



# INTERIM BUDGET 2019

01<sup>st</sup> February, 2019

## PERSONAL TAX

### Tax Rates/ Slabs

Tax impact of the same can be summarized as under:

CATEGORY OF TAX PAYERS	INCOME	EXISTING TAX RATES	PROPOSED TAX RATE	IMPACT
INDIVIDUALS	Upto INR 2,50,000	Nil	Nil	Nil
	INR 2,50,001 to INR 5,00,000	5%	5%	Nil
	INR 5,00,001 to INR 10,00,000	20%	20%	Nil
	Above INR 10,00,000	30%	30%	Nil
SENIOR CITIZENS	Upto INR 3,00,000	Nil	Nil	Nil
	INR 3,00,001 to INR 5,00,000	5%	5%	Nil
	INR 5,00,001 to INR 10,00,000	20%	20%	Nil
	Above INR 10,00,000	30%	30%	Nil
VERY SENIOR CITIZEN	Upto INR 5,00,000	Nil	Nil	Nil
	INR 5,00,001 to INR 10,00,000	20%	20%	Nil
	Above INR 10,00,000	30%	30%	Nil

There is no change in the existing rate.

- **Surcharge:**

There is no change in existing rate applicable till AY 2019-20 @10% if net income is more than INR 50Lakh but not more than INR 1Cr and @ 15% if net income exceeds INR 1Cr.

- **Cess:**

There is no change in existing rate applicable till AY 2019-20 of Cess @ 4% (E.C 1%+ SHEC 2%+ HC 1%).

## CORPORATE TAX

### Tax Rates

#### Domestic Companies

There is no change in the existing corporate tax rate of 25% if the turnover or receipt in the previous year does not exceed INR 250 Crore. Effective rate of tax is depicted as under:

PARTICULARS	TAXABLE INCOME > INR 1CRORE, BUT < INR 10CRORE	TAXABLE INCOME > INR 10 CRORE
Tax Rate	25.00%	25.00%
Surcharge	7.00%	12.00%
Tax + Surcharge	26.75%	28.00%
Cess thereon	4.00%	4.00%
Effective Tax Rate	27.82%	29.12%

A domestic company is taxable at 30% if not covered above. Effective rate of tax is as under:

PARTICULARS	TAXABLE INCOME > INR 1CRORE, BUT < INR 10 CRORE	TAXABLE INCOME > INR 10 CRORE
Tax Rate	30.00%	30.00%
Surcharge	7.00%	12.00%
Tax+ Surcharge	32.10%	33.60%
Cess thereon	4.00%	4.00%
Effective Tax Rate	33.38%	34.94%

### Foreign Company

Corporate tax remains unchanged at 40% (plus applicable surcharge and education cess)

PARTICULARS	TAXABLE INCOME > INR 1 CRORE, BUT < INR 10 CRORE	TAXABLE INCOME > INR 10 CRORE
Tax Rate	40.00%	40.00%
Surcharge	2.00%	5.00%
Tax+ Surcharge	40.80%	42.00%
Cess thereon	4.00%	4.00%
Effective Tax Rate	42.43%	43.68%

### MAT Rate

There is no change in the existing MAT Rates.

## DEDUCTIONS

### Rebate Under Section 87A

Existing limit of Rebate under section 87A is revised as summarized as under:

AY 2019-20	AY 2020-21
A resident individual whose net income does not exceed INR 3Lakh shall be eligible to avail rebate up to 100% of tax payable or INR 2,500/- whichever is less.	A resident individual whose net income does not exceed INR 5 Lakh shall be eligible to avail rebate up to 100% of tax payable or INR 12,500/- whichever is less.

*\*Proposed amendment shall lead to nil tax liability in case of individual having net taxable income up to INR 5 lacs. For instance, if an assessee has a gross income of INR 6.5 lakh for the financial year 2019-20, and makes an investment of INR 1.5 lakh under Section 80C like provident funds, specified savings, insurance etc, his/her net taxable income comes down to INR5 lakh, on which his/her tax liability will be INR 12,500 (5% of INR 2.5 lakh), excluding cess (income up to INR 2.5 lakh is exempt from tax). Against this, a rebate of INR 12,500 will be available and, thereby, the net tax will come down to zero.*

### Benefit u/s 80IBA has increased by one more year i.e. Assessment Year 2020-2021

The existing deduction available under section 80IBA to real-estate developer for the business of developing and building affordable housing projects is proposed to be amended by extending the time limit from 31st March 2019 to 31st March 2020 for obtaining approvals for the Housing Projects.

## INCOME FROM SALARY

### Standard Deduction to Salaried Persons [Section 16]

It is proposed to increase the existing limit of standard deduction from INR 40,000/- to INR 50,000/- or the amount of salary received, whichever is less.

Net Income after 80C deduction			Tax		Benefit
AY 2019-20	AY 2020-21		AY 2019-20	AY 2020-21	
Net Income	Increase in Standard Deduction	Net Income			
5,10,000	10,000	5,00,000	13,520	-	13,520
10,60,000	10,000	10,50,000	1,35,720	1,32,600	3,120
58,10,000	10,000	58,00,000	17,79,492	17,76,060	3,432
1,08,10,000	10,000	1,08,00,000	36,54,378	36,50,790	3,588

INCOME FROM HOUSE PROPERTY	
<b>No notional rental income on second self-occupied house [Section 23]</b>	It is propose to amend section 23 of the Income-tax Act so as to provide relief to the taxpayer by allowing nil annual value in respect of any two houses, declared as self- occupied. Currently, if a person has two properties which are self-occupied, deemed rent from one of the house properties is taxable
<b>No notional rental on unsold inventory for two years. [Section 23]</b>	It further seeks to provide relief to the taxpayers that tax on notional rent shall not be charged in respect of unsold inventory for a period up to two assessment years, instead of existing one assessment year, from the end of the financial year in which the certificate of completion is obtained from the competent authority.
<b>Benefit of deduction for interest on borrowed capital [Section 24]</b>	The existing monetary limit of deduction on account of interest payable on borrowed capital of INR 2 Lakh shall continue to apply in aggregate in case of more than one self-occupied house property.
CAPITAL GAIN	
<b>Capital Gain Tax Benefit increased from investment in one residential house to two residential houses. [Section 54]</b>	It is proposed to amend section 54 of the Income-tax Act to provide relief to the taxpayers having long-term capital gains up to INR 2 Cr., arising from transfer of a residential house, by affording the assessee a one-time opportunity, at his option, to utilise the said amount for the purchase or construction of two residential houses in India instead of one residential house as currently provided.
TAX DEDUCTED AT SOURCES (TDS)	
<b>TDS on Interest other than interest on securities [Section 194A]</b>	It is proposed to amend section 194A of the Income-tax Act to increase the threshold limit from INR 10,000 to INR 40,000 for deduction of tax at source on interest income, other than interest on securities, paid by a banking company, co-operative society or a post office. This means interest income on bank/post office deposits up to INR 40,000 will not be subject to TDS.  <i>* Only TDS Limit for Interest /s 194A has been increased from 10,000 to 40,000, but exempt interest income remains same i.e. 10,000.</i>
<b>TDS on Rent [Section 194I]</b>	It is proposed to amend section 194-I of the Income-tax Act to increase the threshold limit from INR 1.80 Lakh to INR 2.40 Lakh.
Miscellaneous	
<b>Other</b>	<ul style="list-style-type: none"> <li>• Within 2 years, Tax assessment will be done electronically</li> <li>• IT returns processing in just 24 hours</li> <li>• Tax free Gratuity limit increase to 20 Lakhs from 10 Lakhs</li> <li>• Bonus will be applicable for workers earning 21000 monthly</li> <li>• Minimum 14% revenue of GST to states by Central Govt.</li> <li>• Custom duty has abolished from 36 Capital Goods</li> <li>• Recommendations to GST council for reducing GST rates for home buyers</li> </ul>
<b>Other Areas</b>	<ul style="list-style-type: none"> <li>• State share has increased to 42%</li> <li>• PCA restriction has abolished from 3 major banks</li> <li>• 2 lakhs seats will increase for the reservation of 10%</li> <li>• 60000 crores for manrega</li> <li>• 1.7 Lakh crore to ensure food for all</li> <li>• 22nd AIIMS has to be opened in Haryana</li> <li>• Approval has to be given to PM Kisan Yojana</li> </ul>

- Rs. 6000 per annum has to be given to every farmer having upto 2 hectare land. Applicable from Sept 2018. Amount will be transferred in 3 installments
- National kamdhenu ayog for cows. Rs. 750 crores for National Gokul Mission
- 2% interest subvention for farmers pursuing animal husbandry and also create separate department for fisheries.
- 2% interest subvention for farmers affected by natural calamities and additional 3% interest subvention for timely payment.
- The scheme, called Pradhan Mantri Shram Yogi Mandhan, will provide assured monthly pension of Rs. 3,000 with contribution of Rs. 100 per month for workers in unorganized sector after 60 years of age.
- Our government delivered 6 crores free LPG connections under Ujjawala scheme
- 2% interest relief for MSME GST registered person
- 26 weeks of Maternity Leaves to empower the women
- More than 3 Lakhs crores for defence
- One lakh digital villages in next 5 years
- Single window for approval of India film makers.

**\*\* THANK YOU \*\***

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