All you need to know

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Union Budget 2019-2020

Major Tax Proposals and Brief Analysis

Interim Budget 2019-20 was presented in Parliament today by the Union Minister for Finance, Corporate Affairs, Railways & Coal, Shri Piyush Goyal. Here is a look at the tax proposals presented in the Budget for FY 19-20:

- Individual taxpayers with annual income up to 5 lakh rupees to get full tax rebate under section 87A. The Finance Minister said that 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 under section 80C.

  In the Finance Bill, 2019 the maximum amount of tax rebate under section 87A of the Income Tax Act has been proposed to increase to Rs 12,500 from the existing Rs 2,500. This proposed tax rebate will be admissible to taxpayers having total income up to Rs 5 lakh instead of current Rs. 3.5 lakh.

  This can be further explained as follows. If your net taxable income after availing all the deductions under section 80C to 80U of the Income tax act does not exceed Rs. 5 lakh, then you will not be required to pay any tax. However, if your net taxable income (after availing deductions under section 80C to 80U), exceeds Rs 5 lakh then taxes will be calculated as per the current tax structure.

  Currently, income up to Rs 2.5 lakh for resident individuals (age below 60 years) is exempt from tax. Similarly, for senior citizens aged 60 years and above but below 80 years, income up to Rs 3 lakh is exempt from tax. Income up to Rs 5 lakh is exempt from tax for super senior citizens (age 80 years and above).

- Standard deduction raised to Rs. 50,000 from Rs. 40,000 for salary earners.

- TDS threshold for deduction of tax on rent is proposed to be increased from Rs. 1,80,000 to Rs.2,40,000 for providing relief to small taxpayers.

- TDS threshold on interest earned on bank/post office deposits is being raised from Rs. 10,000 to Rs.40,000.

- Gratuity limit increased from 10 lakh to 30 lakh rupees.

- Benefit of rollover of Capital Gains under section 54 to be increased from investment in one residential house to that in two residential houses for capital gains upto 2 crores; can be exercised once in lifetime.

- Currently, A taxpayer can claim benefit under Section 54 of the Income Tax Act for one residential house property purchased or constructed. If a taxpayer is involved in more than 1 such transaction, the benefit will be available for one of the transaction only. The current limit of exemption is lower of :

- Amount of capital gains arising on transfer of residential house.
- Investments made in purchase or construction of a new residential house property.

- Benefits under Sec 80(i)BA (Affordable Housing Scheme) being extended for one more year, for all housing projects approved till end of 2019-2020.

  To know about Affordable Housing Scheme can visit

  https://taxguru.in/income-tax/section-80iba-affordable-housing-scheme-amendments-faqs-relevant-case-laws-updated-finance-act-2017.html

- Exemption on levy of income tax on notional rent on a second self-occupied house is also now proposed.

  Currently, income tax on notional rent is payable if one has more than one self-occupied house.

- GST - Companies with turnover below 5 crores to have quarterly return facility.

- Recommendations made to GST council for reducing GST rates for home buyers.