

HIGHLIGHTS OF INTERIM UNION BUDGET 2019-20

An insight into the fine print by CA VINOD JAIN

Contents

A	<i>Direct Tax</i>	03
B	<i>Indian Stamp Act , 1899</i>	05
C	<i>Indirect Tax</i>	07
D	<i>Prevention of Money-laundering Act, 2002</i>	07
E	<i>Key Policy Announcements</i>	07

A. Direct Tax

Rates of income tax

- No change has been made in the slab rates of Income tax for individuals, HUF, AOP, BOI, firms and companies.
- Surcharge @10% of tax payable on categories of individuals whose annual taxable income is between Rs.50 lakhs and Rs.1 crore shall remain the same.
- Surcharge @15% for taxable income above Rs.1 crore shall remain the same.
- Health & Education Cess @ 4% will remain same.

Benefit of Rebate of income tax in case of certain individuals – Section 87A

- The existing provisions of Section 87A provide for a rebate of Rs. 2500 from the income tax payable to a resident individual if the total income does not exceed Rs. 350,000.
- The section has been amended to increase the limit of total income available to Individual residents of India from 350,000 to Rs. 500,000 to avail rebate under section 87A of the Income Tax Act,1961 ('the Act').
- Hence, rebate under section 87A of the Act has been increased to Rs. 12,500/- as compared to earlier Rs. 2,500/-.
- The change can be explained with the help of following comparative table:-

Resident Individual		
Taxable Income	Tax liability (Pre Budget)	Tax liability (Post Budget)
2,50,000	-	-
3,50,000	2,500	-
5,00,000	12,500	-
6,00,000	32,500	32,500
10,00,000	1,12,500	1,12,500

Note: Health & Education Cess at 4% shall be in addition to income-tax calculated above

Standard Deduction for salaried person – Section 16

- It is proposed to amend Section 16 of the Act to increase the standard deduction from Rs. 40,000/- to Rs. 50,000/- in case of salaried persons.

Self-Occupied House Property – Section 23 & 24

- If an individual owns more than one house property for his own residence then only one house property, as per his choice, would be treated as self-occupied and its annual value is deemed as nil. The other house property is deemed to be let-out as per Section 23 and notional rent of such house is taxed under the head 'House Property'.

The Finance Bill, 2019 has proposed to amend this provision by allowing an option to the assessee to claim nil annual value in respect of any two houses declared as self-occupied. In other words, a taxpayer can now claim that he has two self-occupied house properties. Consequently, deduction with respect to interest on borrowed capital can be claimed with

respect to both the houses. However, the aggregate monetary limit for the deduction would remain same, i.e., Rs. 2,00,000.

- Considering the socio-economic need of middle-class families to maintain houses at two locations on account of their job, children's education, care of parents etc., this Notional rent in respect of unsold inventory will not be charged to tax upto two years instead of one year from the end of financial year in which certificate of completion is obtained from competent authority.
- Notional rent in respect of unsold inventory will not be charged to tax upto two years instead of one year from the end of financial year in which certificate of completion is obtained from competent authority

Deduction in Capital Gain – Section 54

- Any long-term capital gains, arising to an Individual or HUF, from the sale of residential house property is exempted to the extent such capital gains are invested in another residential house property. The taxpayer is allowed to invest only in one residential house in India to claim section 54 relief.
- The Finance Bill, 2019 proposes to extend the exemption for investment made, by way of purchase or construction, in two residential houses provided the amount of capital gains does not exceed Rs. 2 crores. If the assessee exercises this option, he shall not be subsequently entitled to exercise the option for the same or any other assessment year i.e. the assessee can exercise this option only once in a lifetime.

Tax Deducted at Source

• Increase in threshold limit for deduction of tax from interest on deposits

Threshold limit for deduction of tax from interest (other than interest from securities) paid or payable by a banking company or Co-operative bank or Post office is proposed to be increased from Rs. 10,000 to Rs. 40,000. From April 1, 2019, the deductor (i.e., banks, post-office, etc.) shall be liable to deduct tax if the interest payable on deposits (i.e., term deposits, recurring deposits, fixed deposits, etc.) exceed the threshold limit specified in below table.

Payer	Threshold limit if Payee is	
	Senior Citizen	Others
Banking Co.	50,000	40,000
Co-operative Society engaged in banking business	50,000	40,000
Post Office	50,000	40,000
In any other case	5,000	5,000

• Increase in threshold limit for deduction of tax from rent

Every person (including an individual or HUF who are subject to tax audit) shall be required to deduct tax under Section 194-I from payment of rent. The tax shall be deducted if the amount of rent paid or payable during the financial year exceeds Rs. 1,80,000. This threshold limit, for deduction of tax, is proposed to be increased from Rs. 1,80,000 to Rs. 2,40,000.

Profit and Gain from Housing Project – Section 80-IBA

Benefits under Section 80-IBA of the Act have been proposed to be extended for one more year for all housing projects approved till the end of 31st March, 2020.

Simplification of Direct Tax System to benefit Tax-Payers

- ÿ It is proposed that within the next two years, almost all verification and assessment of returns selected for scrutiny will be done electronically through anonymised back office, manned by tax experts and officials, without any personal interface between taxpayers and tax officers.
- ÿ Further, it is proposed that income tax returns will be processed in twenty-four hours and refund will be issued simultaneously.

B. Indian Stamp Act , 1899

The Finance Bill, 2019 proposes amendment in Indian Stamp Act, 1899 for better administration of stamp duty collection on securities market instruments. It proposes that Stamp duties would be levied on one instrument relating to one transaction and would be collected at one place through the Stock Exchanges. The duty so collected will be shared with the State Governments on the basis of domicile of buying client. Insertion of new Part AA in Chapter II of Act – Of the liability of instruments of transaction in stock exchanges and depositories to duty has been done which is as follows:

1. As per Section 9A, Transaction in stock exchanges and depositories to duty in case of:

ÿ Sale of securities

The stamp-duty on each sale transaction shall be collected on behalf of the State Government by the stock exchange or a clearing corporation authorised by it, from its buyer on the market value of such securities at the time of settlement of transactions.

ÿ Transfer of securities

The stamp-duty on transfer shall be collected on behalf of the State Government by the depository from the transferor of such securities on the consideration amount specified therein.

ÿ Creation/Change in the records of depository

The stamp-duty on the allotment list shall be collected on behalf of the State Government by the depository from the issuer of securities on the total market value of the securities.

The instruments referred to above shall be chargeable with duty as provided therein at the rate specified in **Schedule I** and such instruments need not be stamped.

No duty shall be charged or collected by the State Government on any instrument associated with transactions mentioned above.

2. As per Section 9B, Transaction in securities other than stock exchanges and depositories to duty in case of:

ÿ Issue of Securities

The stamp-duty on each issue shall be payable by the issuer, at the place where its registered office is located, on the total market value of the securities so issued at the rate specified in **Schedule I**.

ÿ Sale or transfer or reissue of securities

The stamp-duty on each sale or transfer or reissue shall be payable by the seller or transferor or issuer, as the case may be, on the consideration amount specified in such instrument at the rate specified in **Schedule I**.”

Inserted in Article 56	“56A. SECURITY OTHER THAN DEBENTURES	
	(see sections 9A and 9B)--	
	(a) issue of security other than debenture;	0.005%
	(b) transfer of security other than debenture on delivery basis;	0.015%
	© transfer of security other than debenture on non-delivery basis;	0.003%
	(d) derivatives--	
	(i) futures (equity and commodity)	0.002%
	(ii) options (equity and commodity)	0.003%
	(iii) currency and interest rate derivatives	0.0001%
	(iv) other derivatives	0.002%
	(e) Government securities	0%
	(f) repo on corporate bonds	0.00001%

Substituted for Article 27	“27. DEBENTURE—[as defined by section 2 (10A)]	
	(see sections 9A and 9B)	
	(a) in case of issue of debenture;	0.005%
	(b) in case of transfer and re-issue of debenture.	0.0001%

C. Indirect Tax

Goods & Service Tax

The average monthly tax collection in the current year is Rs. 97,100 crore per month as compared to Rs. 89,700 crore per month in the first year

- GST registered SME units will get 2% interest rebate on incremental loan of 1 Crore.
- Small service providers with turnover upto 50 lakhs can now opt for composition scheme and pay GST at 6% instead of 18%.
- Exemptions from GST for small businesses doubled from Rs. 20 lakh to Rs. 40 lakh
- Small businesses having turnover up to Rs. 1.5 crore pay only 1% flat rate and file one annual return only
- Soon, businesses comprising over 90% of GST payers to be allowed to file quarterly return with turnover upto Rs 5 crore.

Custom Duty abolished on 36 Capital Goods

To promote "Make in India", the Finance Bill, 2019 rationalizes custom duty and procedures. The Custom Duty has been abolished on 36 Capital Goods.

D. Prevention of Money-laundering Act, 2002

Time limit for attachment of property under PMLA to be hiked from 90 days to 365 days

The Finance Bill, 2019 seeks to amend Section 8(3) of the Prevention of Money-laundering Act, 2002 so as to extend the period of investigation from 90 days to 365 during which the attachment shall remain valid. It also provides that in computing the period of 365 days, the period during which the investigation is stayed by any court shall be excluded.

E. Key Policy Announcements

FARMERS:

- 12 crore small and marginal farmers to be provided with assured yearly income of Rs. 6000 per annum under PM-KISAN. Outlay of Rs. 75,000 crore for FY 2019-20 with additional Rs. 20,000 crore in RE 2018-19
- 2% interest subvention to Farmers for Animal husbandry and Fisheries activities; additional 3% in case of timely repayment.
- Interest subvention of 2% during disaster will now be provided for the entire period of rescheduling of loan

LABOUR:

Pradhan Mantri Shram-Yogi Maandhan

- The scheme proposes to benefit the unorganised sector workers such as street vendors, rickshaw pullers, construction workers, rag pickers, agricultural workers, beedi workers, handloom, leather and in numerous other similar occupations.

- This pension yojana shall provide them an assured monthly pension of 3,000 from the age of 60 years on a monthly contribution of a small affordable amount during their working age.
- A worker joining pension yojana at the age of 29 years will have to contribute only 100 per month till the age of 60 years.
- A worker joining the pension yojana at 18 years, will have to contribute as little as 55 per month only.
- The Government will deposit equal share in the pension account of the worker every month.

FISCAL PROGRAMME

- Fiscal deficit pegged at 3.4% of GDP for 2019-20
- Fiscal deficit brought down to 3.4% in 2018-19 revised estimate from almost 6% seven years ago
- Total expenditure increased by over 13% to Rs.27,84,200 crore in 2019-20 BE
- Capital Expenditure for 2019-20 budgeted estimate at Rs. 3,36,292 crore

DEFENCE

Defence budget to cross Rs 3,00,000 crore for the first time ever

Entertainment Industry

Indian filmmakers to get access to Single window clearance as well for ease of shooting films

MSME and Traders

- 2% interest subvention on an incremental loan of Rs 1 crore for GST registered SMEs
- Atleast 3% of the 25% sourcing for the Government undertakings will be from women owned SMEs
 - Renewed Focus on Internal trade ; DIPP renamed to Department for Promotion of Industries and Internal trade

Ten dimensions of Vision for India of 2030

India would be a modern, technology driven, high growth, equitable and transparent society

- To build physical as well as social infrastructure and to provide ease of living
- To create a Digital India, digitize government processes with leaders from youth
- Making India pollution free by leading transport revolution with Electric Vehicles and focus on Renewables
- Expanding rural industrialisation using modern digital technologies to generate massive employment
- Clean Rivers, safe drinking water to all Indians and efficient use of water through micro-irrigation
- Besides scaling up of Sagarmala, Coastline and Ocean waters powering India's development and growth
- Aim at our space programme – Gaganyaan, India becoming the launch-pad of satellites for the World and placing an Indian astronaut into space by 2022
- Making India self-sufficient in food, exporting to the world to meet their food needs and producing food in the most organic way
- A healthy India via Ayushman Bharat with women having equal rights and concern for their safety and empowerment
- Transforming India into a Minimum Government Maximum Governance nation with pro-active and responsible bureaucracy



CA Vinod Jain

Chairman

B.Com (Hons.), LL.B., FCA, FCS, FICWA, DISA (ICAI)

CA Vinod Jain based in Sector 44 Gurgaon and Nehru Place New Delhi He is commerce graduate with Honours from Shri Ram College of Commerce in 1976 and passed LLB in 1979. Shri Jain passed CA Intermediate Examination in November'1977 with 7th Rank in all India Merit List, Final Examination in November'1979 with 13th Rank on All India merit list and became a Fellow Member of The Institute of Chartered Accountants of India. He qualified in Company Secretary Examination in December 1979 and became a Fellow Member of the Institute of Company Secretaries of India. He is also a qualified in Cost Accountant exam in the year 1983 and became a Fellow Member of the Institute of Cost Accountants of India. He is Diploma holder in Information System Audit (DISA) from the Institute of Chartered Accountants of India in 2004.

CA Vinod Jain has about 39 years of experience in the field of Taxation, Audit, Accounting, Finance, Banking, Law Education and strategic planning and business management.

He is Chairman of Inmacs Management Services Limited a member of Multinational network of Chartered accountants i.e. INMACS Global.

Shri Jain was the Chairman of Northern India Regional Council of The Institute of Chartered Accountants of India from September'1983 to September'1984 and also served as its Secretary (1982-83) and Treasurer (1984-1985). He was a Central Council Member of 'The Institute of Chartered Accountants of India' from 1998 to 2004 and 2007 to 2013 (12 Years) and supervised as a Member of the Council, framing of Accounting standards, Auditing Standards, Education examination and training of CA course, Investigation and disciplining of Chartered Accountants.

Shri Jain also served as Chairman, Board of Studies of The Institute of Chartered Accountants of India from 2010 to 2011 being incharge and overall responsibility for the Chartered Accountants education of about 1 million CA students in the country. He served as Chairman of Financial Market and Investors Protection Committee for 5 years, Professional Development Committee, Management Accounting Committee for 4 years & Expert Advisory Committee of ICAI. He had also served as a member of Accounting Standard Board, Auditing and Assurance Standard Board, Public Finance Committee, Information Technology Committee, Insurance Committee etc.

He was Founder and National Director and Dean of One Year Certificate Course in Finance (MBF) from July'2009 to February'2013. Shri Jain was Founder and National Director of 3 months Certificate Course on Valuation conducted by The Institute of Chartered Accountants of India. Shri Jain was National Director of Certificate Course on Forex Risk and Treasury Management of ICAI from 2010 to 2013.

He has also served on different Committees of Central Board of Direct Taxes, Ministry of Corporate Affairs and committees of Securities and Exchange Board of India (SEBI)

Mr. Jain had been an elected member of National Council of CII and a former National President of ANMI (Association of National Stock Exchanges members of India)

Presently Shri Jain has been a Member, High Powered Committee, appointed at Secretary Level by Finance Ministry to simplify Income Tax Law. Mr. Jain has been appointed on 8th November 2017, by Finance Minister approved notification as a member of the advisory Group to advise revise GST law to the GST Council. He has been appointed as a Government nominee Director on the Board of Directors of Coal India Limited and South Eastern Coal Field Limited.

About INMACS

INMACS Management Services Limited (INMACS, India) is a member of “INMACS Global, Hong Kong” an international network of Chartered Accountants, Company Secretaries, Lawyers and Management Consultants.

INMACS Management Services Ltd. (INMACS) was started by a group of highly qualified and experienced professionals in April, 1984, to offer a full range of services that embrace in its ambit management consulting, corporate finance, audit:- statutory, management, internal, taxation and legal advisory services, risk management, re-engineering, insourcing-outsourcing. Each step in its corporate association has taken it a step closer to the fulfillment of its goal.

In the last 39+ years, INMACS' capabilities and performances have won the utmost trust and confidence of a richly varied and strong client base ranging through small & medium enterprises and big league corporate and multinational Business Houses, both in India and abroad. Our Hong Kong partner, Buttar & Associates have achieved an award as Business Advisor Award from HSBC for 3 consecutive years.

INMACS team members, while sharing a common vision, belong to diverse technical, business and legal backgrounds. We deploy specialized and multidisciplinary teams to serve assignments requiring specific skills. This enables us to work proactively and closely with clients and respond effectively to their needs in a highly focused manner, which in today's fast changing business environment is quite crucial to a client's success.



V.K. Hajela
Business Strategy



R.K. Mehra
Audit



N.C. Maheshwari
Resource Raising



Sunil Khemka
Capital Markets



Pardeep Diwan
Finance



Rishabh Sawansukha
GST & Customs



Ravi Mediratta
Appeal & Litigation



Sanjay Mehra
Audit



Shweta Jain
Audit & IFRS



Nitish Chugh
Audit



Vaibhav Jain
Valuations & DDR



Aastha Jain
Direct & International Tax



Mukesh Dadhich
Audit & IFRS



Saloni Gandhi
Direct Taxes



Garima Jain
Indirect Taxes



Ankur Agrawal
Direct Taxes

Our Team

Our People are Our Strength

51

Chartered Accountants

05

Company Secretaries

05

Advocates & Solicitors

72

Trainee & Others

14

Others

Our Offices

Head Office:

4696 Brij Bhawan
21A Ansari Road
Darya Ganj,
New Delhi-110002. INDIA
Tel : +91-11-2328-8101

Corporate Office:

101, Global Business Square
Building No. 32, Sector 44,
Institutional Area Gurgaon,
122003, India
Tel : +91-124-4786-200

Nehru Place:

503, Chiranjiv Tower,
43, Nehru Place
New Delhi 110019. India
+91-11-2622-3712,
2622-6933

Nehru Place:

505, Chiranjiv Tower,
43, Nehru Place
New Delhi 110019. India
+91-11-2643-0349,
2641-9527

Karol Bagh:

17A/55, Triveni Plaza,
Gurudwara Road,
Karol Bagh,
New Delhi
Tel : +91-11-4504-4453

Chandigarh:

SCO-705, 1st Floor,
NAC Manimajra
Chandigarh-160101. India
Tel : +91-172-5077-789,
5077-790

Mumbai:

201, 2nd floor,
Madhava Building,
Bandra Kurla Complex,
Bandra East. Mumbai
-400051
+91-22-4974-6258

Vasant Vihar:

F-9/9, 1st Floor,
Poorvi Marg,
Vasant Vihar,
New Delhi-110057
+91-11-4160-6744

Our Associates

Bhubaneswar | Hyderabad | Jaipur | Kolkata | Indore | Ahmedabad | Bengaluru | Chennai | Trichy | Ranchi | Kanpur
New Jersey, USA | Tanzania | Mauritius | Nigeria | Hong Kong | St. Lucia | British Virgin Islands | Dubai | Singapore | Kenya | Canada | London

Mehra Goel & Co.
Chartered Accountants
Since 1963

Vinod Kumar
& ASSOCIATES
Chartered Accountants
since 1980

INMACS
Law Offices
Advocates & Solicitors

CPA & Co.
Company Secretaries

INMACS

© INMACS MANAGEMENT SERVICES LIMITED

Global Business Square, Building No. 32, Sector 44, Institutional Area, Gurgaon, Haryana, India.
909, Chiranjiv Tower, 43, Nehru Place, New Delhi-110019 | 4696/21-A Ansari Rd. Darya Ganj.
Ph: 011-2622 3712, 6933, 8410
CA Vinod Jain (M: 9811040004 | vinodjain@inmacs.com);
CA Aastha Jain (M: 9999903556 | aasthajain@inmacs.com)