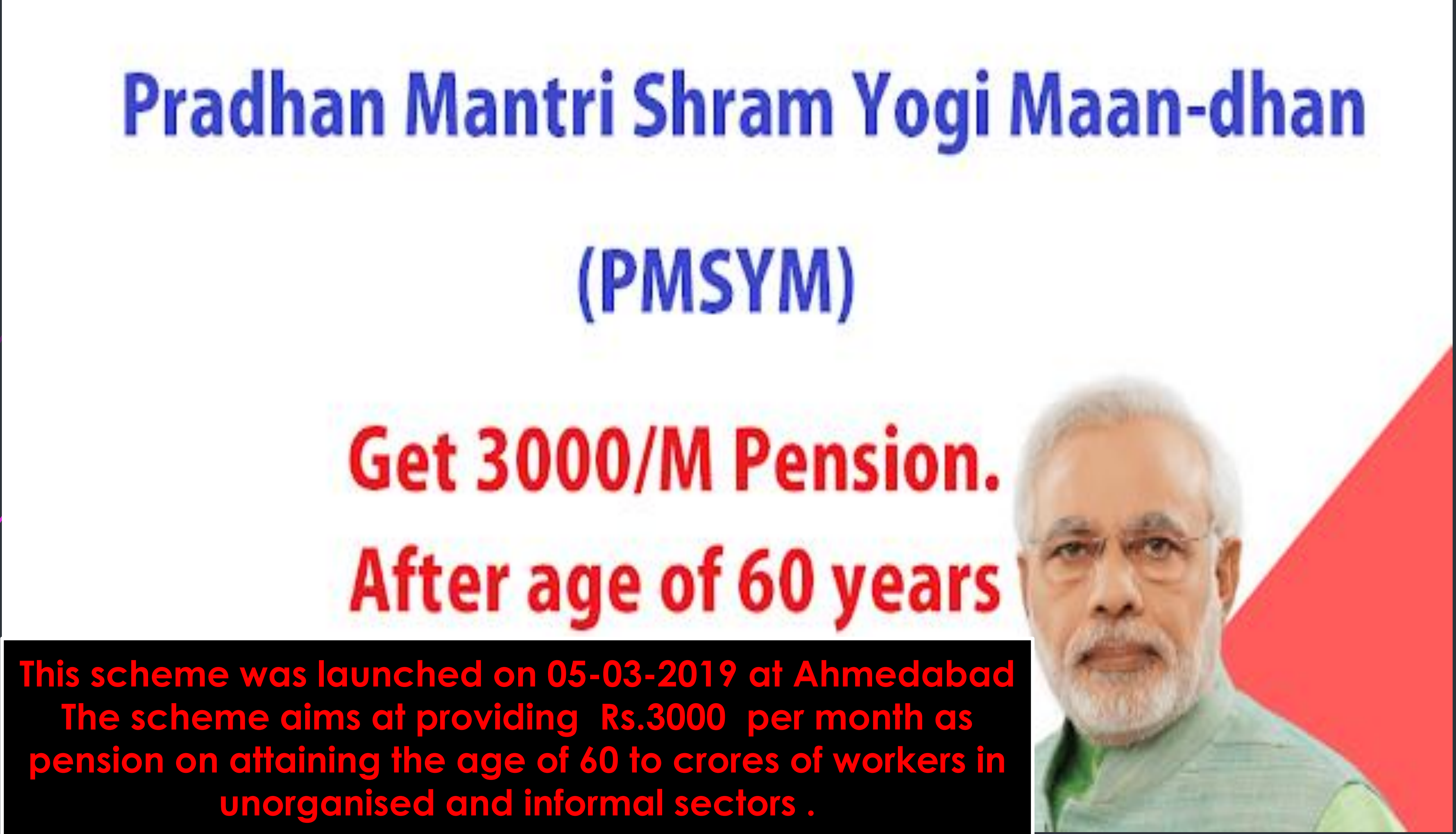
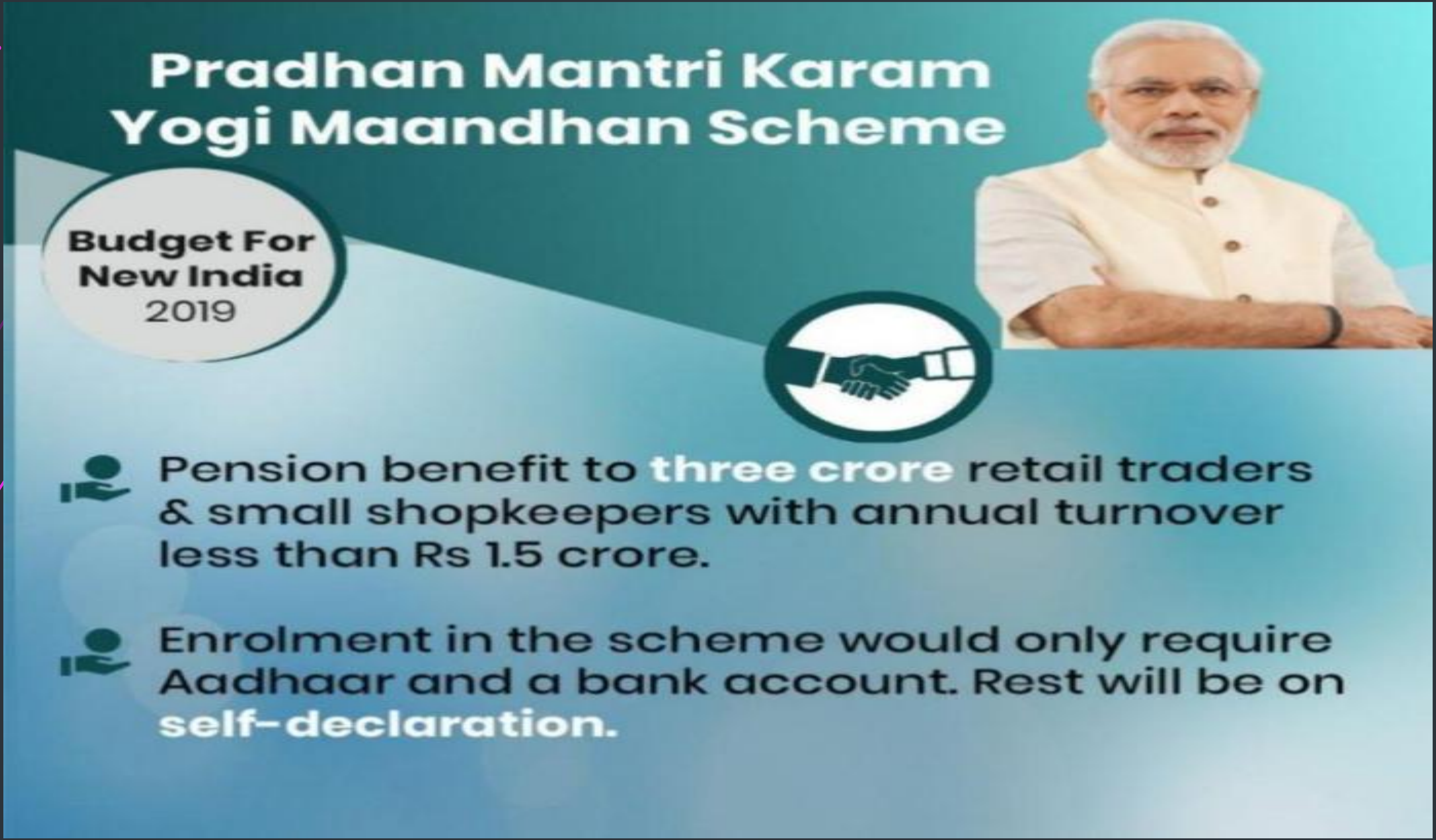
UNION BUDGET 2019-2020

SOME IMPORTANT PROPOSALS
AND ACTIONS BY GOVERNMENT OF INDIA

LET’S BEGIN



This scheme was launched on 05-03-2019 at Ahmedabad
The scheme aims at providing Rs.3000 per month as pension on attaining the age of 60 to crores of workers in unorganised and informal sectors .


Pradhan Mantri Karam
Yogi Maandhan Scheme
Budget For
New India
2019
Pension benefit to three crore retail traders & small shopkeepers with annual turnover less than Rs 1.5 crore.
Enrolment in the scheme would only require Aadhaar and a bank account. Rest will be on self-declaration.

ISSUING AADHAR CARD FOR NON RESIDENT INDIANS WITH INDIAN PASSPORTS AFTER THEIR ARRIVAL IN INDIA WITHOUT WAITING FOR 180 DAYS .

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

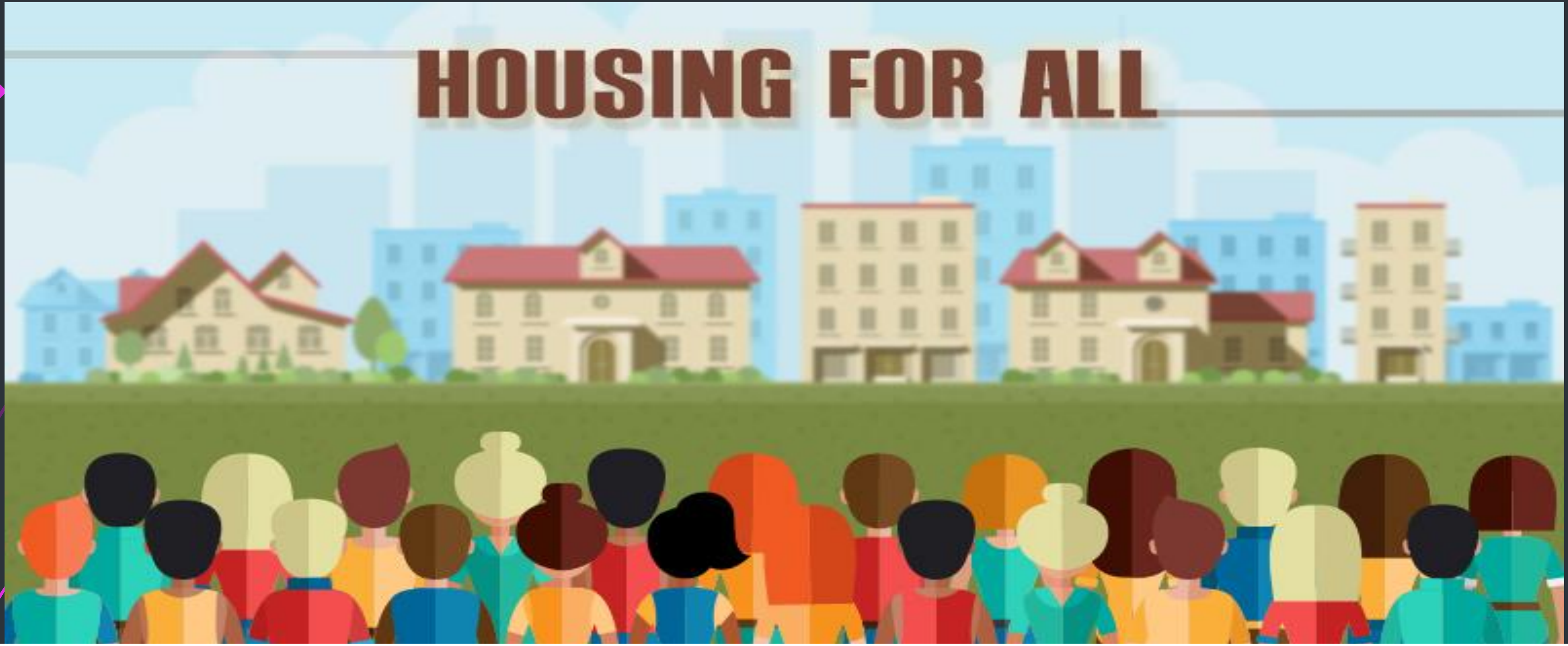
IT IMPLEMENTS AND REGULATES THE NATIONAL PENSION SCHEME AND ATAL PENSION YOJANA THROUGH VARIOUS INTERMEDIARIES INCLUDING THE NPS TRUST. KEEPING IN VIEW THE WIDER INTEREST OF SUBSCRIBERS AND TO MAINTAIN ARM LENGTH RELATIONSHIP OF THE NPS TRUST WITH PFRDA, STEPS WILL BE TAKEN TO SEPRATE THE NPS TRUST FROM PFRDA WITH APPROPIATE ORGANISATIONAL STRUCTURE.

Government has been following the policy of disinvestment in Non-Financial public sector undertaking maintaining Government stake not to go below 51% . Government is considering in case where the undertaking is still to be retained in Government control , to go below 51 % to an appropriate level on case to case basis. Government has also decided to modify present policy of retaining 51 % government stake to retaining 51 % stake inclusive of the stake of Government controlled institutions.

New series of coins of One Rupee, Two Rupees, Five Rupees, Ten Rupees and Twenty Rupees, easily identifiable to the visually impaired, were released by the Hon'ble Prime Minister on 7th March, 2019. These new coins will be made available for public use shortly

So far as corporate tax is concerned, government continued with phased reduction in rates. . Currently, the lower rate of 25 % is only applicable to companies having annual turnover up to ` 250 Crore. Government  propose to widen this to include all companies having  annual turnover up to ` 400 crore. This will cover 99.3% of the companies. Now only 0.7% of companies will remain outside this rate.

Government has already moved GST council to lower the GST rate on electric vehicles from 12% to 5%. Also to make electric vehicle affordable to consumers, government will provide additional income tax deduction of `1.5 lakh on the interest paid on loans taken to purchase electric vehicles. This amounts to a benefit of around `2.5 lakh over the loan period to the taxpayers who take loans to purchase electric vehicle.



For realisation of the goal of 'Housing for All' and affordable housing, a tax holiday has already been provided on the profits earned by developers of affordable housing. Also, interest paid on housing loans is allowed as a deduction to the extent of ` 2 lakh in respect of self-occupied property. In order to provide a further impetus, Government propose to allow an additional deduction of up to ` 1,50,000/- for interest paid on loans borrowed up to 31st March, 2020 for purchase of an affordable house valued up to ` 45 lakh. Therefore, a person purchasing an affordable house will now get an enhanced interest deduction up to ` 3.5 lakh. This will translate into a benefit of around ` 7 lakh to the middle class home-buyers overtheir loan period of 15 years.

More than 120 Crore Indians now have Aadhaar. Therefore, for ease and convenience of tax payers, I propose to make PAN and Aadhaar interchangeable and allow those who do not have PAN to file Income Tax returns by simply quoting their Aadhaar number and also use it wherever they are required to quote PAN.

Pre-filled tax returns will be made available to taxpayers which will contain details of salary income, capital gains from securities, bank interests, and dividends etc. and tax deductions. Information regarding these incomes will be collected from the concerned sources such as Banks, Stock exchanges, mutual funds, EPFO, State Registration Departments etc. This will not only significantly reduce the time taken to file a tax return, but will also ensure accuracy of reporting of income and taxes.

The existing system of scrutiny assessments in the Income-tax Department involves a high level of personal interaction between the taxpayer and the Department, which leads to certain undesirable practices on the part of tax officials. To eliminate such instances, and to give shape to the vision of the Hon'ble Prime Minister, 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. This new scheme of assessment will represent a paradigm shift in the functioning of the Income Tax Department.

To promote digital payments further, Government propose to take a slew of measures. To discourage the practice of making business payments in cash, govt. propose to levy TDS of 2% on cash withdrawal exceeding ` 1 crore in a year from a bank account. Further, there are low-cost digital modes of payment such as BHIM UPI, UPI-QR Code, Aadhaar Pay, certain Debit cards, NEFT, RTGS etc. which can be used to promote less cash economy. Govt., therefore, propose that the business establishments with annual turnover more than ` 50 crore shall offer such low cost digital modes of payment to their customers and no charges or Merchant Discount Rate shall be imposed on customers as well as merchants. RBI and Banks will absorb these costs from the savings that will accrue to them on account of handling less cash as people move to these digital modes of payment. Necessary amendments are being made in the Income Tax Act and the Payments and Settlement Systems Act, 2007 to give effect to these provisions

Government propose to enhance surcharge on individuals having taxable income from 2 crore to 5 crore and 5 crore and above so that effective tax rates for these two categories will increase by around 3 % and 7 % respectively which can be illustrated better

TAX AND SURCHARGE ON INCOME ABOVE Rs. 50,00,000

RATE BREAK UP	INCOME RANGE			
	Rs. 50,00,000 upto Rs. 1,00,00,000	Above Rs. 1,00,00,000 upto Rs. 2,00,00,000	Above Rs.2,00,00,000 upto Rs. 5,00,00,000	Above Rs. 5,00,00,000
BASE TAX RATE	30%	30%	30%	30%
SURCHARGE	10%	15%	25%	37%
TOTAL TAX , SURCHARGE AND CESS	34.32%	35.88%	39%	42.74%
NEW TAX RATE	34.32%	35.88%	39%	42.74%
EARLIER TAX RATE		35.88%	35.88%	35.88%
EFFECTIVE INCREASE		0.00	3.12	6.86

Government further simplifying the GST processes. A simplified single monthly return is being rolled out. Taxpayer having annual turnover of less than 5 crore shall file quarterly return. Free accounting software for return preparation has been made available to small businesses. A fully automated GST refund module shall be implemented. Multiple tax ledgers for a taxpayer shall be replaced by one.

It is also proposed to move to an electronic invoice system wherein invoice details will be captured in a central system at the time of issuance. This will eventually be used to prefill the taxpayer's returns. There will be no need for a separate e-way bill. Its roll out would begin from January, 2020. Electronic invoice system will significantly reduce the compliance burden.

To encourage domestic publishing and printing industry, 5 % custom duty is being imposed on imported books.

Customs duty is also being exempted on capital goods required for manufacture of specified electronic goods.

Export duty is being rationalised on raw and semi-finished leather to provide relief to this sector.

Crude prices have softened from their highs. This gives government room to review excise duty and cess on petrol and diesel. Govt. propose to increase Special Additional Excise duty and Road and Infrastructure Cess each by one rupee a litre on petrol and diesel. It is also proposed to increase custom duty on gold and other precious metals from 10% to 12.5%.

Tobacco products and crude attract National Calamity and Contingent duty. In certain cases this levy has been contested on the ground that there is no basic excise duty on these items. To address this issue, a nominal basic excise duty is being imposed.

Section:194C
TDS on Contractor

Presently, there is no requirement for an individual or HUF to deduct tax at source on payments made to a resident contractor or professional when it is for personal use, or if the individual or HUF is not subjected to audit for his business or profession. Government proposed to insert a new provision making it obligatory for such individual or HUF to deduct tax at source at the rate of five per cent. if the annual payment made to a contractor or professional exceeds Rs. 50 lakh. It is also proposed that a person deducting tax under this section shall be able to deposit TDS on the basis of the Permanent Account Number (PAN) only. Govt. also proposed to enable filing of application for issue of certificate for nil or lower rate of TDS.

TDS ON IMMOVABLE PROPERTY

Government proposed to provide that for the purpose of tax deduction at source from payment made for acquisition of immovable property, consideration shall include other charges in the nature of club membership fee, car parking fee, electricity and water facility fee, maintenance fee, advance fee or any other charges of similar nature which are incidental to the purchase of immovable property.

<u>GIFTS MADE TO NON –RESIDENTS</u>

Presently, gifts made by a resident to another resident are liable for income tax subject to some exemptions. Government proposed to provide that gift of any sum of money, or property situated in India, by a person resident in India to a person outside India (not being a gift otherwise exempt), on or after 5th day of July 2019, shall be deemed to accrue or arise in India.

COMPULSORY FILING OF RETURN

Government proposed to make return filing compulsory for persons, who have deposited more than Rs. 1 crore in a current account in a year, or who have expended more than Rs. 2 lakh on foreign travel or more than Rs. 1 lakh on electricity consumption in a year or who fulfils the prescribed conditions, in order to ensure that persons who enter into high value transactions also furnish return of income. It is also proposed to provide that a person whose income becomes lower than maximum amount not chargeable to tax due to claim of rollover benefit of capital gains shall also be required to furnish the return.

INTERNATIONAL FINANCIAL SERVICES CENTRE

In order to promote the development of world class financial infrastructure in India, some tax concessions have already been provided in respect of businesses carried on from an IFSC. To further promote such developments and bring the IFSC at par with similar IFSCs in other countries, following additional tax benefits are proposed:

(i) Currently, a unit in the IFSC is allowed deduction of 100% of profits for first five consecutive years and 50% for next five consecutive years from the year of commencement. It is proposed to provide for 100% deduction for 10 consecutive years and also to provide that the unit may claim the said deduction, at its option, for any 10 consecutive years out of 15 years from the year of commencement.

(ii) Govt. proposed to provide tax exemptions for interest received by a non-resident in respect of monies lent to a unit located in IFSC.

(iii) A non-resident is currently not required to pay capital gains tax on the transfer of specified securities made on a recognised stock exchange in the IFSC. This benefit is proposed to be extended to a Category-III Alternative Investment Fund (AIF) in IFSC of which all the unit holders are non-residents, subject to certain other conditions.

INCENTIVES TO NPS SUBSCRIBERS

In order to give effect to the cabinet decision already taken to incentivise NPS, Government proposed to,-

increase the limit of exemption from current 40% to 60% of payment on final withdrawal from NPS;

allow deduction for employer’s contribution upto 14% of salary from current 10%, in case of Central Government employee;

allow deduction under section 80C for contribution made to Tier II NPS account by Central Government employees.

TAX RATES

Moderation of tax rates: It is an ongoing endeavour of the Government to moderate the tax rate in order to reduce the tax burden and increase compliance. In this direction, following major steps have been taken:

(i) 100% tax rebate was provided to individuals having taxable income up to Rs. 5 lakh. Thus, no income-tax is payable by an individual having taxable income up to Rs. 5 lakh.

(ii) The tax rate for corporate assessees was gradually reduced to 25% and currently, only large corporates (with turnover above Rs. 250 crore) are required to pay tax at the rate of 30%. Moreover, even a large new manufacturing company having turnover above Rs. 250 crore is taxed at 25%.

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