

Budget 2019 – Vision



Budget 2019 – Economic Growth

- Government has promised to spend Rs. 100 lakh crore in next 5 years on infrastructure of roads, ports, airports, power, water and other infrastructure.
- The present mandatory level of 25% public holding will go upto 35% providing investment opportunity and more funds for growth.
- Insurance brokerages are permitted upto 100% FDI.
- Indian Economy has grown from US \$ 1.85 trillion (2013-14) to US \$ 2.7 trillion (2018-19) and is US \$ 3.00 trillion at present.
- The government has planned all economic initiatives to achieve a high growth rate to ensure growth to US \$ 5.00 trillion in 5 years.
- **National Highway Grid** : Financial Model will facilitate free flow of cost effective power across India.
- NPAs of commercial banks have reduced by over Rs. 1 lakh crore over the last year.
- Banking and Credit Delivery strengthened, arising out of Rs. 4 lakh crore recovery from NPAs and further capitalisation of Rs. 70,000 crores in Banking sector.
- Government is setting an enhanced target of Rs. 1,05,000 crore of disinvestment receipts for the FY 2019-20. The Government will undertake strategic sale of PSUs.
- India's sovereign external debt to GDP is among the lowest globally at less than 5%.

Budget 2019 – Infrastructure

- Connectivity is the lifeblood of an economy. The Government has given a massive push to all forms of physical connectivity through its various schemes such as Pradhan Mantri Gram Sadak Yojna, Bharatmala and Sagarmala projects, etc.
- The UDAN scheme is providing air connectivity to smaller cities and enabling the common citizens of our country to avail air travel.
- India is world's third largest domestic aviation market.
- 657 Kms of Metro Rail network has already become operational across the country.
- Public Private Partnership proposed in Railways infra development.
- National Common Mobility Card (NCMC) standards launched as India's first indigenous developed payment ecosystem for transport.
- Interest subvention scheme for MSME's : Rs. 350 crore allocated for 2019-20.
- Promotion of rental housing : Model tenancy law to be finalized.
- Various initiatives such as Jal Marg Vikas Project, etc. focuses on improving logistics, reducing transportation cost and increasing competitiveness.
- A Credit Guarantee Enhancement Corporation will be set up in 2019-20.
- Changes in Custom duty to promote Make in India.
- Pradhan Mantri Awas Yojna- Gramin aims to achieve the objective of "Housing for All" by 2022.
- 30,000 Kms of Pradhan Mantri Gram Sadak Yojna roads have been built using Green Technology, Water Plastic and Cold Mix Technology , thereby reducing carbon footprint.
- Government will provide free electricity connection in every single household across India.
- Government plans to provide portable drinking clean water in 100% household across India.

Budget 2019 – Start-ups

- **Ease of Doing Business :** Section 79 amended to provide that loss incurred in any year prior to the previous year shall be allowed to be carried forward and set off against the income of the previous year on satisfaction of either of the two conditions stipulated currently at clause (a) or clause (b) i.e.

(a) Closely held company	(b) Closely held start up
<ul style="list-style-type: none"> • At least 51% of shareholding are beneficially held by the same persons on last day of PY in which loss has been incurred and on last day of PY in which shareholding is changed 	<ul style="list-style-type: none"> • All the shareholders as on the last day of PY in which loss has been incurred, continue to be shareholders on last day of PY in which shareholding is changed • The loss has been incurred during the first 7 year beginning from the year in which year in which such company is incorporated.

- **Capital Gain Sec 54GB:** LTCG on residential property transfer by eligible assessee is invested in equity shares of eligible company:
 - Sunset date of transfer extended to 31st March 2021
 - The condition of minimum holding of 50% share capital or voting rights in the start up is proposed to be relaxed to 25%.
 - The condition restricting transfer of new asset being computer or computer software is also proposed to be relaxed from the current 5 years to 3 years.
- **Angel tax relief:** At present, start ups are not required to justify fair market value of their shares issued to certain investors including Category- I Alternative Investment Funds (AIF). This benefit has been extended to Category-II AIFs also. Also, funds raised by start up will not involve any kind of scrutiny from IT Department.

Budget 2019 – Direct Tax Proposals

- Direct Tax revenue has significantly increased by over 78% from Rs. 6.38 lakh crore in FY 2013-14 to around Rs. 11.37 lakh crore in FY 2018-19.
- The increased rate of surcharge is as follows:

Income	Rate of Surcharge
>50 Lakhs but not exceeding 1 crore	10%
>1 crore but not exceeding 2 crore	15%
>2 crore but not exceeding 5 crore	25%
>5 crore	37%

- Corporate tax now 25% for companies with annual turnover of Rs. 400 crore.
- Relief u/s 87A: Allowed for income upto Rs. 5 lakhs (Previously 3.5 Lakhs). Maximum rebate of tax Rs. 12,500.
- Standard deduction for salaried employees: Rs. 50000(Previously 40000).
- PAN and Aadhar are made interchangeable.
- Restricted STT only to the difference between settlement and strike price in case of exercise of options.
- Gifts made to non- residents of any sum of money, or property situated in India by a resident (not being a gift otherwise exempt), shall be deemed to accrue or arise in India.
- **Sec 43B** amended to include any sum payable by the assessee as interest on any loan or advances from a deposit-taking NBFCs and systemically important non deposit-taking **NBFCs** shall be allowed as deduction if it is actually paid on or before the due date of furnishing the return of income of the relevant previous year
- **Section 139:** Proposed to make return filing compulsory for persons if
 - Deposit 1 crore or more in one or more current account
 - Incurred expenditure more than Rs 2 lakhs on foreign travel of himself or any person

- Incurred expenditure more than Rs 1 Lakhs on electricity consumption
- Total income before claiming exemption u/s 54,54B, 54D, 54EC, 54F, 54G, 54GA and 54GB of the Act, exceeds maximum amount not chargeable to tax.
- **Sec 80EEA: Additional deduction** of upto Rs. 1.5 lakhs for interest paid on loan taken for purchase of residential house
 - having stamp duty value upto Rs. 45 lakhs.
 - Loan sanction upto 31st Mar 2020.
 - Assessee does not own any residential house property as on sanction of loan
- **Sec 80 EEB:** Income tax deduction of Rs. 1.5 lakhs on interest paid on loans taken to purchase electric vehicles. Loan period Apr'19 to Mar'23. No deduction for such interest will be allowed again for the same or any other AY.
- To incentivize NPS, it is proposed to:
 - a) Increase the limit of exemption from current 40% to 60% of payment on final withdrawal from NPS.
 - b) Allow deduction for employer's contribution upto 14% of salary from current 10% , in case of CG employee.
 - c) Allow deduction u/s 80C for contribution made to Tier II NPS a/c by CG employees.
- Listed companies shall be liable to pay additional tax @ 20% in case of buy-back of shares.
- To promote less cash economy, provisions to be made to allow payment through other electronic modes including e wallets also other than banking modes.

Section	Provision
● 44AD	● Presumptive taxation
● 269SS	● Acceptance of Loan
● 269T	● Repayment of Loan
● 269ST	● Receipt of amount exceeding Rs 2 lakhs
● 13A	● Receipt of donation Exceeding Rs 2000
● 35AD	● Capital expenditure
● 40A(3)	● Payment above Rs 10000
● 80JJA	● Payment to employees

Budget 2019 – Tax Deducted at Source

- U/s 194 N: Budget proposes 2% TDS on **cash Payments** exceeding Rs. 1 crore in a year by a banking company, cooperative bank, post office to encourage digital payments and cashless economy. (w.e.f. 1st Sep, 2019)
- U/s 194M: TDS by individual and HUF, not liable for tax audits, making payment on account of **contractual** work or **professional** fee if aggregate amount paid to a person exceeds 50 lakhs in a year @ 5%.
- **Sec 197**: Scope widened to include new section 194M for obtaining Nil/lower deduction.
- U/s 194IA: TDS on purchase of immovable property - Consideration for **acquisition of immovable property** shall include all other charges which are incidental to the purchase of immovable property such as club membership fee, car parking fee, etc. (w.e.f 1st Sep 2019)
- U/s 194 DA: TDS rate increased from 1% to 5% for payment of any sum under **life insurance policy**(not exempt u/s10(10D))(w.e.f. 1st Sep 2019)
- U/s 194LC: No deduction of TDS on **interest income** payable to a non-resident by a specified company on borrowings made by it in **foreign currency** from sources outside India under a loan agreement or by way of issue of any long-term bond including long-term infrastructure bond, or rupee denominated bond.
- Sec u/s 201: Proviso relating to not treating the TDS deductor as an **assessee-in-default** for payment to resident has been extended to payment to non resident as well i.e, the person to whom payment is made has paid tax on such income and obtained certificate from CA in form 26A and submitted electronically.

Budget 2019 – Indirect Tax Proposals

Goods & Services Tax

- GST rate on electric vehicles reduced from 12% to 5%.
- Proposed to move electronic invoicing system under GST .
- No need for separate E-way bill. It's rollout would begin from January 2020.
- Interest on delayed payment of tax to be computed only on net tax liability.
- Section 49 has been amended to provide the facility of inter transferability of amount from one head to another head in the E-cash ledger.
- Aadhar authentication is mandatory for specified class of new taxpayers and the manner in which certain class of registered taxpayers are required to undergo authentication.

Customs

- Custom duty on gold and precious metals to increase from 10% to 12.5%.
- Import of defence equipment which are not being manufactured in India are being exempted from the basic custom duty.
- Customs duty is also being exempted on capital goods required for manufacture of specified electronic goods.
- Export Duty is being rationalized on raw and semi-finished leather to provide relief to this sector.
- Misuse of duty free scrips and drawback facility involving more than Rs. 50 lakhs will be a cognizable and non-bailable offence.