Lakhs limits are applicable only to the persons whose income less than ₹ 5 Lakhs after all deductions like 80C (LIC Payment, PF etc…)
- But the person whose earnings are more than ₹ 5 Lakhs cannot entitle this ₹ 5 Lakhs benefit.

For Example,

Case 1: One person's income is **₹ 5,65,000** and claiming deductions under 80 C say ₹ 70,000 for LIC Payment and PF Contribution.

Taxable Income:	₹ 5.65 Lacs
Less: 80 C deductions	₹ 0.70 Lacs
Total Income	**₹ 4.95 Lacs**

So, He/she can get the benefit of this ₹ 5 Lakhs. **No need to Pay any tax.**

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Case 2: One person's income is **₹ 5,75,000** and claiming deductions under 80 C say ₹ 70,000 for LIC Payment and PF Contribution.

Taxable Income:	₹ 5.75 Lacs
Less: 80 C deductions	₹ 0.70 Lacs
Total Income	₹ 5.05 Lacs

So, He/she cannot get the benefit of this ₹5 Lakhs. **He/she needs to pay the entire tax (₹ 14,040)** based on the existing slab rates.

Calculation:

Up to ₹ 2,50,000	No Tax
From ₹ 2,50,000 to ₹ 5,00,000 (5 % on ₹ 2,50,000)	₹ 12,500
From ₹ 5,00,000 to ₹ 5,05,000 (20 % on ₹ 5,000)	₹ 1,000
Total Tax	₹ 13,500
(+) Cess @ 4 %	₹ 540
Grand Total	**₹ 14,040**

Thank you.