LAXMINIWAS AND JAIN

CHARTERED ACCOUNTANTS

BUDGET HIGHLIGHTS

1. Increase in Surcharges for Individual, HUF, AOP or BOI under Income Tax Act:
The Analysis of Surcharges is as under:

Income Slab	Now	Earlier
Rs. 50 Lakhs to 1 Crore	10%	10%
Rs. 1 Crore to 2 Crore	15%	15%
Rs. 2 Crore to 5 Crore	25%	15%
Above Rs. 5 Crore	35%	15%
****Effective Tax Rate for HNI whose Income Above 5 Crore is 42.12%. Earlier It was 35.88%**		

2. No Changes in Earlier Slab Rates of Income Tax for Individuals. However, the Hon'ble FM has introduced the Optional Scheme for Income Tax in which new slabs has been given with certain conditions. The New Slabs are as under:

Income Slab	Tax Rates
upto Rs. 2,50,000	NIL
Rs. 2,50,000-Rs. 5,00,000	5%
Rs. 5,00,000-Rs. 7,50,000	10%
Rs. 7,50,000-Rs. 10,00,000	15%
Rs. 10,00,000-Rs. 12,50,000	20%
Rs. 12,50,000-Rs. 15,00,000	25%
More than Rs. 15,00,000	30%

Conditions:

a. No deduction under Chapter VIA (i.e. Investments in LIC, PPF, PF, Repayment of Housing Loan, Tax Saving Funds) can be availed except 80CCD(2) or 80JJAA.
b. Certain Important Exemption u/s 10 cannot be availed such as HRA Exemption, LTA Exemption, Standard Deduction from Salary (Rs. 50,000)
c. No Deduction for Interest on loan taken for House Property.

d. ** Only Individuals or HUFs (who have no business Income) have option to opt the new regime every year. If an Assessee having business avails this option once then he cannot withdraw the same in any succeeding years.

Here we are giving comparison of this optional scheme for Salaried Individual:

Particulars	**New Regime**	**Existing Regime**
Total Income	15,00,000	15,00,000
Less: Standard Deduction	-	- 50,000
Less:HRA Deduction(Assumed in case of Normal Rent ranging from 15-25k per Month	-	- 1,60,000
Less: Interest on Loan for House Property	-	- 2,00,000
Deduction:u/s		
80C	-	- 1,50,000
80CCD(1B)	-	- 50,000
80D	-	- 30,000
80G	-	-
	15,00,000	**8,60,000**
Tax on Income	1,87,500	84,500
Health and Education Cess	7,500	3,380
Total Tax	1,95,000	87,880

Beneficial Assessee (our observation):

An Assessee
a. who has his own house property without any home loan,
b. who has no habit of savings and
c. who is not donating anything.
Can avail this optional scheme.

3. Concessional Tax Rate for Newly Established Manufacturing Companies:

- Company Incorporated on or After 1st October 2019 and commence manufacturing or production by 31st March 2023.
- Manufacturing Concern or Power Generation Company excluding certain businesses.
- Concessional Rate of Tax is **15%**
- Many Start-up Industries can avail benefit of this concessional rate of Tax.

4. Vivad Se Vishwas Scheme:

An Assessee who has appeal cases pending before any tax authority can go under this scheme by paying the disputed tax amount only. The Interest and Penalty amount shall be waived if we apply for the same by 31st March 2020. (Notification awaited).

5. Interest deduction up Rs. 1,50,000 can be availed under Affordable Housing Scheme. (Loan should be sanctioned between 1st April 2019 to 31st March 2021 and the Stamp Duty Value of the House should not be more than 45 Lakhs.)

6. Removal of Dividend Distribution Tax: Now the Company shall not pay any Dividend Distribution Tax @

20.56% on distribution of dividend. The Dividend shall be taxable in the hands of the Receiver.

7. Tax Audit limit has been increased from Rs. 1 crore to Rs. 5 crore who has less than 5% cash transactions in Income and Expenditures.

8. Eligible Start-ups whose turnover is less than 100 crores can avail deduction of 100% of Tax for three consecutive years out of 10 financial years beginning from the Incorporation of such start-up entity.

9. Reduction in TDS rate u/s 194J:
Fees for Technical Services: 2%
Other services: 10%

10. TDS @ 5% u/s 194 would be applicable in case of Payment of Dividend more than Rs. 5,000 in a financial year.

11. TDS @ 1% in case of transaction through E-Commerce will be levied u/s 194O while making payment to the Dealer who is doing business through this platform.

12. TCS @ 5% will be collected by an authorised dealer, who receives an amount, or an aggregate of amounts, of Rs 7 lakhs or more in a financial year for remittance out of India from a buyer, being a person remitting such amount under Liberalised Remittance Scheme (LRS).

13. Due Date of Filing of Income Tax Return for the Assessee who is liable for Tax Audit is changed from 30th September to 31st October. However due date of filing of Tax Audit Report will remain same i.e. 30th September.

14. E-Proceeding in Appeal also has been introduced hence faster appeal can be done without any interface between commissioner Appeal and the Appellant.

15. Penalty for False entry for evading tax would be equal to the entry amount.

16. An Individual shall be resident in India if he is in India for 120 days or more as against 182 days early.

17. In section 43CA, 50C and Section 56 if the consideration declared to be received or accruing as a result of the transfer of land or building or both, is less than the value adopted or assessed or assessable by stamp valuation authority for the purpose of payment of stamp duty in respect of such transfer, the value so adopted or assessed or assessable shall be deemed to be the full value of the consideration. However, the difference in actual consideration and value assessed by stamp duty authority can be accepted up to 10% as per amended provisions earlier it was 5%.

Disclaimer:

There are many changes in Income Tax Act proposed in this budget, However the major changes have been highlighted. We shall be pleased to address any clarifications relating to above mentioned changes or any specific points related to this budget. The above analysis is for the purpose of reference and it cannot be used as legal document.

Regards,

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