

**BUDGET SUMMARY WITH MAJOR HIGHLIGHTS OF THE INTRIM BUDGET
2019 – 20**

KEY HIGHLIGHTS OF BUDGET 2019-20

1. Tax Rebate To Individual Tax Payer

- ❖ No change in **existing rates** of income tax.
- ❖ However resident **individual taxpayer** having **taxable annual income upto Rs.5 lakhs** will get **full tax rebate** under **section 87A** of the IT Act, i.e. tax rebate u/s **87A** has been **increased** from **Rs.2500 to 12500**
- ❖ Further, this **rebate shall be available** to taxpayers having annual taxable income of **upto Rs 5 lacs**. Thus, **if income is more than 5 lacs then assessee can not claim rebate.**

NOTE: Any person whose taxable income **is more than threshold limit** is required to file **income tax return** even though no tax is due on total income up to Rs. 5 lakhs.

2. Increase In Standard Deduction For Salaried Class

- ❖ For Salaried persons, Standard deduction is being raised from the current Rs.40000.00 to Rs. 50000.00.

3. Increase In Threshold Limit For With Holding Tax On Interest

- ❖ **Section 194A** of the **Income tax Act**, amended to ease the burden of compliance by way of **increasing** the threshold limit from **Rs.10,000/-** to **Rs. 40,000**, for **deduction of TDS** on interest income, paid by a banking company, co-operative society or a post office.
- ❖ Further the TDS threshold for deduction of tax on rent is proposed to be **increased** from **Rs.1,80,000.00** to **Rs. 2,40,000.00** for providing relief to small taxpayers.

5. Time Line Extended For Approval of Housing Projects Eligible For Tax Holiday.

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- ❖ **Section 80-IBA** of the **Income tax Act** amended that the **supply of affordable houses** by extending the time limit from **31st March, 2019** to **31st March, 2020** for obtaining approval of the housing project for availing deduction.

6. Benefit In Respect To Capital Gains From Transfer Of Residential House

- ❖ As per provision of **section 54 of IT Act**, capital gain from sale of a long-term capital asset by an individual or an **HUF taxpayer**, is not a taxable to the extent that, such gain is invested into purchasing/constructing a residential house within the prescribed time. This benefit is however restricted to investment in one residential house.

SIMPLIFICATION OF DIRECT TAX SYSTEM TO BENEFIT TAX- PAYERS

5. NO Notional Rent Income For Up To Two Self-Occupied Houses

- ❖ Currently, as per the provisions of **section 23** of the **IT Act**, the income tax on **notional rent** is payable if one has more than **one self occupied house**. Considering the difficulty of the middle class having to maintain families at two locations on account of their job, children's education, care of parents etc, it is proposed to exempt levy of income tax on notional rent on a **second self-occupied house**.

7. Deduction 100% to the corporate in Developing and Building affordable Housing Projects.

- ❖ **Section 80-IBA** of the **IT Act** provide a deduction of an amount equal to hundred per cent (100%) of the profits and gains to the taxpayers engaged in developing and building affordable housing projects, subject to fulfillment of certain conditions. The said deduction was available if the project was approved by a competent authority after **1 June 2016**, but on or before **31 March 2019**.

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8. Benefit In Respect To Capital Gain Form Transfer Of Residential House

- ❖ As per provision of **section 54** of the **IT act** , capital gain from sale of a **long-term capital asset** by any **individual** or an **HUF** payer , is not taxable to the extent that , such gain is invested into purchasing/constructing, a residential house within the prescribed time. This benefit is however restricted to investment in **one residential house**.

9. Other Important Facts With Statics

- ❖ Tax collection nearly doubled in **five years** –from **Rs.6.38lakhs crore** in 2013-14 to almost **Rs.12 Lacscrore** this year.
- ❖ **80% growth** in tax base – from **3.79crore to 6.85 crore** in **five years**.
- ❖ Tax administration streamlined last year ,**99.54%**of the income- tax excepted as were filled.

10. Fast Processing

- ❖ All return will be **processed** in **24 hours** and **refund issued** simultaneously.
- ❖ 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**.

11. Empowering MSMES And Traders

- ❖ A **scheme of sanctioning loans** upto **Rs.1 crore in 59 minutes** has been already launched by government.
- ❖ GST registered **SME** units will get **2% interest** rebate on incremental loan of **Rs.1 crore**.
- ❖ Minimum **Pension** for every laborers has been fixed at **Rs. 1000 per** month.

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12. Other Few Important Points Spoken By FM

- ❖ The State revenues are improving with guaranteed **14%** annual revenue increase for the **first five years**.
- ❖ The Government has abolished duties on **36 capital goods**.
- ❖ The Government wants the **GST burden** on home buyers to be **reduced** and accordingly we have moved the GST Council to **appoint** a **Group of Ministers** to examine and make recommendations in this regard at the earliest.
- ❖ The ceiling of payment of gratuity has been **enhanced** from **Rs. 10 lakhs to 20 lakhs**.
- ❖ Maximum ceiling of the **bonus** given to the laborers has been **increased** from **Rs. 3,500 pm** to **Rs. 7,000 pm** and the maximum ceiling of the pay has been **increased** from **Rs. 10,000 pm** to **Rs. 21,000 pm**.
- ❖ **Registration limit** has been **doubled** from **20 lakhs to 40lakhs**. In **32nd meeting of GST** council, States have been given an option to either **choose Rs. 40 Lakhs or Rs. 20 Lakhs** threshold limit **only in case of goods**. And for **services** it shall remain **Rs. 20 lakhs**
- ❖ Upper limit of turnover for opting for **composition scheme** has been **raised** from **Rs. 1 crore toRs. 1.5crore** only in **case of goods** with **1% tax rate**. In **case of services** this limit has been **taken Rs. 50Lakhs** with **6% tax rate**. And they require to file the **one annual return** on

13. Enhanced Allocations For Major Schemes

- ❖ Announcing an allocation of **Rs.60,000 crores** for **MGNREGA** for **Budget Estimates 2019-20**, the Finance Minister said that additional allocations will be made, if required.
- ❖ The **New Pension Scheme** (NPS) has been liberalized. Keeping the Contribution of the employee at **10%**, the government have **increased** the **Government contribution** by **4%** making it **14%**.

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- ❖ Minimum **pension** for every **laborer** has been **fixed** at **Rs. 1,000** per month.
- ❖ In the event of **death of a laborer during service**, the amount to be paid by **EPFO** has been enhanced from **Rs. 2.5 Lakhs** to **Rs. 6 Lakhs**.
- ❖ **Pradhan Mantri Gram Sadak Yojana** (PMGSY) is being allocated **Rs.19,000 crore** in BE 2019-20 as **against Rs.15,500 crore** in RE 2018-19. During the period 2014-18, a total number of **1.53 crore** houses have been built under the Pradhan Mantri Awas Yojana, he announced.
- ❖ The government proposes to **launch** a **mega pension yojana** namely '**PradhanMantriShram-Yogi Maandhan**' for the **unorganised sector workers** with monthly income upto **Rs. 15,000/-**-This pension yojana shall provide them an **assured monthly pension of Rs.3,000/-** from the **age of 60 years** on a monthly contribution of a small affordable amount during their workingage. Worker joining this yojana at the age of 29years will have to contribute only **Rs. 100** permonth till the age of **60 years**. And worker joining at the **age of 18years** will have to contribute as little as **Rs.55 per month only**.

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