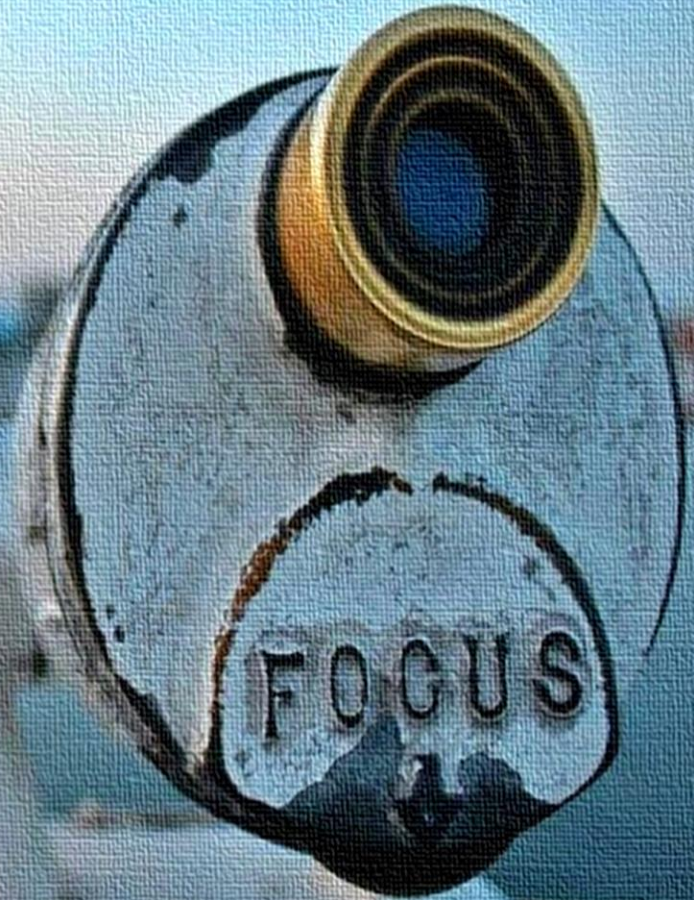


# UNION BUDGET HIGHLIGHTS 2019-20

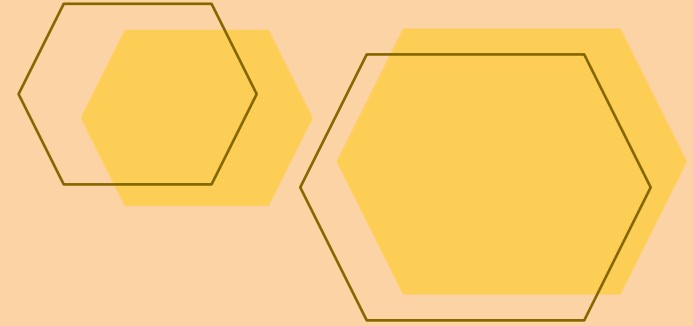
**AGARWAL &  
DHANDHANIA**  
CHARTERED ACCOUNTANTS



# CONTENTS

FOREWORD .....	3
INCOME TAX.....	4
SCHEMES PROPOSED .....	7
GST.....	10
SECTOR WISE HIGHLIGHTS .....	11





# FOREWORD

Dear All,

Finance Minister Piyush Goyal presented the Interim Budget 2019-20 on February 1, 2019. It was the last Budget of the Modi Government before the 2019 Lok Sabha elections.

This year, the government presented the Interim Budget, also known as ‘Election Budget’ as it is close to the end of its term. An interim budget is usually passed by the Lok Sabha without discussion.

As per the Interim Budget or Vote on Account, the government seeks the approval of Parliament to meet its expenditure for the first four months of the fiscal year with no changes in the taxation structure, until a new government takes over and presents a full Budget of the year in July 2019.

***Publication Team  
Agarwal & Dhandhania  
Chartered Accountants  
India***

**AGARWAL &  
DHANDHANIA**  
CHARTERED ACCOUNTANTS

The information contained in this presentation is of a general nature and it is not intended to address specific facts, merits and circumstances of any individual or entity. We have tried to provide accurate and timely information in a condensed form however, no one should act upon the information presented herein, before seeking detailed professional advice and thorough examination of specific facts and merits of the case while formulating business decisions. This presentation is prepared exclusively for the information of clients, staff, professional colleagues and friends of **ADCAIndia**

# HIGHLIGHTS ON INCOME TAX

## **Big Income Tax Relief for those whose Net Taxable Income is up to Rs. 5 Lacs**

### **Currently Provision:**

- Income up to Rs 2.5 lakh for resident individuals (age below 60 years) is exempt from tax. Similarly, for senior citizens aged 60 years and above but below 80 years, income up to Rs 3 lakh is exempt from tax. Income up to Rs 5 lakh is exempt from tax for super senior citizens (age 80 years and above).
- Further you can claim tax rebate under Section 87A provision if your total Income after Deductions (under Section 80C to 80U) is equal to or less than Rs 3.5 lakhs. The rebate is limited to Rs 2,500.

### **Proposed Provision:**

- Please be informed that it is not the change in slab from current Rs. 2.50 lacs to Rs. 5.00 lacs. But the change is made in Section 87 A.
- Now if your "Net Taxable Income" i.e. Income after Deductions (under Section 80C to 80U) is equal to or less than Rs 5.00 lacs, then you will not be required to pay any taxes.

However, anyone with net taxable income above Rs 5 lakh will not be able to avail this tax benefit.

- Thus tax benefit of Rs. 18,500 crore is proposed to be provided to an estimated 3 crore middle class and small taxpayers comprising self employed, small business, small traders, salary earners, pensioners and senior citizens.



- **Benefit on rollover of capital gain under Section 54 from Investment in one residential house to 2 residential houses; for a taxpayer having capital gains up to 2 crore rupees; can be exercised once in a lifetime**

#### **Current Provision of Section 54**

- Under section 54, to save on the capital gains made on the sale of a residential property, one is currently allowed to invest only in one other house property. To claim the exemption, a new residential house property must be purchased or constructed and only one house property was allowed to be purchased or constructed. The purchase has to be made either 1 year before the sale or 2 years after the sale of the property/asset.
- If the seller is going to construct a new house with the capital gain proceeds, then the new house must be constructed within 3 years of sale of the property/asset.
- However, if one is not able to purchase or construct during the specified time period, before the date of tax filing or 1 year from the date of sale, whichever is earlier, the amount may be deposited in a public sector bank (or other banks as per the Capital Gains Account Scheme, 1988).
- Also, the benefit is available only if the new residential properties are situated in India. The exemption shall not be available for properties bought or constructed outside India to claim this exemption.

#### **Proposed Provision**

- Budget 2019 relax the condition required to be met to save on capital gains made on the sale of a residential property. The FM in the budget speech stated that the benefit of rollover of capital gains under section 54 of the Income Tax Act will be increased from investment in one residential house to two residential houses for a tax payer having capital gains up to Rs 2 crore.

- This benefit can be availed once in a life time.

#### **Deemed Let Out Property (DLOP) abolished on second house property.**

##### **Current Provision:**

- If an individual owns more than one house property for his use, then any one property as per his choice is treated as self-occupied and its annual value is computed to be nil.
- The other house property is deemed to be let-out and a notional rent as per the provisions of the Act is computed as the taxable income under the head 'Income from House Property'. In other words, the second house is treated as being rented-out and its estimated rental income is treated as taxable income.
- Further, a sum equal to 30% of the annual value of the house property is allowed as deduction towards repair and maintenance charges. It is pertinent to note that this deduction of 30% is a fixed percentage, irrespective of the actual amount incurred by the individual i.e., irrespective whether an individual incurs more or less amount, he can only claim a deduction for 30% of the annual value of the house property.

##### **Proposed Provision:**

Now 2 house properties will be allowed to be self occupied. Exemption on levy of income tax on notional rent on a second self-occupied house is also now proposed.

➤ **TDS threshold on rental income raised from 1.8 lakh to 2.4 lakh rupees.**

**Current Provision:**

TDS needs to be deducted on Rent paid more than Rs. 1.80 lacs per annum.

**Proposed Provision:**

Now this limit of Rs. 1.80 Lacs is raised to Rs. 2.40 Lacs.

➤ **Wages, salaries and pensions**

- The Employee's State Insurance (ESI) cover limit was increased to Rs 21000.
- The minimum pension was also increased to Rs 1000.

➤ **Section 80IBA of Income Tax Act, 1961:**

**Current Provision:**

- Where the gross total income of an assessee includes any profits and gains derived from the business of developing and building housing projects, there shall, subject to the provisions of this section, be allowed, a deduction of an amount equal to hundred per cent of the profits and gains derived from such business.
- Approval of Project between : 01/06/2016 to 31/03/2019
- Project Should be Completed within 3 Year of Approval. If approval for more than 1 time than 3 year from first approval.

Project was deemed to be Completed when a certificate of completion of project as a whole is obtained in writing from the competent authority.

**Proposed Provision:**

The time limit for approval is extended to **31/03/2020**.

➤ **Standard deduction on Salary income:**

**Current Provision:**

- Standard deduction of Rupees 40,000/- or the amount of salary per annum, whichever is less in lieu of the present exemption in respect of Transport Allowance and reimbursement of miscellaneous medical expenses.

**Proposed Provision:**

- For salaried persons, Standard Deduction is being raised from the current Rs.40,000 to Rs.50,000.
- This will provide additional tax benefit of Rs. 4,700 crore to more than 3 crore salary earners and pensioners.

➤ **Housing and real estate sector to get boost-**

- Tax exemption period on notional rent, on unsold inventories, extended from one year to two years

➤ **Within 2 years, tax assessment will be done electronically.**

➤ **Very soon, IT return processing in 24 hours.**



# NEW SCHEMES PROPOSED IN UNION BUDGET 2019

Pradhan Mantri Kisan Samman Nidhi  
EPFO membership  
Pradhan Mantri Mudra Yojana  
One Rank One Pension  
Pradhan Mantri Shram Yogi Mandhan  
National portal on Artificial Intelligence

## BUDGET 2019 FOR FARMERS:

### 1. Pradhan Mantri Kisan Samman Nidhi

- Under this scheme, the government will transfer Rs 6,000 per annum for each small and marginal farmers.
- The money will be transferred in three installments and will be sent to farmers' bank accounts.
- This scheme will benefit 12 crore small and marginal farmers with a holding of less than 2 hectares of land.
- The central government will be spending at an estimated cost of Rs 75,000 crore.



## BUDGET 2019 FOR COMMON MAN:

### 2. EPFO membership

- Contribution to new pension scheme has been increased to 14 per cent from 4 per cent.
- The gratuity limit has been increased from Rs 10 lakh to Rs 30 lakh.

## BUDGET 2019 FOR WOMEN:

### 3. Pradhan Mantri Mudra Yojana

- Out of total, 75 per cent beneficiaries are women under Pradhan Mantri Mudra Yojana.
- Now working women are entitled for 26 weeks of maternity leave.
- Apart from these, the Pradhan Mantri Matritva Yojana is empowering women across the country.

## BUDGET 2019 FOR DEFENCE:

### 4. One Rank One Pension

- The defense budget has enhanced beyond Rs 3 lakh crore.
- Rs 35,000 crore has been disbursed for soldiers under 'One Rank One Pension'.

## BUDGET 2019 FOR WORKERS IN UNORGANIZED SECTOR:

### 5. Pradhan Mantri Shram Yogi Mandhan

- The Central government has launched a pension scheme named Pradhan Mantri Shram Yogi Mandhan.
- Under this, workers in unorganized sector will get a monthly pension of 3000 rupees per month after 60 years of age.



**6. National portal on Artificial Intelligence**

- In order to take benefits of Artificial Intelligence (AI) and related technologies to the people, a national programme on artificial intelligence has been envisaged by our government.
- This should be catalysed by the establishment of the National Centre of AI as a hub along with centres of excellence.
- Nine priority areas have been identified.
- The AI services will be a pivot for the National Centre of AI that will be in the works soon

**7. Convert the villages into digital villages**

- The Digital Villages will be set up by the government agency Common Services Centres (CSCs) over the next five years.
- The CSCs will be responsible for developing the digital infrastructure that will be implemented while remodelling the villages in India into 'Digital Villages'.
- It is, however, not clear when exactly the groundwork for setting up Digital Villages will kick off.
- Govt to make 1 lakh digital villages in 5 years.

**8. 10 lakh people helped by Modi's ambitious Ayushman Bharat scheme**

The scheme, which was rolled out with the idea of providing medical treatment to nearly 50 crore

people, has saved Rs 3,000 crore of the lower and middle classes that have undergone treatment under the scheme,

**9. Single window clearance for Entertainment Industry**

A single window clearance for filmmaking to be made available to filmmakers, anti-camcording provision to also to be introduced to Cinematography Act to fight piracy.

**10. 2% interest subvention for farmers hit by natural calamities**

2% interest subvention for farmers affected by natural calamities and additional 3% interest subvention for timely payment.

**11. 2% interest subvention for farmers pursuing animal husbandry**

2% interest subvention for farmers pursuing animal husbandry and also create separate department for fisheries.

**12. National Kamdhenu Ayog for cows Rsw 750 Crores for National Gokul mission.**





## GST REFORMS FOR BENEFITS TO CONSUMER & BUSINESSES

Sr. No.	Issues	Present Scenario	Proposed Scenario	Analysis
1.	GST burden on Home buyers	With the introduction of GST, incidence of tax had increased from 5.5% to 12% on home buyers.	Group of Ministers have been appointed to recommend GST Council for reduction of GST Burden on Homebuyers. Soon, GST Council is expected to take decision based on such recommendations.	As such, no relief from the budget announcements to the homebuyers as the decision from the GST Council on the issue is still awaited.
2.	GST Return Filing	Taxpayers having turnover <b>more than 1.5 crores</b> are required to file Monthly GST Returns.	Taxpayers having turnover <b>less than 5 crores</b> will be allowed to file Quarterly GST Returns.	Taxpayers having turnover between 1.5 Crores to 5 Crores will be benefitted as they can also file quarterly returns.



# SECTOR WISE HIGHLIGHTS

## Defense Sector

- The government has already disbursed Rs. 35,000 crore under One Rank One Pension (OROP).
- Military Service Pay has also been hiked substantially.

## Agricultural

- Government undertook various initiatives to boost farmers' income. It ensured that the Minimum Support Price (MSP) is at least 50 percent percent of the produce and introduced pro-farmers policy.
- Rs 750 crore was allocated for the Rashtriya Gokul Mission.
- It announced to set up the 'Rashtriya Kamdhenu Aayog' for production and productivity of cows.
- A separate 'Department of Fisheries' will be created to boost the fisheries sector.
- 2 percent interest subversion will be given for farmers pursuing animal husbandry and an additional 3 percent interest subversion will be given for those who repay the loan in time.
- For farmers affected by severe natural calamities, interest subversion for the entire period of three percent of loans would be given. An additional three percent subversion will be given, if the loan is paid on time.

## Health Sector

- India launched the world's largest healthcare programme, Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana to provide medical treatment for 50 crore people. As many as 10 lakh people have been benefitted so far under the scheme.
- Many poor people are able to get affordable medicines through the Jan Aushadhi Kendra.
- There are 21 All India Institute of Medical Sciences (AIIMS) functioning currently in India. Of these 21, 14 AIIMS were set up under the present government.
- The 22nd AIIMS will come up in Haryana.

## Clean Banking

- A number of measures have been undertaken for clean banking in recent years such as through the Insolvency and Bankruptcy Code (IBC)



- Re-capitalisation of PSU banks was done.
- Recently, the Prompt Corrective Action (PCA) restriction was removed from three banks, namely - Bank of India, Maharashtra Bank, and Oriental Bank of Commerce (OBC).

## **MSME SECTOR**

- A two percent interest subvention for MSMEs with loans upto Rs 1 crore is announced.
- Job seeker has become job giver.
- 25 percent of sourcing for government projects will be now from the MSME sector, of which three percent will be from women entrepreneurs.
- MSMEs can now sell their products on the Government eMarketplace (GeM), a one-stop-shop to facilitate online procurement of common use goods.

## **Rural development**

- Rs 60000 crore allocated for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)
- 10 percent reservation granted to the economically backward among the general category.
- Rs 19000 crore allocated for Gram Sadak Yojana for construction of more rural roads.
- Over one crore fifty three lakh houses were constructed in the last five years under the Pradhan Mantri Awas Yojana (PMAY) .
- By March 2019, every household will have electricity under the Saubhagya yojana.

## Infrastructure Sector

- India's aviation industry has seen a high in the past. India now has more than 100 operational airports with the inauguration of the Pakyong airport in Sikkim.
- Due to 'UDAAN Scheme', ordinary citizens are also travelling by air now.
- India has become the fastest highway developer in the whole world with almost 27 km of highway built everyday.
- Projects stuck for decades like the Eastern Peripheral Highway around Delhi or the Bogibeel rail-cum-road bridge in Assam and Arunachal Pradesh have been completed.
- The construction of rural roads has also tripled. Around 15.8 lakh out of a total 17.84 lakh habitations have been connected with pucca roads under PMGSY. PMGSY allocated Rs 19,000 crore in 2019-20
- The flagship programme of Sagarmala along the coastal areas of the country will develop ports for faster handling of import and export cargo.
- For the first time, container freight movement has started on inland waterways from Kolkata to Varanasi.
- The introduction of the first indigenously developed "Vande Bharat Express" will give the Indian passengers world class experience with speed, service and safety.
- The capital support from the budget for railways is proposed at Rs 64,587 crore in 2019-20 (BE).
- The railways' overall capital expenditure programme is of Rs 1,58, 658 crore.
- The allocation for the North Eastern Areas is being proposed to be increased by 21 percent to Rs 58,166 crore in 2019-20 over 2018-19.

## Entertainment

- Single window clearance for film shootings is being extended to Indian film makers. Earlier, it was available only for foreign film makers only.

## **Wages, salaries and pensions**

- The membership of Employees' Provident Fund Organisation (EPFO) has gone up by 2 crore in five years.
- In last five years, all classes of workers saw a 42 percent increase in wages.
- The Seventh Pay Commission recommendations were implemented swiftly.
- The Employee's State Insurance (ESI) cover limit was increased to Rs 21000.
- The minimum pension was also increased to Rs 1000.

## **Women development**

- The government stood up to into manifesto and provided the promised clean fuel for cooking under the Ujwala Yojana. The government has already given 6 crore free LPG connection.
- More than 70 percent of beneficiaries of Pradhan Mantri Mudra Yojana are women.

## **Youth Development**

- Various scheme of the government have led to the youth development in the country. These schemes are Pradhan Mantri Mudra Yojana, Startup India, and Stand Up India.
- The 16.53 crore loans have been disbursed under Pradhan Mantri Mudra Yojana and Rs 7.23 lakh crore have been disbursed through the scheme.

## **Digital India**

- India is now leading the world in consumption of mobile data. The monthly consumption of mobile data increased by 50 percent in the last five years.
- The cost of data and calling in India is possibly the lowest in the world.
- More than 3 lakh service centres employ over 12 lakh people today under the Digital India push.
- The government now aims for 1,00,000 digital villages in the next five years.
- The number of mobile manufacturing companies increased from 2 to 268 in past five years, thereby generating more jobs in India.

## Head Office

### SURAT

204204-205, SNS Interio, 4th Floor, Bhatar Althan Road,  
Nr Gujarat Gas Pump, Surat 395002 (Gujarat).

## Branch Office

### Delhi

1333, Baidwara, Maliwada, Chandni Chowk, Delhi-110  
006

### Mumbai,

32, Sujata Niketan, Rani Sati Marg, Near Malad Railway  
Station, Malad East, Mumbai 400097

### Ahmedabad

A-63, Rajshree Towers, Nr Prerna Tirth Derasar, Jodhpur  
Gam Road, Sattellite, Ahmedabad-380015.

### Jaipur,

F 113 Kartarpur I.E, Road No 4, Jaipur-302006.

### Hyderabad

B-4-548/1 2ND Left after, Gokul Theatre, Hyderabad-  
500016.

### Vapi

208, Riddhi Siddhi Complex, Near Vapi Telephone  
Exchange, Vapi Char Rasta, Vapi-396191

## Camp Offices

### East

West Bengal  
Orissa  
Bihar  
Assam  
Jharkhand

### North

Delhi  
Uttar Pradesh  
Panjab  
Haryana

### West & Central

Gujarat  
Maharastra  
Madhya Pradesh

### South

Kerala  
Karnataka  
Andhra Pradesh  
Tamilnadu  
Telangana

**AGARWAL &  
DHANDHANIA**  
CHARTERED ACCOUNTANTS

Visit at [www.adcaindia.com](http://www.adcaindia.com) | [connect@adcaindia.com](mailto:connect@adcaindia.com) | 9825045937 | 9879745937