



## INTERIM BUDGET 2019-2020

Acting Finance Minister Mr. Piyush Goyal has announced the Interim Union Budget 2019-2020 on February 1, 2019. Key highlights of the Budget are enumerated herein below for your reference:

### KEY HIGHLIGHTS:

#### Rate of Income-tax:

- No change in the Rate of Income Tax levied on 'Person' under the Income-tax Act, 1961.

#### Procedure for Assessment:

- Returns to be processed within 24 hours and for next 2 Years almost all verification and assessment of returns selected for scrutiny to be done electronically.

#### Exclusions from Computation of Total Income:

- Standard Deduction for Salaried Individual under Section 16 of the Income-tax Act, 1961 raised from INR 40,000.00 to INR 50,000.00 with effect from Assessment Year 2020-2021.
- No Income Tax on Notional Rent on 2nd Self Occupied Property. Previously the 2nd Self Occupied Property was also subject to income tax on notional rent, i.e. the expected amount if the property had been let out during a year was also considered for the purpose of determination of Annual Value of the Property.
- No change in the monetary limit of deduction on interest on borrowed capital for house property.
- Relief from long term Capital Gains tax up to INR 2 Crore available to the assessee on its utilization for purchase and construction, extended from one residential house to purchase and construction of two residential houses.

#### Amendments to Chapter VIA prescribing deductions from Total Income:

- Time limit for seeking approval from Competent Authority to avail benefit of 100% deduction from profits and gains pursuant to Section 80-IBA of the Income-tax Act, 1961 is extended to one more year from March 2019 to March 2020.

#### Benefits of Rebates and Relief:

- Tax rebate available under Section 87A of the Income-tax Act, 1961 extended to individuals earning an income of INR 500,000.00. Earlier the tax rebate was available only for individuals earning an income INR 350,000.00.
- Further the amount of tax rebate is increased from INR 2,500.00 to INR 12,500.00.

### **Ease of Collection and Recovery of Tax:**

- Ceiling of Tax Deduction of Source on payment of Interest other than “Interest on Securities” under Section 194A of the Income-tax Act, 1961 extended from INR 10,000.00 to INR 40,000.00.
- Threshold limit for application of Section 194-I of the Income-tax Act, 1961 on Tax Deduction of Source on payments on renting of the immovable property extended from INR 180,000.00 to INR 2,40,000.00 per annum.

### **Prevention of Money Laundering:**

- Section 8 of the Prevention of Money-laundering Act, 2002 amended to extend the time limit for which the “attachment” is valid from 90 days to 365 days, which shall exclude the period of investigation stayed by the Hon'ble Court.

### **Key Indirect Tax changes addressed under the Budget Speech:**

- Goods of generic and everyday use categorised under 0% or 5% tax slab.
- Tax on movie tickets rationalised.
- The Government addresses and acknowledges the need of reduction of Goods and Service Tax in the hands of Home Buyers accordingly announces appointment of Group of Ministers to examine and make recommendations in this regard.
- Effective from February 1, 2019 exemptions from registration of Goods and Service Tax Law doubled from INR 20,00,000.00 to INR 40,00,000.00. It was also addressed that suppliers with turnover upto INR 50,00,000.00 can now opt for composition scheme and pay Goods and Service Tax at 6% instead of 18%. It was further acknowledged that businesses comprising over 90% of suppliers registered under the Goods and Service Tax Law will be allowed to file quarterly return.
- Custom Duties abolished on 36 Capital Goods items.

From our perspective, the budget clarifies on a 10 Year plan of the Government if accorded with an Opportunity at 2019 Elections. By way of the Budget Speech, the Government addresses the overall initiatives of the government. The incentive to farmers by way of guaranteed Income, pension to workers, increase in the ceiling of application of Tax Deduction at Source on Renting of Immovable Property and relief by way of tax rebate does support the growth-oriented intentions of the Government.

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