VTPA | Vispi T. Patel & Associates
Chartered Accountants

DAA
Chartered Accountants

INTERIM BUDGET

2019-20

Income-tax Proposals

INTERIM BUDGET PROPOSALS

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Note: The proposed amendments are generally effective from Financial Year 2019-20 (i.e. Assessment Year 2020-21), except as provided otherwise

PRELUDE

We have great pleasure of announcing association between Vispi T. Patel & Associates (VTPA) and D. Arvind and Associates (DAA). This association will be a unique combination of two like-minded professional firms with specialisation in Direct Tax Services, Indirect Tax Services, Economic Consulting, Transfer Pricing, International Tax, Tax Litigation and Corporate Tax Advisory.

The firms are very similar in culture with practice strengths that are highly complementary and will enable us to provide a new and broader set of services to you. We have combined together to create innovative and insightful solutions to resolve complex business and tax challenges.

VTPA specialises in Direct Taxes, Transfer Pricing, International Tax, Advisory and Litigation services.

DAA specializes in Indirect Taxes, the newly implemented Goods & Service Tax, Foreign Trade Policy, Indirect Tax optimization (tax efficient supply chain) and corporate laws advisory, etc.

Our team consists of experienced qualified professionals i.e. 20 Chartered Accountants, 1 Cost Accountant, 2 Advocates and over 90 Semi qualified professionals, with presence in Mumbai, Chennai and Bangalore. We, together as an association are a team of dedicated professionals, aiming for the best quality of providing services and advice.

We will continue to endeavour to bring you insightful updates on developments in direct and indirect taxes in the future.

INCOME-TAX

CORPORATES

Deductions in respect of profits and gains from housing projects **[Section 80-IBA]**	- As per the current provision, the assessee is entitled to a deduction of hundred percent of the profits and gains derived from the business of developing and building housing projects - The section stipulates that one of the conditions for availing the deduction is that the project has to be approved by the competent authority after 01.06.2016 but before 31.03.2019 - It is now proposed to extend the time limit for obtaining the approval to 31.03.2020

CAPITAL GAINS

Capital gains exemption on Profit on sale of property used for residence in certain cases. **[Section 54]**	- Presently, capital gains exemption is allowed in case the capital gains on the sale of a residential house are invested in the acquisition or construction of another residential house in India within a certain time frame, subject to fulfilling certain conditions - A new proviso is proposed to be inserted to state that the capital gains exemption would be available even if the capital gains are invested in the acquisition or construction of ***two*** residential houses and the amount of the capital gain does not exceed INR ***two crores*** - This option is available to the assessee only once in his lifetime

OTHER AMENDMENTS

Standard deduction on salary income **[Section 16]**	- Currently, the assessee is allowed a deduction of INR 40,000 as a standard deduction or the amount of salary received, whichever is less - It is proposed to modify the amount of the standard deduction allowed to INR 50,000 or the amount of salary received, whichever is less

Rebate of income-tax in case of certain individuals **[Section 87A]**	- Presently, an assessee, whose total income does not exceed INR 350,000, is entitled to a credit on the income-tax payable, not exceeding of an amount equal to hundred percent of the income-tax payable or INR 2,500, whichever is less - It is proposed to increase the amount of the total income eligible for this rebate to INR 5,00,000, whereby the assessee is also entitled to a credit not exceeding an amount equal to hundred percent of the income-tax payable or INR 12,500, whichever is less

Determination of annual value and deductions from Income from House Property **[Sections 23 and 24]**	- Presently, an assessee is required to pay income-tax on a notional basis if he owns more than one self-occupied house property - It is now proposed to provide exemption to two self-occupied house properties owned by the assessee - However, the deduction for interest on borrowed capital for such house properties is restricted to INR 2,00,000 on an aggregate basis

TDS on Interest other than "Interest on securities" **[Section 194A]**	- Presently, tax is required to be deducted at source in case the payment of interest by the persons referred to section 194A(3)(i)(a)/ (b)/ (c) exceeds INR 10,000 - It is now proposed to increase the minimum threshold to INR 40,000

TDS on payment of Rent **[Section 194I]**	- Presently, tax is required to be deducted at source in case the payment of rent by certain persons to a resident in case the rent exceeds INR 1,80,000 - It is now proposed to increase the minimum threshold to INR 2,40,000

Rates of Income-tax	- The rates of income-tax are proposed to be same as applicable for AY 2019-20

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