

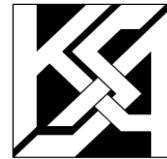
**NOTE ON
INTERIM BUDGET
2019**

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1. INTRODUCTION

Breaking from convention, The Modi Government has made proposals for tax changes which are deemed to be essential to the progress of the country, in an interim budget .

The acting Finance Minister presented an interim budget which even though was on expected lines, took steps to put more money in the hands of the salaried class and small farmers, which would have a cascading effect on the economy. Around 72 percent of farmers are in this category and are likely to increase to 90 percent by 2025. The "direct benefit support" can be helpful to protect this segment from market and price fluctuation.

The major part of budget speech highlighted the achievements and initiatives of the Government since taking over in May 2014. A stirring account of the Modi government's economic and reform policies, in a 100-minute speech included details of signature initiatives such as Ayushman Bharat, Pradhan Mantri Jan Ausadhi Yojana, Make in India, Jan Dhan Scheme, Start-Up India, MUDRA and the Insolvency and Bankruptcy Code (IBC)

The present focus has been on taking forward the tireless efforts of the Government to improve the farming facilities of farmers, weaker sections, defence personnel, women empowerment etc. Finance Minister has proposed some sops under Direct Taxes which directly reaches out to a wide tax base of over 30 million low income tax payers and 120 million marginal farmers. This would go down in history as India's seminal march towards providing assistance to the economically disadvantaged groups.

It has been a very well balanced election budget. It has met the multiple objectives of stoking consumption, reducing farmer distress, reducing tax burden for middle class while managing the fiscal deficit under control.



2. DIRECT TAX PROPOSALS

2.1 TAX RATES:-

There is no change in the Personal Income tax rates except rebate u/s 87A

There is no change in the tax rates of Firms, HUF, AOP, BOI

There is no change in the tax rates of Companies. However in case of domestic company tax rate of 25% of the total income will be applicable where its total turnover or gross receipts in the previous year 2016-17 does not exceeds Rs.250 crore (2500 million) instead of previous year 2015-16

2.2 NEW TAX INCENTIVES AND RELIEFS

a) Standard Deduction to salaried employees:

It is proposed to increase standard deduction u/s 16 from Rs.40,000 to Rs. 50,000

b) Notional Rent:

Exemption from charging notional rent u/s 23 on one self-occupied house is now extended to two houses.

c) Interest rebate on self-occupied property:

Interest rebate u/s 24 is now available for two houses as against only one.

d) Exemption on reinvestment of Long Term Capital Gain from sale of residential house:

The exemption available u/s 54 on re-investment in one house is now available for investment in two houses where the long term capital gain does not exceed Rs. 2 Crores. However this will be available to an assessee only once in life time.

e) Deduction in respect of profits from housing project:

The deduction available u/s 80-IBA was available for projects approved by competent authority on or before 31st March 2019. The same is now extended for projects approved up to 31st March 2020.

f) The Rebate of tax:

The rebate available u/s 87A is now Rs. 12,500 of tax and is available to individuals having total income up to Rs. 5,00,000.



g) Tax Deduction at Source:

- a. The thresh hold limit for tax deduction on interest income u/s 194A from banks, co-operative societies and post office increased from existing Rs.10,000 to Rs.40,000.
- b. The threshold limit for tax deduction on rent u/s 194I increased from existing Rs.1,80,000 to Rs.2,40,000.



3. OTHER MAJOR POLICY INITIATIVES

- Launch of Pradhan Mantri Kisan Samman Nidhi providing direct income support of Rs.6000/ annum to farmers holding less than 2 Hectares land which is expected to benefit around 120 million of farmer families.
- Separate Department of Fisheries
- Interest subvention of 2% to Animal Husbandry and Fisheries farmers with further 3% additional interest subvention for timely repayment of loan
- Proposal to launch Pradhan Mantri Shram-Yogi Maandhan for unorganised sector workers under which Rs.3000/ month pension from age of 60 years onwards will be paid to those having Rs.15000/month income on small contributions to be made during work life. This is expected to benefit around 100 million labourers.
- Single window clearance for shooting films to be made available for Indian filmmakers
- Indian Stamp Act, 1899 is sought to be amended for levy and administration of stamp duty on securities market instruments by the States at one place through one agency. Stamp duties would be levied on one instrument relating to one transaction and get collected at one place through the Stock Exchanges or its Clearing Corporation or Depositories. The duty so collected will be shared with the State Governments seamlessly on the basis of domicile of buying client.



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