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RENUNCIATION

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BUDGET 2019-2020

PROPOSAL RELATED TO INCOME TAX

- A person purchasing an affordable house will now get additional tax deduction of Rs.1.5 lakh [beyond Rs. 2 lakhs] of interest paid on loans borrowed up-to 31st March, 2020 for purchase of an affordable house valued up to Rs. 45 lakhs. thus a person purchasing an affordable house will now get an enhanced interest deduction up to Rs. 3.5 lakh.

- Additional income tax deduction of Rs 1.5 lakh on the interest paid on loans taken to purchase electric vehicles.

- TDS of 2% on cash withdrawal exceeding Rs.1 Crore in a year from a bank account.

- All companies having annual turnover up to Rs 400 crore be taxed at lower rate of 25 %, earlier this limit was Rs.250 crores. This would cover 99.3% of the companies. with this only, 0.7 % of companies will remain outside this rate.

- Enhancement of surcharge of 3 % on individuals having taxable income from Rs. 2 crores to Rs. 5 crores and 7 % for those with taxable income of Rs. 5 crores and above.

- Those without pan card are now allowed to file income tax returns by quoting their aadhar number.

- Pre-filled tax returns would be made available to taxpayers with details of salary income, capital gains from securities, bank interests, and dividends and tax deductions etc., information regarding these incomes will be collected from the concerned sources such as banks, stock exchanges, mutual funds, EPFO, state registration departments etc.

- It is also proposed to extend the period of exemption of capital gains arising from sale of residential house for investment in start-ups up to 31.3.2021.

- A scheme of faceless assessment in electronic mode involving no human interface is being launched this year in a phased manner. to start with, such e-assessments shall be carried-out in cases requiring verification of certain specified transactions or discrepancies.

- Cases selected for scrutiny shall be allocated to assessment units in a random manner and notices shall be issued electronically by a central cell, without disclosing the name, designation or location of the assessing officer. the central cell shall be the single point of contact between the taxpayer and the department
.

- A scheme is to be launched to invite global companies through a transparent competitive bidding to set up mega-manufacturing plants in sunrise and advanced technology areas such as semi-conductor fabrication (fab), solar photo voltaic cells, lithium storage batteries, solar electric charging infrastructure, computer servers, laptops, etc. such global companies are to be give investment linked income tax exemptions under section 35AD of the income tax act, and other indirect tax benefits.

- **FOR START-UPS**

  - To resolve the so-called 'angel tax' issue, the start-ups and their investors who file requisite declarations and provide information in their returns will not be subjected to any kind of scrutiny in respect of valuations of share premiums.

  - The issue of establishing identity of the investor and source of his funds will be resolved by putting in place a mechanism of e-verification. With this, the funds raised by start-ups will not require any kind of scrutiny from the income tax department.

  - Special administrative arrangements shall be made by CBDT for pending assessments of start-ups and redressal of their grievances. No inquiry or verification in such cases can be carried out by the assessing officer without obtaining approval of his supervisory officer.

  - Start-ups will not be required to justify fair market value of their shares issued to category-ii alternative investment funds also. Valuation of shares issued to these funds shall be beyond the scope of income tax scrutiny.

- Proposed to relax some of the conditions for carry forward and set off of losses in the case of start-ups

PROPOSAL RELATED TO GST

- GST council to lower the GST rate on electric vehicles from 12% to 5%.
- A fully automated GST refund module is expected to be implemented soon.
- Taxpayer with an annual turnover of less than 5 crores is to file quarterly returns.
- Electronic invoice details are to be captured in a central system to enable pre-filled taxpayer returns and a simultaneous e-way bill to be generated. these are expected to begin from January, 2020 reducing the compliance burden significantly.

PRE-GST [OLD REGIME ISSUES] RELATED

LEGACY DISPUTE RESOLUTION

Government proposed a "legacy dispute resolution scheme that will allow quick closure of litigations. It is said that more than 3.75 lakh crore rupees is blocked in litigations in service tax and excise duties from Pre-GST Regime." FM urged the trade and business to avail this opportunity of dispute resolution scheme to be called as sabka vishwas legacy dispute resolution scheme, 2019. This scheme is to be notified in due course allows persons discharged under it not liable for prosecution.

CUSTOMS VIOLATIONS

Government also proposed certain amendments to the Customs Act to prevent certain bogus entities from resorting to unfair practices to benefit from export incentives. Provisions to make violations involving duty free scripts and drawback facility of over 50 lakh rupees cognizable and non-bailable offence are being made in the Customs Act. The amendment to the Customs Act, 1962 proposes to introduce provision for verification of Aadhar or any other identity to prevent smuggling. It also empowers customs authorities to arrest a person who has committed an offence outside India.

Download copy of Finance Bill, 2019 for tax proposals in detail

KEY DOCUMENTS RELATED TO BUDGET 2019-2020

- Key to Budget Documents
- Budget Highlights (Key Features)
- Budget Speech
- Budget at a Glance
- Annual Financial Statement
- Finance Bill
- Memorandum
- Receipt Budget
- Expenditure Budget
- Customs and Central Excise
- The Macro Economic Framework Statement
- Medium Term Fiscal Policy cum Fiscal Policy Strategy Statement
- Output Outcome Framework 2019-2020

At the time of presentation of Annual Financial Statements before the parliament, a finance bill is also presented in fulfilment of the requirement of article 110(1)(a) of the Constitution, detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in the budget. It also contains other provisions relating to the budget that could be called Money Bill. A finance bill is money bill as defined in article 110 of constitution.

[Source: Union Budget website https://www.indiabudget.gov.in/ of Ministry of Finance]

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