Interim-Budget Highlights 2019-20

DIRECT TAX PROPOSALS

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(Source: Times of India, Mint, Financial Express. Economic Times)

Everyone has their own view of the Interim Budget-Vote on account-2019. Someone has picked the line "How's the Josh?" quoting the URI movie. But according to us this is not a vote on account, but it is an account for votes. Through this budget government has published their progress card of last five years. They have given relief to small taxpayers, farmers and middle-class people but has not done anything for rich. Whether they will be in the power in the next term or not but has tried to give election manifesto by giving the vision of their government identifying 10 sectors viz. Infra and education, Digital India, No pollution, Rural Industrialization, E-vehicals, Clean rivers, Development of coastal lines, Space Programme, Food, Healty India and Good Governance.

Anyway, let's have a look at the analysis of Interim budget 2019-20 hereinafter:


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बजट का सार

BUDGET AT A GLANCE

2019-2020

बजट के सार में बजट अनुमानों को स्थूल समूहों में बांट कर परिलक्षित किया जाता है ताकि बजट को आसानी से समझा जा सके। यह दस्तावेज भारत सरकार की प्राप्तियों एवं व्यय के साथ-साथ राजकोषीय घाटे, राजस्व घाटे, प्रभावी राजस्व घाटे एवं प्राथमिक घाटे को दर्शाता है। इसके अतिरिक्त, इस दस्तावेज में उपयुक्त चार्टों और ग्राफों के माध्यम से प्राप्तियों के स्रोतों, उनके अनुप्रयोगों, ऋण के ब्यौरों तथा घाटे के संसूचकों, घाटा वित्त पोषण के स्रोतों तथा बजट को प्रभावित करने वाले महत्वपूर्ण संघटकों का चित्रात्मक ब्यौरा प्रस्तुत किया जाता है।

2. ***राजकोषीय घाटा*** राजस्व प्राप्तियों जमा ऋण-भिन्न पूंजी प्राप्तियों तथा कुल व्यय के बीच का अंतर है। यह सरकार की कुल उधार संबंधी आवश्यकताओं को दर्शाता है। ***राजस्व घाटे*** का अर्थ राजस्व प्राप्तियों की तुलना में राजस्व व्यय अधिक होना है। ***प्रभावी राजस्व घाटा*** राजस्व घाटे तथा पूंजीगत आस्तियों के सृजन के लिए अनुदानों के बीच का अन्तर है। ***प्राथमिक घाटे*** को ब्याज अदायगियां घटाकर राजकोषीय घाटे द्वारा मापा जाता है।

3. बजट 2019-20 कृषि, सामाजिक क्षेत्र, शिक्षा और स्वास्थ्य में निवेश को महत्वपूर्ण रूप से बढ़ाने की सरकार की दृढ़ प्रतिबद्धता दर्शाता है। यह राजकोषीय घाटे को स.घ.उ. के 3.4% पर रखते हुए सं.अ (2018-19) की तुलना में व्यय में ₹3,26,965 करोड़ बढ़ोतरी करके सिद्ध किया जाता है।

4. सं.अ. 2018-19 में कुल व्यय ₹24,57,235 करोड़ रखा गया है, जो ब.अ. 2018-19 से ₹15,022 करोड़ अधिक है। कुल व्यय में वृद्धि मुख्य रूप से कृषि क्षेत्र, ब्याज भुगतान और आंतरिक सुरक्षा के लिए सहायता में बढ़ोतरी के कारण हुई है।

Budget at a Glance presents broad aggregates of the Budget in a reader-friendly document. This document shows receipts and expenditure as well as the Fiscal Deficit (FD), Revenue Deficit (RD), Effective Revenue Deficit (ERD), and the Primary Deficit (PD). of the Government of India. Besides, it presents a pictorial account of sources of receipts, their application, the details of debt and deficit indicators, sources of deficit financing and trends and composition of important budgetary variables through charts and graphs.

2. **Fiscal Deficit** is the difference between the Revenue Receipts plus Non-debt Capital Receipts (NDCR) and the total expenditure. FD is reflective of the total borrowing requirements of Government. **Revenue Deficit** refers to the excess of revenue expenditure over revenue receipts. **Effective Revenue Deficit** is the difference between Revenue Deficit and Grants for Creation of Capital Assets. **Primary Deficit** is measured as Fiscal Deficit less interest payments.

3. Budget 2019-20 reflects the Government's firm commitment to substantially boost investment in Agriculture, Social Sector, Education and Health. This is substantiated by increase in expenditure of ₹ 3,26,965 crores over RE (2018-19) while keeping the fiscal deficit at 3.4% of GDP.

4. In RE 2018-19, the total expenditure has been kept at ₹ 24,57,235 crore and is more than BE 2018-19 by ₹ 15,022 crore. The increase in total expenditure is on account of increased support to agricultural sector, interest payments and internal security.

5. राज्यों को जाने वाले कुल संसाधन, जिनमें करों में राज्य के हिस्से का अंतरण, अनुदान/ऋण और केंद्रीय प्रायोजित योजनाओं के तहत जारी निधियां शामिल हैं, ब.अ. (2019-20) में ₹13,70,620 करोड़ है, जिसमें सं.अ. (2018-19) की तुलना में ₹1,24,036 करोड़ का उछाल है और जो वास्तविक (2017-18) से ₹2,85,492 करोड़ अधिक है।

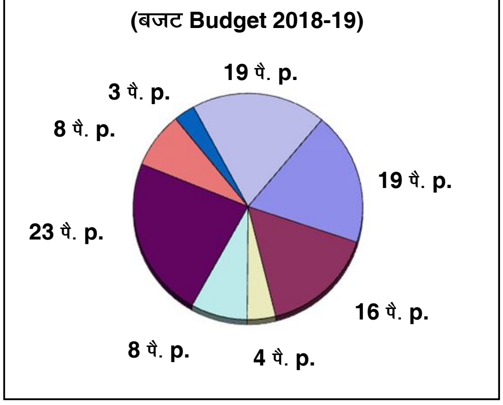
6. 2017-2018 के वास्तविक अनंतिम है।

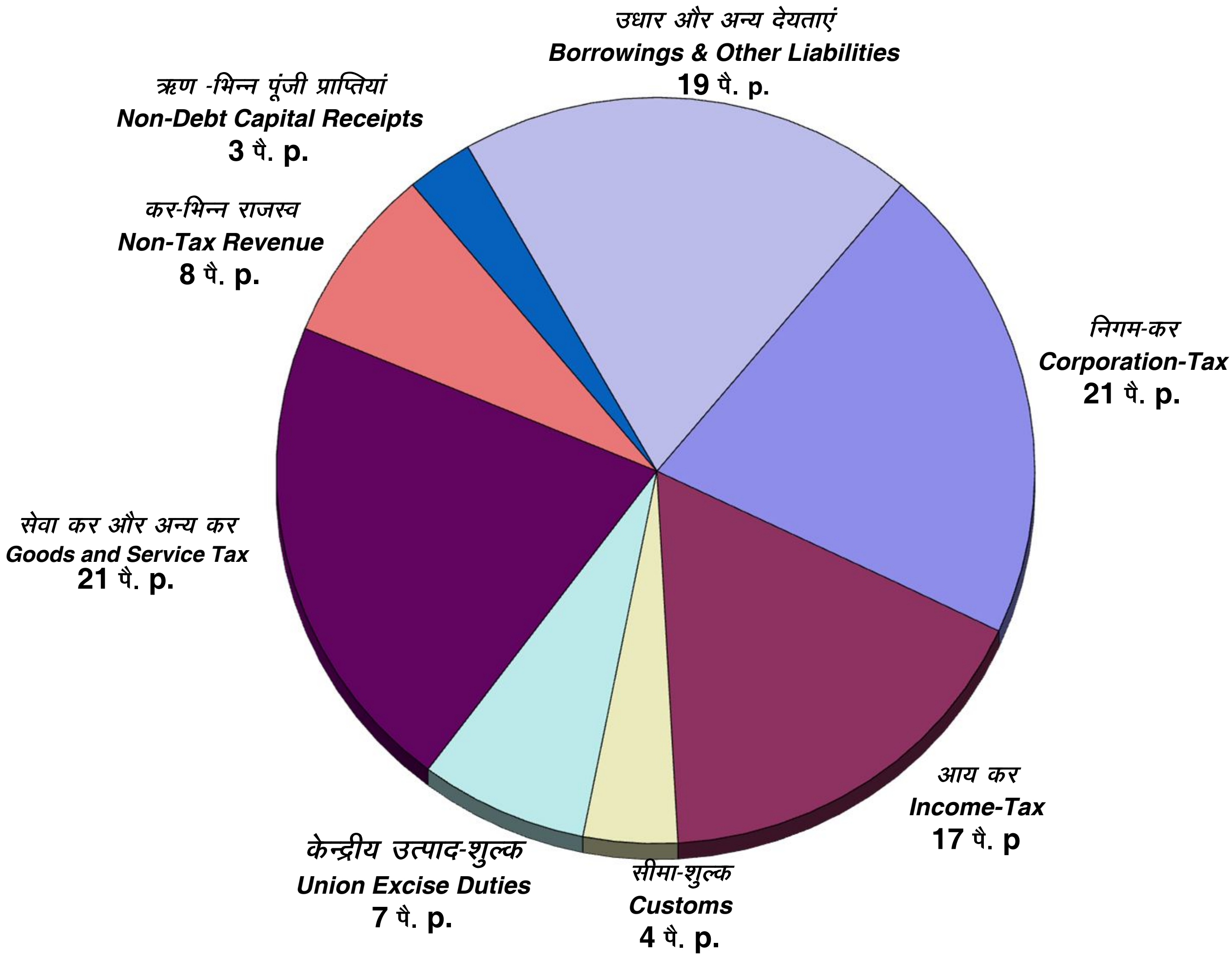
5. The total resources going to States including the devolution of State's share in taxes, Grants/Loans, and releases under Centrally Sponsored Schemes in BE (2019-20) is ₹13,70,620 crore, with a jump of ₹1,24,036 crore over RE (2018-19) and ₹ 2,85,492 crore more than the Actuals (2017-18).

6. Actuals for 2017-2018 are provisional.

रुपया कहां से आता है Rupee Comes From

(बजट Budget 2019-20)





टिप्पणियां:-1. *कुल प्राप्तियों में करों और शुल्कों में राज्यों का हिस्सा शामिल है, जिन्हें पृष्ठ 1 पर सारणी में घटा दिया गया है*

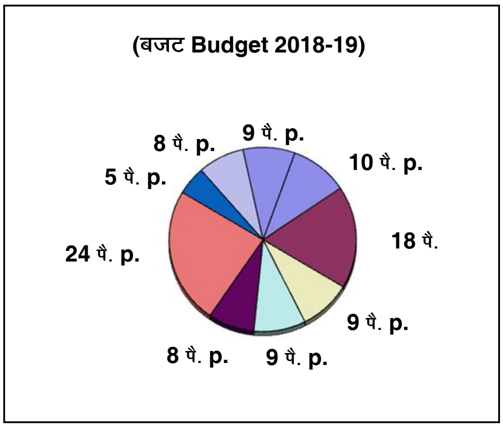
2. आंकड़ों को बुर्णकित किया गया है।

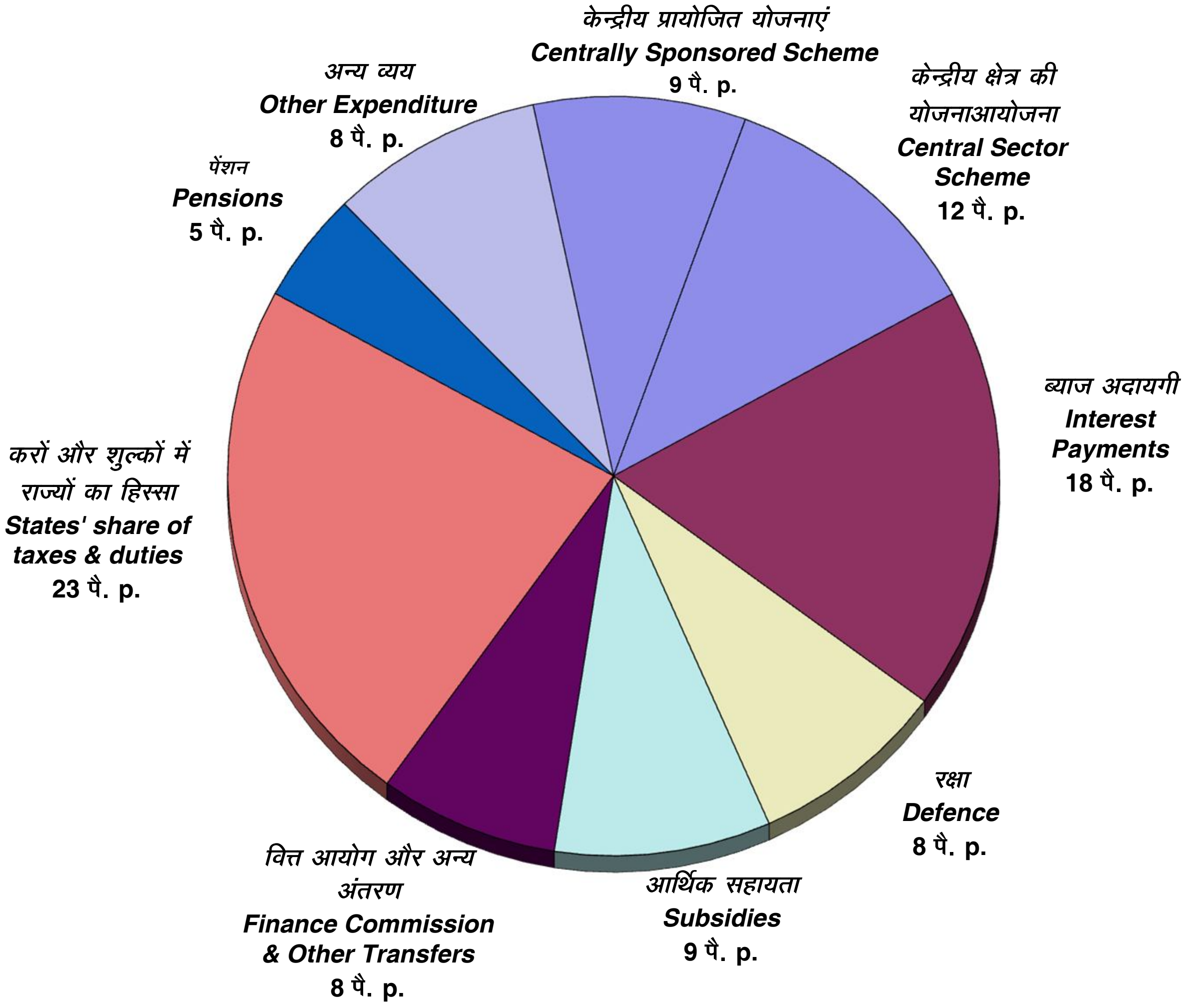
Notes:-*1.* *Total receipts are inclusive of States' share of taxes and duties which have been netted in the table on page1.*

2. *Figures have been rounded.*

रुपया कहां जाता है Rupee Goes To

(बजट Budget 2019-20)





टिप्पणी :-कुल व्यय में करों और शुल्कों में राज्यों का हिस्सा शामिल है, जिन्हें पृष्ठ 1 पर सारणी में प्राप्तियों में से घटा दिया गया है।

Note:- Total expenditure is inclusive of the States' share of taxes and duties which have been netted against receipts in the table on page 1.

Individual tax rates

2-Changes in Income tax rates

i. Income Tax rates:

1) There are following changes in Slab rates of Income tax.
   The changes in the **tax rate of Individuals** is as under: - **NO CHANGE**

a) Tax Rates

Type of Assessee	Slab Rate	Old rate	New Rate
Individual below 60 years of age/HUF	Up to 2,50,000 2,50,000 – 5,00,000 5,00,000 – 10,00,000 Above 10,00,000	Nil 5% 20% 30%	No Change
Senior Citizen (60 – 80 yrs)	Up to 3,00,000 3,00,000 – 5,00,000 5,00,000 – 10,00,000 Above 10,00,000	Nil 5% 20% 30%	No Change
Super Senior Citizen	Up to 5,00,000 5,00,000 – 10,00,000 Above 10,00,000	Nil 20% 30%	No Change

b) Rebate u/s 87A (only applicable to Resident Individuals)

The amount of rebate is **Rs.12,500**/- and available to only individual having **income below Rs.5,00,000**/-(after deduction under Ch-VIA).

Example of the changes is as under:

Particulars	Case – 1	Case – 2
Gross total Income	**7,50,000**	**7,20,000**
Less: Deduction		
80C – LIC, PPF, Etc	1,50,000	1,50,000
80D – Mediclaim	30,000	30,000
NPS	50,000	50,000
Net Taxable Income	**5,20,000/-**	**4,90,000/-**
Total Tax Payable	16,500/-	12,000/-
Less: Rebate u/s 87A	Nil	12,000/-
Net Tax Payable	**Rs.16,500/-**	**Nil**

Conclusion:

1) The basic exemption limit of Rs.2,50,000/- has not changed. The amount of rebate has been increased thus if **Net Taxable Income** is below Rs.5,00,000/- then no tax is payable

2) It is still compulsory to file return of income if your **Net Taxable Income** is more than Rs.2,50,000/-

c) Surcharge – No Change

Taxable Income range	Old rate	New Rate
Up to 50 lakhs	Nil	
50 lakhs – 1 crore	10%	No Change
Above 1 crore	15%	

Note: The surcharge is applicable as per taxable income range.

2) Changes in Tax rates in case of **Domestic Companies**

Assessee	FY 2018-19	FY 2019-20	Turnover Criteria
Domestic Company	25%	25%	Turnover Below **250 crores** in Prev. year i.e. in 2016-17
Domestic Company	30%	30%	Other Than above

Note: There is no change in rates of surcharge.

3) In case of **Partnership Firms, there is no change in rate of tax or surcharge.**

4) **Health & Education cess @ 4% is LEVIED effectively from 01.04.2018.**

5) **Summary of Effective tax rate.**

Assessee	Taxable income	Maximum Tax Rate FY 2018-19	Maximum Tax Rate FY 2019-20	Remarks
Individual/HUF	**2.5 lakh - 5 Lakhs**	**5.2%**	**Nil**	No SC
	Up to 50 Lakhs	31.20%	31.20%	No SC
	50 lakhs to 1 cr	34.32%	34.32%	SC @ 10%
	Above 1cr	35.88%	35.88%	SC @ 15%
Partnership Firm	Less than 1Crore	31.20%	31.20%	No SC
	More than 1Crore	34.944%	34.944%	SC @ 12%
Company	**Turnover below 250 crores in FY 2016-17**			
	Upto 1 Cr	26%	26%	-
	1 Cr to 10 Crs	27.82%	27.82%	SC @ 7%
	More than 10 Crs	29.12%	29.12%	SC @ 12%
	Other than Above			
	Upto 1 Cr	31.20%	31.20%	-
	1 Cr to 10 Crs	33.384%	33.384%	SC @ 7%
	More than 10 Crs	34.944%	34.944%	SC @ 12%
MAT	1 Cr to 10 Crs	20.5868%	20.5868%	
	More than 10 Crs	21.5488%	21.5488%	

3- CHANGES FOR SALARISED PERSONS

i. **Section 16: Increase in limit of Standard deduction from Salary Income from Rs.40,000/- to Rs.50,000/- (W.e.f: FY 2019-20) :**

Proposed Change:

It is proposed that **standard deduction of Rs.40,000/-** from salary income shall be increased to **Rs.50,000/-**. This deduction is also available to Pensioners.

4- INCOME FROM HOUSE PROPERTY

i. Section 23 – Increase in Self – Occupied houses from one house to two houses. (W.e.f. FY 2019-20)

Present:

Currently only ONE house property can be treated as Self Occupied house of the assessee at his choice and Deemed rent income (Notional Rent Income) is required to be calculated on other house property even if it is not actually let-out (Rented).

Proposed:

It is proposed that now **TWO** house properties to be allowed as Self Occupied House and thus Deemed Rent Income is not required to be calculated.

There is no change in amount of deduction of **Interest on Home Loan** i.e. max Rs.2,00,000/- for all house property. (Section 24).

ii. Section 23 – Increase in Time limit for calculation of Notional Rent Income in case of Real Estate Developers. (W.e.f. FY 2019-20)

Present:

Currently In case of Real Estate Developers, **Notional rent** income is required to be calculated on closing stock remaining unsold after **1 year** of project completion.

Proposed:

It is proposed that time limit of 1 year should be increased to **2 years**. Thus notional rent is to be calculated on closing stock remaining unsold after **2 Years** of project completion.

5- CAPITAL GAINS

i. Section 54 - Exemption on long term capital gains arising from sale of Residential Property (W.e.f: 01-04-2019) :

Present:

Currently No tax is required to be paid if ONE residential property is sold and against it ONE residential property is purchased/constructed within a period of 2/3 years of sale.

Proposed:

It is Proposed that where Capital Gain arising on sale of residential property is below Rs.2 crores, then the assessee has the option to purchase/construct TWO residential house against the one residential property sold.

This is ONCE IN LIFETIME option and thus can be availed only once by every assessee.

6- Deductions under Chapter-VIA

i. Section 80IBA – Deduction of profit in case of Development of Affordable Housing (w.e.f. FY 2019-20)

Currently there 100% deduction on profit in case of Development of Affordable Housing scheme for projects approved on or before 31.03.2019.

It is proposed to increase the time limit of project approval to on or before 31.03.2020.

7–Changes in TDS provisions

i. **Section 194A – Tax Deducted at Source on Interest (w.e.f. FY 2019-20)**

Currently tax is deducted at source in case if the amount of interest income payable **by Bank or Post Office** is more than **Rs.10,000/-**.

It is proposed to increase the limit of interest income payable from **Rs.10,000/- to Rs.40,000/-**.

ii. **Section 194I- Tax Deducted at Source on Rent (W.e.f.: FY 2019-20)**

Currently tax is required to be deducted at source where rent payable is more than **Rs.1,80,000/-**. Rent payable on Land & Building and Plant & Machinery both are covered.

It is proposed to increase the limit of rent payable from **Rs.1,80,000/- to Rs.2,40,000/-**.