VIEWS OF

AGARWAL & DHANDHANIA

CHARTERED ACCOUNTANTS

BUDGET 2019

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Foreword

Dear Reader,

The first full-time woman FM of world's 3rd largest economy,Nirmala Sitharaman's maiden Budget speech started with few words **Hope, Trust** and **Aspiration** and an Urdu sher (couplet):

"Yaqin ho to koi rastanikaltahai
hawakiotbhi le karchiragjaltahai"

She said in last 5 years, the Indian economy had reached from $1.85 trillion to $2.7 trillion and expected $5 trillion by 2025. For this, the country requires Rs 20 lakh crore worth investment per year. She lowered the fiscal deficit target to 3.3 per cent for the current fiscal from the earlier estimate of 3.4 per cent of the GDP, which would need to grow at eight per cent annually. leveraging private sectordevelopments and ensuring coordination across multiple development authorities and alignment of objectives are keys to success. She opined that building large infrastructure projects and affordable housing on large land parcels through pooling models by central/state agencies will need leadership and monitoring possibly through empowered program/ project-focused agencies.

Foreign investment (both FDI and FPI) liberalization is well-intended and timely. The government needs to continue improving ease of doing business and provide a predictable business environment. Budget proposal to relax FDI norms for sectors such as media, aviation, insurance and single-brand retail will attract more overseas investment and boost India as a preferred FDI destination.

Budget places holistic focus on demand for connectivity across rural and urban markets. The Schemes such as Bharatmala, Sagarmala and Udan are bridging rural urban divide and improving transport infrastructure. RRTS, metro rail and TOD are expected to improve connectivity to congested urban agglomeration and foster development outside cluttered city centers. Announcing 'One Nation One Grid' for power sector, an inter-operable ATM-like One Nation One Card for pan-India travel, new rental laws for affordable housing, interest subvention scheme for MSMEs and women, the pension benefits extended to 3 crore retail traders under the PMKYMDY, consolidation of various labour laws to only 4 and a new TV channel for startups are few welcome moves.

The FM announced that the government would restructure highways and the movement of cargo through the River Ganga. Sitharaman also proposed the establishment of NSIL, a new commercial arm in the Department of Space to increase India's power in space and technology.

Sitharaman said it was the right time to consider increasing minimum public shareholding from 25 percent to 35 percent in listed companies. Traditionally, India has been a promoter-driven market and increasing the threshold will ensure wider ownership through institutional investors, more market depth, better price discovery and hopefully will enhance the corporate governance standards. But such move may cause delisting of many promoter driven companies. Now relaxed KYC norms for FPIs will boost investments in share market. Introducing a new Social Stock Exchange for social welfare organization is a good move.

Increased tax burden up to 3 to 7% on high income individual, 25% tax rate for companies under Rs. 400 Cr turnover, TDS @2% on withdrawal for more than Rs. 1 Cr. per annum, more interest deduction on loans for affordable houses and electric cars and e-assessment with less interaction with officers are few other take aways from direct tax proposals.

She completed her speech with a sutra from the Chanakya Neeti to drive home her point.
"Kaarya purusha karenalakshyamsampadayate"
(If we have determined efforts, the task will surely be completed).

5th July, 2019
Knowledge Cell Team - Publication

Economic Survey 2018-19

The Economic Survey is the key pedagogical official source for review, In-depth analysis and new policy ideas of the Indian economy. Economic Survey shows the health of the Indian economy and projects India's economic growth for the fiscal year 2019-20.

India continues to remain the fastest growing major economy in the world in 2018- 19, despite a slight moderation in its GDP growth from 7.2 per cent in 2017-18 to 6.8 per cent in 2018-19. On the other hand, the world output growth declined from 3.8 per cent in 2017 to 3.6 per cent in 2018. The slowdown in the world economy and Emerging Market and Developing Economies (EMDEs) in 2018 followed the escalation of US China trade tensions, tighter credit policies in China, and financial tightening alongside the normalization of monetary policy in the larger advanced economies. In 2019, when the world economy and Emerging Market and Developing Economies (EMDEs) are projected to slow down, growth of Indian economy is forecast to increase. The average growth rate of India was not only higher than China's during 2014-15 to 2017-18 but much higher than that of other top major economies as well. The Indian economy grew at 6.8 per cent in 2018-19, thereby experiencing some moderation in growth when compared to the previous year which is mainly on account of lower growth in 'Agriculture & allied', 'Trade, hotel, transport, storage, communication and services related to broadcasting' and 'Public administration & defense' sectors.

Growth in investment, which had slowed down for many years, has bottomed out and has started to recover since 2017-18. Growth in fixed investment picked up from 8.3 per cent in 2016-17 to 9.3 per cent in 2017-18 and further to 10.0 per cent in 2018-19. India maintained its macroeconomic stability by containing inflation within 4 per cent and by maintaining a manageable current account deficit to GDP ratio. Fiscal deficit of Central Government stood at a 3.4 per cent of GDP in 2018-19. Non-Performing Assets as percentage of Gross Advances reduced to 10.1 per cent at end December 2018 from 11.5 per cent at end March 2018. Outlook of Indian economy appears bright with prospects of pickup in growth in 2019-20 on back of pick up in private investment and robust consumption growth. Several challenges on the fiscal front in 2019-20 include revenue implications on account of¬ apprehensions of slowing of growth, revenue buoyancy of GST and provisioning for schemes such as PM-KISAN without compromising the fiscal deficit target.

Monetary policy witnessed a u-turn over the last year. The performance of the banking system has improved as NPA ratios declined and credit growth accelerated. However, financial flows to the economy remained constrained because of decline in the amount of equity finance raised from capital markets and stress in the NBFC sector. The ecosystem for insolvency and bankruptcy is getting systematically built out with recovery and resolution of significant amount of distressed assets as well as palpably improved business culture. Till March 31, 2019, the CIRP yielded a resolution of 94 cases which has resulted in the settlement of claims of FCs of Rs. 1,73,359 crore. These shows behavioral change for the wider lending ecosystem even before entering the IBC process.

Headline inflation based on Consumer Price Index – Combined (CPI-C) continued its declining trend for fifth straight financial year. It has remained below 4.0 per cent in the last two years. Food inflation based on Consumer Food Price Index (CFPI) too declined over the last five years, and has remained below 2.0 per cent for the last two consecutive years. CPI-C based core inflation (CPI excluding the food and fuel group) increased during FY 2018-19 as compared to FY 2017-18. However, it has started declining since March 2019. Main contributors of headline inflation based on CPI-C during FY 2018-19 are miscellaneous, housing, and fuel and light groups. Relative importance of services in shaping up headline inflation has increased.

India follows a holistic approach towards its 2030 Sustainable Development Goals (SDG) targets by launching various schemes. NamamiGange Mission- a key policy priority towards achieving the SDG 6 was launched as a priority programme with a budget outlay of `20,000 crore for the period 2015-2020. In order to address the increasing air pollution across the country in a comprehensive manner, the Government of India has launched NCAP in 2019 as a pan India time bound national level strategy for prevention, control and abatement of air pollution besides augmenting the air quality monitoring network across the country.

India's balance of payment situation witnessed some signs of deterioration during H1 of 2018-19 due to the sharp rise in crude oil prices causing higher current account deficit (CAD). The growth rate of merchandise exports and imports fell in 2018-19 compared to previous year, attributable to the slower growth of world output and trade, accompanied with lower domestic GDP growth in 2018-19, among other factors. The share of foreign direct investment has risen and that of net portfolio investment has fallen in total liabilities, thereby reflecting a transition to more stable sources of funding the current account deficit. During H1 of 2018-19, rupee remained weak due to concerns related to widening of CAD owing to rising crude oil prices coupled with the tightening of financial conditions caused by increase in Federal Funds rate by the US Federal Reserve. The logistics industry of India is currently estimated to be around US$215 billion. The significant developments in this industry led to an increase in the ranking of India in overall logistics performance, according to the Global Ranking of the World Bank's 2016 Logistics Performance Index. In 2018, India stood at 44th rank.

Although, contribution of Agriculture’s Gross Value Added (GVA) to overall GVA has been declining (14.4 per cent in 2018-19) it is still a crucial sector, as a large proportion of the population engage in agriculture. The number of operational land holdings and area under operation have shifted towards small and marginal farmers. Women’s participation in agriculture has increased and their concentration is highest (28 per cent) among small and marginal farmers. Focus should shift from land productivity to ‘irrigation water productivity’. Therefore devising policies to incentivize farmers to improve water use should become a national priority.

The industrial growth in terms of Index of Industrial Production (IIP) registered 3.6 per cent in 2018-19 as compared to 4.4 per cent growth rate in 2017-18. India has considerably improved its ranking to 77th position in 2018 among 190 countries assessed by the World Bank Doing Business (DB) Report, 2019 in which India has leapt 23 ranks over its rank of 100 in 2017. Building sustainable and resilient infrastructure has been given due importance with the formulation of sector specific programmes such as SAUBHAGYA scheme, PMAY etc. Road construction in kms grew @ 30 kms per day in 2018-19 as compared to 12 kms per day in 2014-15. Public Private Partnerships are quintessential for addressing infrastructure gaps in the country. There is a need for establishing an institutional mechanism to deal with time-bound resolution of disputes in infrastructure sectors.

Services sector (excluding construction) has a share of 54.3 per cent in India’s GVA and contributed more than half of GVA growth in 2018-19. The services sector growth declined marginally to 7.5 per cent in 2018-19 from 8.1 per cent in 2017-18 due to deceleration in the growth of sub sectors such as trade, hotels, transport, communication and broadcasting services. However, growth of financial services, real estate and professional services accelerated.

The public investments in social infrastructure like education, health, housing and connectivity have a critical role in ensuring inclusive development in a developing country like India. This is reflected in the improvements in Gross Enrolment Ratios, Gender Parity Indices and learning outcomes at primary school levels. The Skilling ecosystem in India is equipping the youth to meet the challenges of a dynamic labour market by providing various short term and long term skilling under programmes like Pradhan Mantri Kaushal Vikas Yojana For a healthy India, accessible, affordable and quality healthcare are being provided by the Government under the National Health Mission and through new schemes like Ayushman Bharat.

During the last five years, India's economy has performed well. By opening up several pathways for trickle-down, the government has ensured that the benefits of growth and macroeconomic stability reach the bottom of the pyramid. To achieve the objective of becoming a US$5 trillion economy by 2024-25, India needs to sustain a real GDP growth rate of 8%. International experience, especially from high-growth East Asian economies, suggests that such growth can only be sustained by a "virtuous cycle" of savings, investment and exports catalysed and supported by a favourable demographic phase. Investment, especially private investment, is the "key driver" that drives demand, creates capacity, increases labour productivity, introduces new technology, allows creative destruction and generates jobs.

In postulating the above growth model, the Survey departs from traditional Anglo-Saxon thinking by viewing the economy as being either in a virtuous or a vicious cycle, and thus never in equilibrium.

Decisions made by real people often deviate from the impractical robots theorized in classical economics Drawing on the psychology of human behavior, behavioral economics provides insights to 'nudge' people towards desirable behavior. The key principles of behavioral economics are 'emphasizing the beneficial social norm', 'changing the default option' and 'repeated reinforcements'. Swachh Bharat Mission (SBM) and the BetiBachaoBetiPadhao (BBBP) have successfully employed behavioral insights.

- **Nourishing Dwarfs to Become Giants: Reorienting Policies for MSME Growth**

MSMEs that grow not only create greater profits for their promoters but also contribute to job creation and productivity in the economy. Job creation in India, however, suffers from policies that foster dwarfs, i.e., small firms that never grow, instead of infant firms that have the potential to grow and become giants rapidly. To unshackle MSMEs and thereby enable them to grow, all size-based incentives must have a sunset clause of less than ten years with necessary grand-fathering. Deregulating labour law restrictions can create significantly more jobs, as seen by the recent changes in Rajasthan when compared to the rest of the States. Direct credit flow to young firms in high employment elastic sectors to accelerate employment generation by re-calibrating Priority Sector Lending (PSL) guidelines. Focus must be on service sectors such as tourism, which has high spillover effects on other sectors such as hotel & catering, transport, real estate, entertainment etc. Identifying and promoting tourist spots for development will help create jobs.

- **Data "Of the People, By the People, For the People"**

Given technological advances in gathering and storage of data, society's optimal consumption of data is higher than ever. As private sector may not invest in harnessing data where it is profitable, government must intervene is creating data as a public good, especially of the poor and in social sectors of the country. Given that sophisticated technologies already exist to protect and share confidential information, data can be created as a public good within the legal framework of data privacy. In thinking about data as a public good, care must also be taken to not impose the elite's preference of privacy on the poor, who care for a better quality of living the most. As data of societal interest is generated by the people, it should be "of the people, by the people, for the people."

- **How does Policy Uncertainty affect Investment?**

Economic Policy Uncertainty has reduced significantly in India over the last decade. Continued decline in economic policy uncertainty in India post 2015 is exceptional because it contrasts sharply with the increase during this period in economic policy uncertainty in major countries, especially the U.S. Forward guidance, consistency of actual policy with forward guidance, and quality assurance certification of processes in Government departments can help to reduce economic policy uncertainty to even a greater extent.

- **From Swachh Bharat to Sunder Bharat via Swasth Bharat: An analysis of the Swachh Bharat Mission**

Swachh Bharat Mission (SBM), one of the largest cleanliness drives in the world, has brought in a remarkable transformation and traceable health benefits. Through SBM, 99.2 per cent of the rural India has been covered. Since October 2, 2014 over 9.5 crore toilets have been built all over the country and 564,658 villages have been declared Open Defecation Free (ODF). Becoming ODF has reduced deaths due to diarrhoea, malaria and improved child health and nutrition. Going forward, SBM needs to incorporate environmental and water management issues for sustainable improvements in the long-term.

- **Enabling Inclusive Growth through Affordable, Reliable and Sustainable Energy**

India with a per-capita energy consumption of about one-third of the global average will have to increase its per capita energy consumption at least 2.5 times to increase its real per capita GDP by $5000 per capita, in 2010 prices, to enter the upper-middle income group. Additionally, if India has to reach the HDI level of 0.8, which corresponds to high human development, it has to quadruple its per capita energy consumption. India has set ambitious targets for renewable energy and has been undertaking one of the world's largest renewable energy expansion programmes in the world. Now, globally India stands 4th in wind power, 5th in solar power and 5th in renewable power installed capacity. Energy efficiency programmes in India have generated cost savings worth more than `50,000 crore and a reduction in about 11 crore tonnes of CO2 emission. The market share of electric vehicles is only 0.06 per cent in India when compared to 2 per cent in China and 39 per cent in Norway. Access to fast charging facilities must be fostered to increase the market share of electric vehicles.

- **Redesigning a Minimum Wage System in India for Inclusive Growth**

The present minimum wage system in India is complex with 1,915 minimum wages defined for various scheduled job categories across various states. One in every three wage workers in India is not protected by the minimum wage law. A simple, coherent and enforceable Minimum Wage System should be designed with the aid of technology as minimum wages push wages up and reduce wage inequality without significantly affecting employment. An effective minimum wage policy is a potential tool not only for the protection of low-paid workers but is also an inclusive mechanism for more resilient and sustainable economic development. Use of technology in streamlining Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has helped increase its efficacy. Adoption of National electronic Fund Management System (NeFMS) and Direct Benefit Transfer (DBT) in MGNREGS helped to reduce delays in the payment of wages significantly.

KEY FEATURES OF BUDGET 2019-20

Pradhan Mantri Karam Yogi Maandhan

Pension benefits to retail traders and small shopkeepers

Enhanced interest deduction for **affordable housing** loan

Tax benefits for **corporate tax** payers

Vision for **$5 trillion economy** driven by investment

India Become **Sixth largest** economy

Pradhan Mantri Matsya Sampada Yojana (PMMSY)

Establish robust fisheries manage ent framework

Scheme of **faceless electronic tax assessment**
Aadhaar and PAN to be interchangeable

Reform, Perform, Transform agenda: GST, IBC, RERA etc.
Changing common man's life: MUDRA, UJJWALA, SAUBHAGYA etc

Development in Various Sectors

Empowering MSMEs and social enterprises

- Interest subvention scheme for MSMEs: ` 350 crore allocated for 2019-20
- Payment platform for bill filing for MSMEs to be created: to address delays

Make in India

- Changes in customs duties to promote Make in India

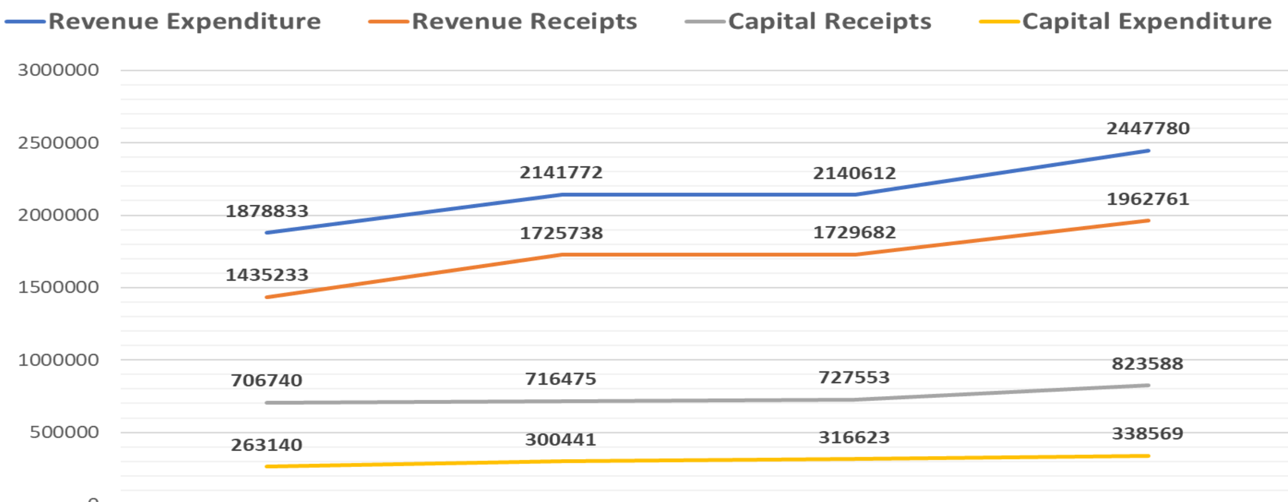
Startups promotion

- Exclusive TV channel for startups
- E-verification for establishing investor identity and source of funds to resolve tax issues relating to fund raising

Push to E-vehicles

- FAME Scheme Phase-2 commenced
- Customs duty exemption on certain e-vehicle parts
- Income tax deduction of interest on loans for e-vehicle purchase

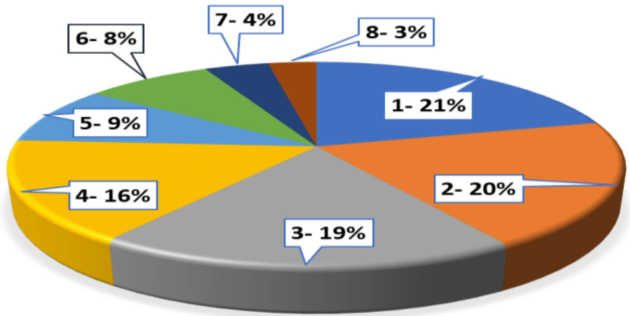
BUDGET AT A GLANCE (Amount in Crores)



	2017-18 (Actual)	2018-19 (Budget Estimate)	2018-19 (Revied Estimates)	2019-20 (Budget Estimate)
Revenue Expenditure	1878833	2141772	2140612	2447780
Revenue Receipts	1435233	1725738	1729682	1962761
Capital Receipts	706740	716475	727553	823588
Capital Expenditure	263140	300441	316623	338569

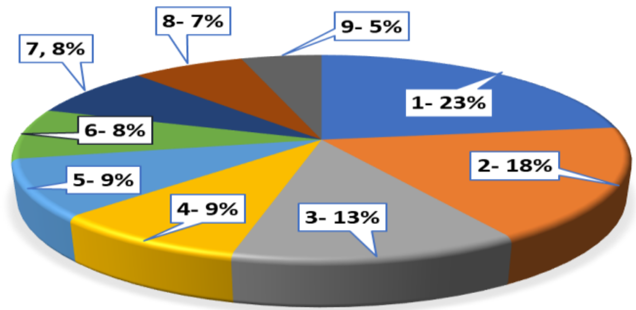
BUDGET AT A GLANCE

RUPEES COMES FROM



1) 21% Corporate Tax
2) 20% Borrowings and Other Liabilities
3) 19% GST
4) 16% Income Tax
5) 9%- Non Tax Revenue
6) 8% Union Excise Duties
7) 4% Customs
8) 3% Non Debt Capital Receipts

RUPEES GOES TO



1) 23% States' Share of taxes & Duties
2) 18% Interest Payments
3) 13% Central Sector Schemes
4) 9% Centrally Sponsored Schemes
5) 9% Defence
6) 8% Other Expenditure
7) 8% Subsidies
8) 7% Finance Comm. & Transfers
9) 5% Pensions

TAX PROPOSALS

FACELESS E-ASSESSMENT

A scheme of faceless electronic assessment involving no human interface to be launched this year

DIRECT TAX REFORMS PAYING OFF

Increase in tax collection by 78% from ₹6.4 lakh crore in 2013-14 to ₹11.4 lakh crore in 2018-19

ENHANCING EASE OF TAX PAYERS

Aadhaar and PAN to be made interchangeable

Threshold for applicability of lower corporate tax rate of 25% increased from ₹250 crore to ₹400 crore.

Enhanced interest deduction up to ₹3.5 lakh for purchase of an affordable house.

Sabka Vishwas Legacy Dispute Resolution Scheme proposed for quick closure of service tax and excise related litigations

TDS of 2% on cash withdrawal exceeding ₹1 crore in a year from a bank account to promote less cash economy

Effective tax rate for individuals having taxable income above ₹2 crore has been increased.

No charges or MDR on specified digital mode of payments. These modes are to be compulsorily provided by large businesses.

Deposit taking and systemically important non-deposit taking NBFCs can now pay tax in the year they receive interest for certain bad or doubtful debts.

REFORM IN GST

GST Reforms

- ✓ Taxpayers having annual turnover of less than ₹5 crore can now file quarterly returns.
- ✓ GST Threshold exemption limit to be extended from Rs. 20,00,000/- to Rs. 40,00,000/-
- ✓ Fully automated GST refund module shall be implemented. Manual filing of application will not be required.
- ✓ An electronic invoice system is proposed that will eventually eliminate the need for a separate e-way bill.
- ✓ Further simplification of GST Processes
- ✓ GST on Electronic vehicles will be reduced from 12% to 5%.

Sector Wise Proposal

Infrastructure Sector

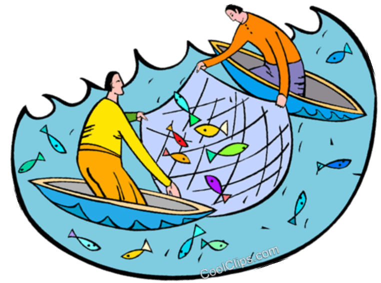
1. Massive Push to physical forms of connectivity through Pradhan Mantri Gram Sadak Yojana, industrial corridors, dedicated freight corridors, Bhartamala and Sagarmala projects, Jal Marg Vikas and UDAN Schemes
2. Industrial corridors expected to improve infrastructure availability for greater industrial investment in the catchment regions.
3. The dedicated freight corridors would mitigate the congestion of railway network benefitting the common man.
4. Bharatmala would help develop national road corridors and highway.
5. Sagarmala would enhance port connectivity, modernization and port-linked industrialization for external trade as well as common man.
6. The Jal Marg Vikas project for is aimed at smoothening internal trade carried through inland water transport.
7. These initiatives will improve logistics tremendously, reducing the cost of transportation and increasing the competitiveness of domestically produced goods.
8. The UDAN Scheme is providing air connectivity to smaller cities and enabling the common citizens of our country to avail air travel.
9. Suitable policy interventions would be adopted to create acongenial atmosphere for the development of Manufacturing, Repair & Operate) in the country.
10. 657 kms of Metro Rail network has become operational across the country.
11. Introduction of National Common Mobility Card (NCMC) (inter-operable transport card) which runs on RuPay card would allow the holders to pay for their bus travel, toll taxes, parking charges, retail shopping and even withdraw money.

12. Phase-II of FAME Scheme, to encourage faster adoption of Electric vehicles, with an outlay of ₹10,000 crore for a period of 3 years, has commenced from 1st April, 2019.
13. The Government will carry out a comprehensive restructuring of National Highway Programme
14. The movement of cargo volume on Ganga is estimated to increase by nearly four times in the next four years. This will make movement of freight, passenger cheaper and reduce our import bill.
15. It is estimated that Railway Infrastructure would need an investment of ₹50 lakh crores between 2018-2030. It is proposed to use Public-Private Partnership for such investments.
16. Blueprint expected to be made available on the model "One Nation, One Grid" for developing gas grids, water grids, i-ways, and regional airports.
17. The recommendations of the High Level Empowered Committee (HLEC) on retirement of old & inefficient plants, and addressing low utilization of Gas plant capacity due to paucity of Natural Gas, will also be taken up for implementation now.
18. Ujjwal DISCOM Assurance Yojana (UDAY) Scheme is under examination for further improvement. Further, a package of power sector tariff and structural reforms is expected to be announced.
19. Several reform measures would be taken up to promote rental housing. A Model Tenancy Law will also be finalized and circulated to the States.
20. Through innovative instruments such as joint development and concession, public infrastructure and affordable housing will be taken up.
21. Massive programme of railway station modernization to be launched this year.
22. It is proposed to revamp the Indian Development Assistance Scheme (IDEAS) provides concessional financing for projects and contributes to infrastructure development and capacity building in the recipient developing countries.

Rural Sector

1. By 2022, every single rural family expected to have an electricity and a clean cookingfacility through the two mega initiatives of **Ujjwala Yojana and Saubhagya Yojana.**

2. Pradhan Mantri Awas Yojana – Gramin (PMAY-G) aims to achieve the objective of "Housing for All" by 2022. In the second phase of PMAY-G, during 2019-20 to 2021-22, 1.95 crore houses are proposed to be provided to the eligible beneficiaries.
3. The **Pradhan Mantri MatsyaSampada Yojana (PMMSY) –** the Department of Fisheries will establish a robust fisheries management framework to address critical gaps in the value chain, including infrastructure, modernization, traceability, production, productivity, post-harvest management, and qualitycontrol for fishing & fishermen communities.



4. Pradhan Mantri Gram Sadak Yojana (PMGSY)-III is envisaged to upgrade 1,25,000kms of road length over the next five years, with an estimated cost of ₹80,250crore.
5. "Scheme of Fund for Upgradation and Regeneration of Traditional Industries" (SFURTI) aims to set up more Common Facility Centres (CFCs) to facilitate cluster based development to make the traditional industries more productive, profitable and capable.
6. The focused sectors are Bamboo, Honey and Khadi clusters. TheSFURTIenvisionssettingup100newclustersduring2019-20which should enable 50,000 artisans to join the economic value chain.
7. The Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship' (ASPIRE) contemplates to set up 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs) in 2019-20 to develop 75,000 skilled entrepreneurs in agro-rural industry sectors.Large Investments expected in agricultural infrastructure
8. New Jal Shakti Mantralaya to be constituted to look at the management of water resources and water supply and to work with States to ensure Har Ghar Jal (piped water supply) to all rural householdsby2024undertheJalJeevanMission.
9. The Government has identified 1592 Blocks which are critical and over exploited, spread across 256 District for the Jal Shakti Abhiyan.
10. The Swachh Bharat Mission proposed to expanded to undertake sustainable solid waste management in everyvillage.
11. To bridge rural-urban digital divide, Bharat-Net is targeting internet connectivity in local bodies in every Panchayat in the country
12. A Mission to be launched to integrate traditional artisans and their creative products with global markets by obtaining

necessary patents and geographical indicators for them.

Urban Sector

1. Under **Pradhan Mantri Awas Yojana** – Urban (PMAY-Urban), over 81 lakh houses with an investment of about ₹4.83 lakh crores have been sanctioned.
2. Out of which construction has started in about 47 lakh houses. Over 26 lakh houses have been completed of which nearly 24 lakh houses have been delivered to the beneficiaries.
3. A Gandhipedia is being developed by National Council for Science Museums to sensitize youth and society at large about positive Gandhian values.
4. The metro- railway initiatives proposed to be enhanced by encouraging more PPP initiatives and ensuring completion of sanctioned works while supporting Transit Oriented Development (TOD) to ensure commercial activity around transit hubs.
5. More than 95% of cities also have been declared Open Defecation Free (ODF). More than 45,000 public and community toilets across 1700 cities have been uploaded on Google maps, covering more than 53% of India's urban population.

Education Sector

1. New National Education Policy to be brought in to transform India's higher education system.
2. National Research Foundation (NRF) to be established to fund, coordinate and promote research in the country.
3. An amount of ₹ 400 crore has been provided under the head, "World Class Institutions", for FY 2019-20.
4. "Study in India" programme has been proposed that will focus on bringing foreign students to study in our higher educational institutions.
5. The regulatory systems of higher education would be reformed comprehensively. A draft legislation for setting up Higher Education Commission of India (HECI), would be presented in the year ahead.

Banking & Financial Sector

1. It is proposed to initiate steps towards creating an electronic fund-raising platform – a social stock exchange - under the regulatory ambit of Securities and Exchange Board of India (SEBI) for listing social enterprises / voluntary organizations with a social welfare objective to raise capital as equity, debt or as units like a mutual fund.
2. NPAs of commercial banks have reduced by over ₹ 1 lakh crore over the last year
3. Record recovery of over ₹ 4 lakh crore due to Insolvency & Bankruptcy Code.
4. Public Sector Banks are now proposed to be further provided ₹ 70,000 crore capital to boost credit.
5. Reforms will be undertaken to strengthen governance in Public Sector Banks.
6. For purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rupees one lakh crore during the current financial year, Government will provide one time six months' partial credit guarantee to Public Sector Banks for first loss of up to 10%.
7. Proposals for strengthening the regulatory authority of RBI over NBFCs are being placed in the Finance Bill.
8. To allow NBFCs to raise funds in public issues, the requirement of creating a DRR, which is currently applicable for only public issues as private placements are exempt, will be done away with.
9. Steps will be taken to allow all NBFCs to directly participate on the TReDS platform.
10. The regulation authority over the housing finance sector has been proposed to be returned over from National Housing Bank to RBI.
11. It is proposed to set up an expert committee to study the current situation and recommend the structure and required flow of funds through development finance institutions for investing ₹ 100 lakh crore in infrastructure over the next five years.
12. Steps will be taken to separate the NPS Trust from Pension Fund Regulatory and Development Authority (PFRDA) with appropriate organizational structure.
13. Reduction in Net Owned Fund requirement from ₹ 5,000 crore to ₹ 1,000 crore to facilitate on-shoring of international insurance transactions and to enable opening of branches by foreign reinsurers in the International Financial ServicesCenter.
14. New series of coins of One Rupee, Two Rupees, Five Rupees, Ten Rupees and Twenty Rupees, easily identifiable to the visually impaired, will be made available for public use shortly.

Divestment

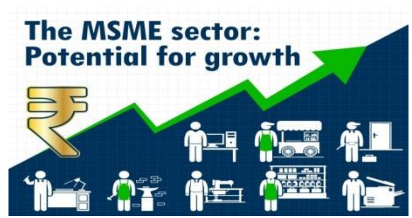
1. Government is setting an enhanced target of ₹1,05,000 crore of disinvestment receipts for the financial year 2019-20
2. The Government will undertake strategic sale of PSUs.
3. Government would reinitiate the process of strategic disinvestment of Air India and offer more CPSEs for strategic participation by the private sector.

Agriculture Sector

1. It is proposed to support Private entrepreneurships in driving value-addition to farmers' produce from the field and for those from allied activities, like Bamboo and timber from the hedges and for generating renewable energy.
2. Dairying through cooperatives shall also be encouraged by creating infrastructure.
3. It is expected to form 10,000 new Farmer Producer Organizations, to ensure economies of scale for farmers over the next five years
4. Models like Zero Budget farming to be replicated to help in doubling farmers' income in time for 75th year of Independence.
5. Government will work with State Governments to allow farmers to benefit from e-NAM.
6. The Agriculture Produce Marketing Cooperatives (APMC) Act should enable farmers from getting a fair price for their produce.

Other Sectors

MSMEs Sector:



a. Government has introduced providing of loans upto₹1 crore for MSMEs within 59 minutes through a dedicated online portal.
b. Under the Interest Subvention Scheme for MSMEs, ₹350 croreshave been allocated for FY 2019-20 for 2% interest subvention for all GST registered MSMEs, on fresh or incrementalloans

c. Government will create a payment platform for MSMEs to enable filing of bills and payment thereof on the platformitself

2. The Government of India has decided to extend the pension benefit to about three crore retail traders & small shopkeepers whose annual turnover is less than ₹1.5 crore under a new Scheme namely Pradhan Mantri Karam Yogi Maandhan Scheme.

3. **Foreign Direct Investments:**

India's FDI inflows in 2018-19 remained strong at US$64.38 billion marking a 6% growth over the previous year. To further consolidate the gains in order to make India a more attractive FDI destination it is proposed:

4. The Government will examine suggestions of further opening up of FDI in aviation, media (animation, AVGC) and insurance sectors in consultation with all stakeholders.

I. 100% Foreign Direct Investment (FDI) will be permitted for insurance intermediaries.

II. Local sourcing norms will be eased for FDI in Single Brand Retail sector.

5. **Annual Global Investors Meet:** The Government is contemplating organizing an annual Global Investors Meet in India, using National Infrastructure Investment Fund (NIIF) as the anchor, to get all three sets of global players- (a.) top industrialists/corporate honchos, (b.) top pension /insurance /sovereign wealth funds and (c.) top digital technology/venturefunds.

6. **Commercialization of Space Power:** . A Public Sector Enterprise viz. New Space India Limited (NSIL) has been incorporated as a new commercial arm of Department of Space to tap the benefits of the Research & Development carried out by ISRO

7. **Khelo India Scheme**: To popularize sports at all levels, a National Sports Education Board for Development of Sportspersons would be set up under KheloIndiaScheme

8. **Youth Skill Development:**

I. Implementing 'KayakaveKailasa', the Government enables about 10 million youth to take up industry-relevant skill training through the Pradhan Mantri Kaushal Vikas Yojana (PMKVY).

II. To enable youth be globally competitive and take up jobs overseas, it is proposed to increase focus on skill sets needed abroad including language training.

III. It is also proposed to focus on new-age skills like Artificial Intelligence (AI), Internet of Things, Big Data, 3D Printing, Virtual Reality and Robotics, which are valued highly both within and outside the country, and offer much higher remuneration.

9. **Streamlining of Labour Codes:**

The Government is proposing to streamline multiple labour laws into a set of four labour codes.

10. **Television Channel for Start-ups:**

It is proposed to start a television programme within the DD bouquet of channels exclusively for start-ups.

11. **Extended Support to Stand-up Scheme:**

The Stand-Up Scheme Scheme would be continued for the entire period coinciding with the 15th Finance Commission period of 2020-25 wherein Banks will provide financial assistance for demand based businesses, including for example for acquisition of scavenging machines androbots.

12. **Rs. 3000/- p.m. Pension Scheme:**

Pradhan Mantri Shram Yogi Maandhan Scheme aims at providing ₹3,000 per month as pension on attaining the age of 60 to crores of workers in unorganized and informal sectors. About 30 lakh workers have already joined the scheme.

13. **Expansion of Women SHG:**

I. It is proposed to expand the Women SHG interest subvention programme to all districts.
II. Furthermore, for every verified women SHG member having a Jan Dhan Bank Account, an overdraft of ₹5,000 shall beallowed.
III. One woman in every SHG will also be made eligible for a loan up to ₹1 lakh under the MUDRAScheme.

14. **Aadhar Card to Non-Residents**

It is proposed to consider issuing Aadhaar Card for Non-Resident Indians with Indian Passports after their arrival in India without waiting for 180days.

15. **Opening up 4 New Embassies**

Government intends to open another four new Embassies in the year 2019-20.

16. **Tourism:** Iconic World-Class tourist sites to be developed.

Direct Tax Proposals

Tax Rates

There is no Change in tax slab rate for Assessment year 2020-21.

(A) Individual/ HUF/AOP/BOI/AJP:

(I) The Slab for Individual/ HUF/AOP/BOI, whether Incorporated or not, or every artificial Juridical person :(Less than 60 years)

Slab Rates			
Income	**Tax Rate**	**Surcharge**	**Cess**
Upto Rs. 2,50,000	Nil	NIL	4%
Rs.2,50,001 to Rs. 5,00,000	5% (Income<= Rs.5,00,000, Tax liability= Nil)	NIL	
Rs.5,00,001 to Rs.10,00,000	20%	NIL	
Above 10,00,001 to Rs.50,00,000	30%	NIL	
Rs.50,00,001 to 1,00,00,000	30%	10%	
Rs. 1,00,00,000 to Rs. 2,00,00,000	30%	15%	
Rs. 2,00,00,000 to Rs. 5,00,00,000	30%	25%	
Above Rs. 5,00,00,000	30%	37%	

Note:

- **A resident individual is entitled for rebate under section 87A if his total income does not exceed Rs. 5,00,000. The amount of rebate shall be 100% of income-tax or Rs. 12,500, whichever is less.**
- **Surcharge on individuals having taxable income from Rs 2 crore to Rs 5 crore; and 5 crore and above is enhanced. The effective tax rate is increased by around 3% and 7% respectively.**

In case of Non-resident person-amount of tax would be increased by a surcharge-

Income	Rate(%)
Below two crores	Same as Resident tax payer.
Between two to five crores	25%
Exceeding five crores	37%

(II) In case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year:

Slab Rates	
Income	**Tax Rate**
Upto Rs. 3,00,000	Nil
Rs. 3,00,001 to Rs. 5,00,000	5%(Income<= Rs.5,00,000, Tax liability= Nil)
Rs. 5,00,001 to Rs. 10,00,000	20%
Rs. 10,00,001 to 50,00,000	30%
Rs. 50,00,001 to 1,00,00,000	30% plus Surcharge @ 10%
Above Rs. 1,00,00,000	30% plus surcharge @ 15%

- **Surcharge on individuals having taxable income from Rs 2 crore to Rs 5 crore; and 5 crore and above is enhanced. The effective tax rate is increased by around 3% and 7% respectively.**

(III) In case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previousyear:

Slab Rates	
Income	**Tax Rate**
Upto Rs. 5,00,000	Nil
Rs. 5,00,001 to Rs. 10,00,000	20%
Rs. 10,00,001 to 50,00,000	30%
Rs. 50,00,001 to 1,00,00,000	30% plus Surcharge @ 10%
Above Rs. 1,00,00,000	30% plus surcharge @ 15%

- **Surcharge on individuals having taxable income from Rs 2 crore to Rs 5 crore; and 5 crore and above is enhanced. The effective tax rate is increased by around 3% and 7% respectively.**

(B) Co-operative Societies:

In case of Co-operative Societies, the rates of income-tax are as given below. The rates will be continued to be same as those specified for Assessment Year 2019-20.

Slab Rates	
Income	**Tax Rate**
Upto Rs. 10,000	10%
Above Rs. 10,000-Rs. 20,000	20%
Above 20,000	30%

Note: In the case of cooperative societies, having total income exceeding one crore rupees, surcharge will be levied at the rate of twelve per cent. of income-tax payable on total income.

(C) Firms:

In the case of firms, the rate will continue to be the same as that specified for Assessment Year 2019-20. The rate ofincome-tax in case of firm is @ 30% which will further be increased by "Health and Education Cess on Income Tax" @ 4% . In case of firms having total income exceeding one crore rupees, surcharge will be levied at the rate of twelve per cent. of income-tax payable on total income.

(D) LocalAuthorities:

In the case of Local Authorities, the rate will continue to be the same as that specified for Assessment Year 2019-20. The rate of income-tax in case of local authority is @ 30% which will further be increased by Health and Education Cess on Income Tax" @ 4%.

The amount of income-tax computed in accordance with all above (B), (C) & (D) provisions shall be increased by a surcharge at the rate of twelve percent of such income-tax in case of all the above assesses having a total income exceeding one Crore rupees.

However, the total amount payable as income-tax and surcharge on total income exceeding Rs. 1 Crore shall not exceed the total amount payable as income-tax on a total income of one Crore rupees by more than the amount of income that exceeds Rs. 1 Crore.

(E) Companies:

Income Tax Slab Rate		**Surcharge Rate**	
Income	**TaxRate**	**Total Income**	**Rate**
In Case of Domestic Company (where its total turnover or the gross receipt in the previous year 2017-18 does not exceed 400 crore rupees)	25%	Above 1 Crore but not exceed 10 Crore	7%
		Above 10 Crore	12%

In Case of **Domestic Company** (where its total turnover or the gross receipt in the previous year 2017-18 exceed 400 crore rupees)	30%	Above 1 Crore but not exceed 10 Crore	7%
		Above 10 Crore	12%
In case of Company **other than a domestic company**- i) On the total income as consists of,— (a) royalties received from the Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or (b) Fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976, and where such agreement has, in either case, been approved by the Central Government.	50%	Above 1 Crore but not exceed 10 Crore	2%
		Above 10 Crore	5%
In case of Company other than a domestic company- ii) Other Than Above mentioned in (i)	40%	Above 1 Crore but not exceed 10 Crore	2%
		Above 10 Crore	5%

- In other cases (including sections 115-O, 115QA, 115R, 115TA or 115TD) the surcharge shall be levied at the rate of twelve percent.

- For Financial year 2019-20,"Education cess on income tax " and "Secondary and Higher Education cess on income tax" has been discontinued. However, a new cess , by name of " Health and education cess " has been levied at the rate of **four percent** on amount of Income tax so computed. inclusive of surcharge(wherever applicable), in all cases. No marginal relief is available in respect of such cess.

Table to understand the comparison of tax liability of individual Assessee from A.Y. 2019-20 to A.Y.2020-21:

S. N.	If Income is	Tax Rate (2019-20)	Tax Liability (2019-20)	Tax Rate (2020-21)	Tax Liability (2020-21)	Benefit to Assessee
1.	Rs. 2,50,000	0%	-	0%	-	0
2.	Rs. 3,00,000	5%	-	5%	-	0
3.	Rs. 3,50,000	5%	2,500.00	5%	-	2500.00
4.	Rs. 5,00,000	5%	12,500.00	5%	-	12500.00
5.	Rs. 8,00,000	20%	72,500.00	20%	72,500.00	0
6.	Rs. 10,00,000	20%	1,12,500.00	20%	1,12,500.00	0
7.	Rs. 12,00,000	30%	1,72,500.00	30%	1,72,500.00	0
8.	Rs. 20,00,000	30%	4,12,500.00	30%	4,12,500.00	0

Note:

- **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 lacs will not be able to avail this tax benefit. This provision was amended by the interim budget in Feb'2019.**

Now money paid or Property transferred to Person outside India is Income deemed to accrue or arise in India

Section 9

Existing Provision:
Insertion of New clause in section 9.

Proposed Provision:
In section 9 of the Income-tax Act, in sub-section (1), (viii) income arising from any sum of money paid, or any property situate in India transferred, on or after the 5th day of July, 2019 by a person resident in India to a person outside India will be included in the total income of assessee.

Implication:
This clause will enhance total taxable income of assessee.

W.E.F.1st April2020

Relaxation of 6 months provided for eligibility of investment funds

Section 9A

Existing Provision:
In section 9A in sub-section (3), of the Income-tax Act where the fund has been incorporated in previous year average monthly corpus fund shall not be less than Rs. 100Cr at the end of PY to be an eligible investment fund.

Proposed Provision:
Where the fund has been incorporated in PY, monthly average Corpus fund shall not be less than Rs. 100cr at the end of 6 months from the last day of the month of establishment or at the end of such previous year whichever is later.

Implication:
A relaxation of 6 months is provided for newly established corpus funds.

W.E.F.1st April 2020

Interest Income on RD Bond to Non-Resident not to be included in his total income

Section 10

Existing Provision:
Insertion of New Clause 4C.

Proposed Provision:
(4C) Any interest income payable to a non-resident, not being a company or to a foreign company, by any Indian company or business trust in respect of borrowings by way of issue of rupee denominated bond shall not be included in total income of non-resident. (Bonds issued during the period from the 17th day of September, 2018 to ending on the 31st day of March, 2019).

Implication:
Relaxation to non-resident on interest income accrued from rupee denominated bonds.

W.E.F.1st April 2020

Now 60% of total amount payable is exempted in National Pension System Trust

Section 10

Existing Provision:
In clause (12A)(a) any payment from the National Pension System Trust to an assessee on closure of his account or on his opting out of the pension scheme referred to in section 80CCD, to the extent it does not exceed 40% of the total amount payable to him at the time of such closure or his opting out of the scheme; is exempt.

Proposed Provision:
In clause (12A)(a) Exemption in respect of NPS Trust has been changed from 40% to 60%.

Implication
Exemption in respect of NPS Trust increased to 60%.

W.E.F.1st April 2020

Interest from IFSC unit to Non-resident is exempt

Section 10

Existing Provision:
Insertion of New Sub Clause(ix) in clause 15.

Proposed Provision:
(ix) any income by way of interest payable to a non-resident by a unit located in an International Financial Services Centre in respect of monies borrowed by it on or after the1st day of September, 2019, is exempt.

Implication:
Interest income to a non-resident by an IFSC unit will not be included in Total Income.

W.E.F.1st April 2020

Income from Buy Back of Shares (now both listed and unlisted) is Exempt

Section 10

Existing Provision:
In clause (34A) any income arising to an assessee, being a shareholder, on account of buy back of shares (not being listed on a recognized stock exchange) by the company as referred to in section 115QA is exempt.

Proposed Provision:
Any income arising to a shareholder, on account of buy back of Listed & Unlisted shares by the company as referred to in section 115QA, will not be included in total income of the assessee.

Implication:
Buy back Income from both listed & unlisted shares will not be included in total income of the assessee.

W.E.F.5th July 2019

Compliance of other applicable law required for Registration of Trust

Section 12AA

Existing Provision:
Clause a(ii) has been newly inserted.

Proposed Provision:
It is proposed that the Principal Commissioner (PC) or Commissioner can call for documents or information from trust for compliance of any other law for the time being in force and if Trust does not comply with the requirement, PC or commissioner can cancel the registration of trust (Section12AA).

Implication:
Trust requires to fulfill the compliance of other applicable law in order to get the registration.

W.E.F. 1st Sep 2019

Substitution of word "Bank account" with "bank account or through such other electronic mode as may be prescribed"

Section 35AD(8)(f)

Existing Provision:

Section 35AD of the Act provides that the term 'any expenditure of capital nature' shall not include any expenditure in respect of which the assessee makes payment (or an aggregate of payments) exceeding rupees ten thousand to a person in a day through any mode other than an account payee cheque or an account payee bank draft or using the electronic clearing system through a bank account.

Proposed Provision:

Section 35AD of the Act provides that the term 'any expenditure of capital nature' shall not include any expenditure in respect of which the assessee makes payment (or an aggregate of payments) exceeding rupees ten thousand to a person in a day through any mode other than an account payee cheque or an account payee bank draft or using the electronic clearing system through a **bank account or through such other electronic mode as may be prescribed.**

Implications:

As the government wants to promote less cash economy, it has widened the scope of this section so as to give benefit to the assessee who incurs any expenditure under this section even by **other electronic mode** along with bank's facilities of payment that are already in practice.

W.E.F.1st April 2020

Insertion of a new proviso in Sub-clause (i) and ommittence of word "resident" in Sub-clause (ia) of Clause (a)

Section 40

Existing Provision:

Newly inserted Provision in addition with old provisions.

Proposed Provision:

(A) in sub-clause (*i*), after the proviso, the following proviso shall be inserted, namely: —

"Provided further that where an assessee fails to deduct the whole or any part of the tax in accordance with the provisions of Chapter XVII-B on any such sum but is not deemed to be an assessee in default under the first proviso to sub-section (*1*) of section 201, then, for the purposes of this sub-clause, it shall be deemed that the assessee has deducted and paid the tax on such sum on the date of furnishing of return of income by the payee referred to in the said proviso;"

(B) in sub-clause (*ia*), in the second proviso, the word "resident" shall be omitted

Implications:

The concept of deemed deduction and payment of tax is helpful for the assessee as it will not lead to the disallowance of expenses for the assesee. Further in sub-clause (ia) , in second proviso , the word "resident" is omitted as to give liberty to the payer to make payment to all persons and not only residents.

W.E.F.1st April, 2020

Substitution of word "Bank account" with "bank account or through such other electronic mode as may be prescribed" wherever they occur in the act and addition of words "or such other electronic mode as may be prescribed" in sub-section (4)

Section 40A

Existing Provision:

Sub Section (4) reads as "Notwithstanding anything contained in any other law for the time being in force or in any contract, where any payment in respect of any expenditure has to be made by an account payee cheque drawn on a bank or account payee bank draft [*or use of electronic clearing system through a bank account*] in order that such expenditure may not be disallowed as a deduction under sub-section (3), then the payment may be made by **such cheque or draft [*or electronic clearing system*];** and where the payment is so made or tendered, no person shall be allowed to raise, in any suit or other proceeding, a plea based on the ground that the payment was not made or tendered in cash or in any other manner."

Proposed Provision:
Sub Section (4) reads as "Notwithstanding anything contained in any other law for the time being in force or in any contract, where any payment in respect of any expenditure has to be made by an account payee cheque drawn on a bank or account payee bank draft [*or use of electronic clearing system through a bank account*] in order that such expenditure may not be disallowed as a deduction under sub-section (3), then the payment may be made by **such cheque or draft [*or electronic clearing system*];or such other electronic mode as may be prescribed** and where the payment is so made or tendered, no person shall be allowed to raise, in any suit or other proceeding, a plea based on the ground that the payment was not made or tendered in cash or in any other manner."

Implications:
As the government wants to promote less cash economy, it has widened the scope of this section so as to give benefit to the assessee who incurs any expenditure under this section even by **other electronic mode** along with bank's facilities of payment that are already in practice.

W.E.F. 1st April 2020

Substitution of word "Bank account" with "bank account or through such other electronic mode as may be prescribed"

Section 43

Existing Provision:

Sub-section (1) to section 43 of the Act provides the definition of the term “actual cost”. The second proviso to the said section specifies that where the assessee incurs any expenditure for the acquisition of an asset or part thereof, and in respect of such acquisition, he makes a payment or aggregate of payments exceeding rupees ten thousand in a day to a person in any mode other than an account payee cheque or an account payee bank draft or using the electronic clearing system through a **bank account**, then such expenditure shall not be included in the determination of the actual cost.

Proposed Provision:
Sub-section (1) to section 43 of the Act provides the definition of the term “actual cost”. The second proviso to the said section specifies that where the assessee incurs any expenditure for the acquisition of an asset or part thereof, and in respect of such acquisition, he makes a payment or aggregate of payments exceeding rupees ten thousand in a day to a person in any mode other than an account payee cheque or an account payee bank draft or using the electronic clearing system through a **bank account or through such other electronic mode as may be prescribed**, then such expenditure shall not be included in the determination of the actual cost.

Implications:
As the government wants to promote less cash economy, it has widened the scope of this section so as to give benefit to the assessee who incurs any expenditure under this section even by **other electronic mode** along with bank's facilities of payment that are already in practice.

W.E.F.1st April 2020

Interest on Loans from NBFCs can be claimed as deduction only on actual payments

Section 43B

Existing Provision:

Newly Inserted provision.

Proposed Provision:

"any sum payable by the assessee as interest on any loan or borrowing from a deposit taking non-banking financial company or systemically important non-deposit taking non-banking financial company, in accordance with the terms and conditions of the agreement governing such loan or borrowing.

Implication:

This provision enables deposit-taking NBFCs and systemically important non-deposit taking NBFCs sum payable by the assessee as interest on any loan or advances from a deposit-taking NBFCs and systemically important non-deposit taking NBFCs shall be allowed as deduction if it is actually paid on or before the due date of furnishing the return of income of the relevant previous year.

W.E.F. 1st April 2020

Insertion of word "Other Electronic Modes" along with "Bank Account"

Section 43CA Sub-section (4)

Existing Provision:

It States that where the date of agreement while fixing the value of consideration for the transfer of the asset and the date of registration of such transfer of asset are different, then the full value of consideration for transfer of such asset shall be the stamp duty value on the date of the agreement provided the amount of consideration or a part thereof has been received by way of an account payee cheque or an account payee bank draft or by use of electronic clearing system through a **bank account** on or before the date of agreement for transfer of the asset.

Proposed Provision:

Section 43CA of the Act provides that where the date of agreement fixing the value of *consideration* for the transfer of the asset and the date of registration of such transfer of asset are different, then the full value of consideration for transfer of such asset shall be the stamp duty value on the date of the agreement provided the amount of consideration or a part thereof has been received by way of an account payee cheque or an account payee bank draft or by use of electronic clearing system through a "**bank account or through such other electronic mode as may be prescribed"** on or before the date of agreement for transfer of the asset.

Implication:

As the government wants to promote less cash economy, it has widened the scope of this section so as to give benefit to the assessee who incurs any expenditure under this section even by **other electronic mode** along with bank's facilities of payment that are already in practice.

W.E.F. 1st April 2020

Deduction for Interest paid on deposit taking NBFC or a systemically important non-deposit taking NBFC in case of bad or doubtful debts

Section 43D

Existing Provision:

Interest income in relation to bad or doubtful debts received by certain institutions or banks or corporations or companies, shall be chargeable to tax in the previous year in which it is credited to its profit and loss account actually received, whichever is earlier. This provision is an exception to the accrual system of accounting which is regularly followed by such assessees for computation of total income. The benefit of this provision is presently available to public financial institutions, scheduled banks, cooperative banks, State financial corporations, State industrial investment corporations and public companies like housing finance companies.

Proposed Provision:
in clause (a), after the words “State industrial investment corporation”, the words “or a deposit
taking non-banking financial company or a systemically important non-deposit taking non-bankingfinancial company” shall be inserted;
(ii) in the long line, after the words “State industrial investment corporation or”, the words “adeposit taking non-banking financial company or a systemically important non-deposit takingnon-banking financial company or” shall be inserted;
(iii) in the Explanation, after clause (g), the following clause shall be inserted, namely:—

(h) the expressions “deposit taking non-banking financial company”, “non-banking financialcompany” and “systemically important non-deposit taking non-banking financial company” shallhave the meanings respectively assigned to them in clauses (e), (f) and (g) of Explanation 4 tosection 43B.’

Implication:
It has increased the ambit of the provision to include regulated NBFCs and provide them with the level playing with the other financial institutions as well.

Insertion of word "Other Electronic Modes" along with "Bank Account"

Section 44AD

Existing Provision:
Section 44AD of the Act relates to presumptive taxation scheme for eligible businesses and provides that in case of an assessee engaged in an eligible business shall be eligible to avail the benefit of the presumptive taxation scheme if the profit from such business is declared at

at the rate of eight per cent. or higher of the total turnover or gross receipts in the previous year from such business. The proviso to sub-section (1) of the said section provides that the eligible assessee can opt for the presumptive taxation scheme if he declares profit at the rate of six per cent. or higher of turnover received through an account payee chequeor an account payee bank draft or the use of electronic clearing system through a **bank account.**

Proposed Provision:

Section 44AD of the Act relates to presumptive taxation scheme for eligible businesses and provides that in case of an assessee engaged in an eligible business shall be eligible to avail the benefit of the presumptive taxation scheme if the profit from such business is declared at at the rate of eight per cent. or higher of the total turnover or gross receipts in the previous year from such business. The proviso to sub-section (1) of the said section provides that the eligible assessee can opt for the presumptive taxation scheme if he declares profit at the rate of six per cent. or higher of turnover received through an account payee chequeor an account payee bank draft or the use of electronic clearing system through a "**bank account or through such other electronic mode as may be prescribed".**

Implications:

As the government wants to promote less cash economy, it has widened the scope of this section so as to give benefit to the assessee who incurs any expenditure under this section even by **other electronic mode** along with bank's facilities of payment that are already in practice.

W.E.F.1st April 2020

Exemption given for specified transfer for Category III-AIFs

Section 47(VIIAB)

Existing Provision:

Transferor	Type of capital asset to be transferred	Conditions to be satisfied to be not regarded as transfer u/s 2(47)
Non-Resident	1. Bonds or Global Depository Receipts referred u/s 115 or 2. Rupee denominated bond of an Indian company or 3. Derivative,	1. Transfer of Capital Asset through recognized stock exchange located at International Financial Services Centre(IFSC). 2. Where the consideration for such transaction is paid or payable in foreign currency.

Proposed Provision:
It is proposed to insert to the section which are as follows:-

Transferor	Type of capital asset to be transferred	Conditions to be satisfied to be not regarded as transfer u/s 2(47)
Category III Alternative Investment Fund (AIF) *	Certain securities yet to be notified	1. AIF in which all unit holders are non-resident. Rest all conditions are same as above

*Category III AIFs are those which employ diverse or complex trading strategies and may employ leverage including through investment in listed or unlisted derivatives. Various types of funds such as hedge funds, PIPE Funds, etc. are registered as Category III AIFs.

Implications:
Transfer of capital asset i.e., certain securities by Category III Alternative Investment Fund (AIF) not to be regarded as transfer u/s 2(47) and thus not chargeable to capital gain.

W.E.F. 1st April 2020

Full value of consideration to be considered u/s 48 for chargeability of Capital Gain to be considered in specific cases

Section 50C(1)

Existing Provision:

(1) Where the Consideration received or accruing as a result of Transfer of Capital asset (being land or building or both) greater than Value adopted by the Stamp valuation authority than the value adopted by the Stamp valuation authority to be full value of consideration u/s 48. Where the amount of consideration, or a part thereof, has been received by way of an account payee cheque or account payee bank draft or by use of electronic clearing system through a bank account.

Proposed Provision:

It is proposed that Payment made **through suchother electronic mode as may be prescribed**has been added while calculating consideration.

Implications:

The words through such other electronic mode has been added under second proviso to promote & support various digital mode of payment.

W.E.F. 1st April 2020

Section 50CA

Existing Provision:

When the consideration received by an assessee of a capital asset, (i.e., other than quoted share of a company) is less than Fair market value (FMV) of such share, than FMV shall be full value of consideration u/s 48. Here the FMV should be determined based on the prescribed method under the Act.

Proposed Provision:

It is inserted that to empower the Board to prescribe transactions undertaken by certain class of persons to which the provisions of section 50CA shall not be applicable.

Implications:

To reduce genuine hardship in certain cases where the consideration for transfer of shares is approved by certain authorities and the person transferring the share has no control over such determination then the proposed provision will enable the transferor to legitimately take actual consideration as full value consideration u/s 48.

W.E.F. 1st April 2020

Exemption of capital gain arising from transfer of a long-term capital asset, being a residential house property by investing in eligible start-ups

Section 54GB

Existing Provision:

In order to be able to get roll over benefit in respect of capital gain arising from the transfer of a long-term capital asset, being a residential property owned by the eligible assessee, the assessee is required to utilise the net consideration for subscription in the equity shares of an eligible company before the due date of filing of the return of income.

- The assessee is required to have more than 50% share capital or voting right in the eligible company after subscription.

- Restriction on transfer of assets acquired by the company for five years from the date of acquisition.
- The benefit of this section is available for investment in the equity shares of eligible start-ups till 31st March 2019.

Proposed Provision:

Below mentioned changes are proposed in this section.

- Percent of subscription in equity shares in eligible companies is reduced to 25% in place of 50%.
- Restriction on transfer of computer or computer software is reduced to 3 Years and for other assets, it remains to five years from the date of acquisition.
- The benefit of this section is extended for investment in the equity shares of eligible start-ups till 31st March 2021.

Implication:

It is proposed to give more relaxation and to give boosting to investment in eligible start-ups.

W.E.F. 1st April 2020

Exemptions extended to Category – II AIF under Section 56(2)(viib)

Section 56(2)(viib)

Existing Provision:

Where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person being a resident, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall be charged to tax.

Exception: The consideration for issue of shares received by a venture capital undertaking from a venture capital company or a venture capital fund or by a company from a class or classes of persons as may be notified by the Central Government in this behalf. Currently the benefit of exemption is available only to Category I Alternate Investment Fund (AIF).

Proposed Provision:
Newly inserted proviso to exceptions of Section 56(viib): The benefit of exemption will be also available to Category II Alternative Investment Fund (AIF).

Implication:
After insertion of this proviso, the exemption benefit has been extended to Category II – AIF also along-with Category I AIF.

W.E.F. 1st April 2020

Chargeability of interest received on compensation or on enhanced compensation

Section 56

Existing Provision:
Income by way of interest received on compensation or on enhanced compensation of compulsory acquisition of agricultural land referred to in section 145A(b) shall be chargeable to tax.

Proposed Provision:
Clerical error has been rectified by replacing Section 145B(1) under section 56, in place of the existing section 145A(b) which deals with chargeable income under the head of Income from Other sources.

Implication:
Rectification of Error in mentioning section. No such major implication.

W.R.E.F. 1st April 2017

Allowance of Deduction of contribution in NPS for the employee of Central Govt.

Section 80C

Existing Provision:
Newly inserted. This section relates to Deduction from Gross taxable income of an Individual & HUF.

Proposed Provision:
It is proposed to amend the section 80C so as to provide that any amount paid or deposited by a Central Government employee as a contribution to his Tier-II account of the pension scheme shall be eligible for deduction under the said section 80C (2)(xxv).

Implication:
It enables the Central Government employees to have more options of tax saving investments under National Pension System.

W.E.F. 1st April 2020

Additional deduction of 4% given in NPS if contribution given by Central Govt.

Section 80CCD

Existing Provision:
Section 80CCD (2) allows salaried individuals to claim deductions up to 10% of their salary (basic pay and dearness allowance) or is equal to the contributions made by the employer towards the NPS.

Proposed Provision:
It is proposed that deduction to salaried individuals extended up to 14% if contribution made by central Govt. or 10% in contribution made by any other employer.

Implication:
This section will provide an additional benefit of 4% for employee of central government.

W.E.F. 1st April 2020

Additional benefit of Rs. 1.50lacs given by way of deduction of Interest on loan to be sanctioned in FY 2019-20

Section 80EEA

Existing Provision:
Newly inserted.

Proposed Provision:
With view to objective of 'Housing for all', Section 80EEA inserted for an assessee, being an individual whose loan is sanctioned between 1st April 2019 And 31st March 2020 is eligible to claim deduction of interest of Rs.1,50,000/-for the purpose of acquisition of a residential house property, if following conditions are fulfilled.

I. The loan has been sanctioned by the financial institution during the period beginning on the1st day of April, 2019 and ending on the 31st day of March, 2020;

II. the stamp duty value of residential house property does not exceed forty-five lacs rupees;

III. the assessee does not own any residential house property on the date of sanction of loan.

Implication:
With the introduction of this section eligible assessee now can claim deduction of Rs.1,50,000/-. It enables the home buyer to have low-cost funds at his disposal.

W.E.F. 1st April 2020

Deduction of Rs. 1.50 Lacs in respect of purchase of electric vehicle

Section 80EEB

Existing Provision:
Newly inserted.

Proposed Provision:
Section 80EEB inserted, for computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan sanctioned between the period of 1st April 2019 to 31st March 2023 from any financial institution for the purpose of purchase of an electric vehicle.

Implication:

With the introduction of this section eligible assessee now can claim deduction of Rs.1,50,000/-.

W.E.F. 1st April 2020

Deductions in respect of profits and gains from housing projects

Section 80-IBA

Existing Provision:

Newlyinserted.

Proposed Provision:

Section 80EEB (2), after clause (i), the following proviso shall be inserted, namely:—

'Provided that for the projects approved **on or after the 1st day of September, 2019**, the provisions of this sub-section shall have effect as if for clauses (d) to (i), the following clauses had been substituted, namely:—

"(d) the project is on a plot of land measuring not less than—

(i) one thousand square metres, where such project is located within the metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan Region); or

(ii) two thousand square metres, where such project is located in any other place;

(e) the project is the only housing project on the plot of land as specified in clause (d);

(f) the carpet area of the residential unit comprised in the housing project does not exceed—

(i) sixty square metres, where such project is located within the metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan Region); or

(ii) ninety square metres, where such project is located in any other place;

(g) the stamp duty value of a residential unit in the housing project does not exceed forty-five lakh rupees;

(h) where a residential unit in the housing project is allotted to an individual, no other residential unit in the housing project shall be allotted to the individual or the spouse or the minor children of such individual;

(i) the project utilises—

(I) not less than ninety per cent. of the floor area ratio permissible in respect of the plot of land under the rules to be made by the Central Government or the State Government or the local authority, as the case may be, where such project is located within the metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad, Kolkata and Mumbai (whole of

Mumbai Metropolitan Region); or

(II) not less than eighty per cent. of such floor area ratio where such project is located in any place other than the place referred to in sub-clause (I); and

(j) the assessee maintains separate books of account in respect of the housing project."

(B) in sub-section (6), after clause (e), the following clause shall be inserted, namely:—

'(f) "stamp duty value" means the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of an immovable property.'

Implication:

With the introduction of this section eligible assessee now can avail deduction in respect of profit and gain from housing property.

W.E.F. 1st April 2020

Relief to Non-resident/ Foreign Company in IFSC

Section 115A Sub-Section (4)

Existing Provision:

Sec 115 A relates to Method of calculation of income-tax payable by a non-resident (not being a company) or by a foreign company where the total income includes any income by way of dividend (other than referred in section 115-O), interest, royalty and fees for technical services; etc. In that sub section (4) prohibits any deduction under chapter VIA (which also includes section 80LA i.e. to provide deduction to units of IFSC).

Proposed Provision:

Newly inserted Proviso (b), provides that sub-section (4) of section 115A shall not apply to a unit of an IFSC in order to allow deductions so mentioned under Sec 80LA.

Implication:

Due to this amendment, units under IFSC will get relief for availing deduction under sec 80LA.

W.E.F.1st April, 2020.

Provision for calculating books profit

Section 115JB

Existing Provision:

Sub section (2), clause (iih) of Section 115JB provides that:

For purpose of this section, "Book Profit", means the profit as shown in the statement of Profit & Loss for the relevant previous year prepared under sub-section 2 as increased by-

The aggregate amount of unabsorbed depreciation and loss brought forward in case of a company against whom an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under section 7 or section 9 or section 10 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).

Explanation: For the purposes of this clause, the expression "Adjudicating Authority" shall have the meaning assigned to it in clause (1) of section 5 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and the loss shall not include depreciation.

Proposed Provision:
It is proposed that under section 115JB of the Act for calculating book profit, the aggregate amount of unabsorbed depreciation and loss **(excluding depreciation)** brought forward shall also be allowed to be reduced in cases of the below mentioned companies:

(A) company, and its subsidiary and the subsidiary of such subsidiary, where, the Tribunal, onan application moved by the Central Government under section 241 of the Companies Act, 2013 has suspended the Board of Directors of such company and has appointed new directors who are nominated by the Central Government under section 242 of the said Act;

(B) company against whom an application for corporate insolvency resolution process hasbeen admitted by the Adjudicating Authority under section 7 or section 9 or section 10 of theInsolvency and Bankruptcy Code, 2016.

Implication:
The loss brought forward to be reduced should not include the depreciation amount for calculating book profit henceforth.

W.E.F. 1st April 2020

Relief to companies operating in IFSC

Section 115O

Existing Provision:
Provides that no tax on distributed profits shall be chargeable in respect of the total income of a company, being a unit of an IFSC, deriving income solely in convertible foreign exchange, for any assessment year on any amount declared, distributed or paid by such company, by way of dividends (whether interim or otherwise) on or after the 1st day of April, 2017, **out of its current income**, either in the hands of the company or the person receiving such dividend.

Proposed Provision:
Instead of **"Out of its Current Income",** the word **“out of its current income or income accumulated as a unit of International Financial Services"** shall be substituted. Which means any dividend paid out of accumulated income derived from operations in IFSC, after 1st April 2017 shall not be liable for tax on distributed profits.

Implication:
With the introduction of the said provision, IFSC unit has been exempted from chargeability of tax even from its previous income accumulated as a unit of IFSC.

W.E.F.1st September 2019.

Now Levy of Additional Income-tax on account of buy-back shares on both Listed and unlisted Companies

Section 115QA

Existing Provision:

An additional Tax at the rate of 20% of distributed income on account of buy-back of **unlisted shares** by the company shall be applicable in order to keep check on the practice of unlisted companies resorting to buy-back of shares instead of payment of dividends as tax rate for capitals gains was lower than the rate of Dividend Distribution Tax (DDT).

Proposed Provision:
An additional Tax at the rate of **20%** of distributed income on account of buy-back of shares shall be applicable to all companies whether **listed or unlisted.**Accordingly, it is also proposed to extend exemption under clause (34A) of section 10 of the Act to shareholders of the listed company on account of buy-back of shares on which additional income -tax has been paid by the company.

Implication:
Now with the introduction of this provision even listed companies are brought into the ambit of levy of addition tax on buyback along with unlisted companies.

W.E.F.5th July 2019

No additional Tax by Mutual Fund to Non-Resident Unit Holders

Section 115R

Existing Provision:
The existing provisions of the section 115R of the Act, provide that any amount of income distributed by the specified company or a Mutual Fund to its unit holders shall be chargeable to tax and such specified company or Mutual Fund shall be liable to pay additional income-tax on such distributed income.

Proposed Provision:

No additional income-tax shall be chargeable in respect of any amount of income distributed, on or after the 1st day of September, 2019, by a Mutual Fund of which all the unit holders are non-residents and which fulfills certain other specified conditions.

Implication:
The proposed provision provides relief to the Non-Resident Unit Holders by allowing Mutual Funds to not charge any income tax on the income distributed by it to them.

W.E.F.1st September 2019

Modification of return after Order of Assessing Officer

Section 92CD(3)

Existing Provision:
Sub-section 3 of section 92 CD: If the assessment or reassessment proceedings for an assessment year relevant to a previous year to which the agreement applies have been completed before the expiry of period allowed for furnishing of modified return under sub-section (1), the Assessing Officer shall, in a case where modified return is filed in accordance with the provisions of sub-section (1), proceed to assess or reassess or recompute the total income of the relevant assessment year having regard to and in accordance with the agreement.

Sub-section 5 of section 92CD clause (a) reads as "the order **of assessment, reassessment or recomputation of total income** under sub-section (3) shall be passed within a period of one year from the end of the financial year in which the modified return under sub-section (1) is furnished;"

Proposed Provision:

(*a*) **in sub-section (*3*),** for the words "proceed to assess or reassess or recompute the total incomeof the relevant assessment year", the words "pass an order modifying the total income of the relevantassessment year determined in such assessment or reassessment, as the case may be," shall besubstituted;
Now the **Sub-section 5 of section 92CD clause (a)** reads as "the order under sub-section (3) shall be passed within a period of one year from the end of the financial year in which the modified return under sub-section (1) is furnished;"

Implications:
It has been proposed to amend 92CD(3) to clarify that in cases where assessment or reassessmenthas already been completed and modified return of income has been filed by the tax payer under sub-section (1) of said section,the Assessing Officers shall pass an order modifying the total income of the relevant assessment having regard to and in accordance with the APA.
The words under existing sub section 5 **of assessment, reassessment or recomputation of total income** stands withdrawn in lines with sub section 3 amendment.

W.E.F.1st September 2019

Date prescribed on or after which assesses are entered in advance pricing agreement

Section 92CE(1)(iii)

Existing Provision:
In section 92CE of the Income-tax Act,
(a) in sub-section (1),
(I) in clause (iii), is determined by an advance pricing agreement entered into by the assessee under section 92CC;

Proposed Provision:

In section 92CE of the Income-tax Act,
(a) in sub-section (1),
(I) in clause (iii), is determined by an advance pricing agreement entered into by the assessee under section 92CC, on or after the 1st day of April, 2017;

Implications:
The insertion of date has made the provisions applicable only on APAs which are entered on or after 01.04.2017.

W.E.F. 1st April 2018

Now to Fulfill any one condition (not both) under section 92CE (1)

Section 92CE(1)

Existing Provision:
(i)the amount of primary adjustment made in any previous year does not exceed one crore rupees; and
(ii) the primary adjustment is made in respect of an assessment year commencing on or before the 1st day of April, 2016.

Proposed Provision:
(i) the amount of primary adjustment made in any previous year does not exceed one crorerupees; or
(ii) the primary adjustment is made in respect of an assessment year commencing on or before the 1st day of April, 2016.

Implications:
Now any one condition is required to be satisfied instead of both the conditions required cumulatively under the existing provision.

W.E.F.1st April 2018

Insertion of new sub-sections of Section 92CE

Existing Provision:
Newly Inserted.

Proposed Provision:
(2A) Without prejudice to the provisions of sub-section (2), where the excess money or partthereof has not been repatriated within the prescribed time, the assessee may, at his option, pay additional income-tax at the rate of eighteen percent. on such excess money or part thereof, as the case may be.
(2B) The tax on the excess money or part thereof so paid by the assessee undersub-section (2A) shall be treated as the final payment of tax in respect of the excess money or part thereof not repatriated and no further credit therefore shall be claimed by the assessee or by any other person in respect of the amount of tax so paid.
(2C) No deduction under any other provision of this Act shall be allowed to the assessee inrespect of the amount on which tax has been paid in accordance with the provisions ofsub-section (2A).
(2D) No deduction under any other provision of this Act shall be allowed to the assessee inrespect of the amount on which tax has been paid in accordance with the provisions ofsub-section (2A).

Implications:
Sub-section 2A:- If assessee is not repatriating the excess money or part thereof in the prescribed time he can pay 18% additional tax.
Sub-section 2B:-the tax so paid shall be the final payment of tax and no credit shall be allowed in respect of the amount of tax so paid.
Sub-section 2C:-the deduction in respect of the amount on which such tax has been paid , shall not be allowed under any other provisionof this Act;

Sub-section 2D:-if the assessee pays the additional income-tax, he will not be required to make secondary adjustment or compute interest from the date of payment of such tax.

W.E.F.1st September 2019

Meaning of Equity Oriented Fund has been widened up

Section 111A

Existing Provision:
"equity oriented fund" shall have the meaning assigned to it in the Explanation to clause (38) of section 10;
"equity oriented fund" means a fund-
(i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five per cent of the total proceeds of such fund; and
(ii) which has been set up under a scheme of a Mutual Fund specified under clause (23D):
Provided that the percentage of equity share holding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures;

Proposed Provision:
"equity oriented fund" shall have the meaning assigned to it in clause (*a*) of the *Explanation* to section 112A
"equity oriented fund" means a fund set up under a scheme of a mutual fund specified under clause (23D) of section 10 and,—
(i) in a case where the fund invests in the units of another fund which is traded on a recognised stock exchange,—
(A) a minimum of ninety per cent of the total proceeds of such fund is invested in the units of such other fund; and
(B) such other fund also invests a minimum of ninety per cent of its total proceeds in the equity shares of domestic companies listed on a recognised stock exchange; and

(ii) in any other case, a minimum of sixty-five per cent of the total proceeds of such fund is invested in the equity shares of domestic companies listed on a recognised stock exchange:

Provided that the percentage of equity shareholding or unit held in respect of the fund, as the case may be, shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

Implications:

The meaning of Equity Oriented Fund has been widened up to include funds invested in the units of other funds being traded on recognised stock exchange.

W.E.F.1st April 2020

Restrictions regarding carry forward and Set-off of loses

Section 115UB

Existing Provision:

Sub-section (2) states that, Where in any previous year, the net result of computation of total income of the investment fund [without giving effect to the provisions of clause (23FBA) of section 10] is a loss under any head of income and such loss cannot be or is not wholly set-off against income under any other head of income of the said previous year, then,—

(i) such loss shall be allowed to be carried forward and it shall be set-off by the investment fund in accordance with the provisions of Chapter VI; and

(ii) such loss shall be ignored for the purposes of sub-section (1)

Proposed Provision:

(2) Where in any previous year, the net result of computation of total income of the investment fund [without giving effect to the provisions of clause (23FBA) of section 10] is a loss under any head of income and such loss cannot be or is not wholly set-off against income under any other head of income of the said previous year, then,—

(i) out of such loss, the loss arising to the investment fund as a result of the computation under the head "Profit and gains of business or profession", if any, shall be,— *a*) allowed to be carried forward and it shall be set off by the investment fund in accordance with the provisions of Chapter VI; and (*b*) ignored for the purposes of sub-section (*1*);

(ii) the loss other than the loss referred to in clause (*i*), if any, shall also be ignored for the purposes of sub-section (*1*), if such loss has arisen in respect of a unit which has not been held by the unit holder for a period of atleast twelve months.';

(2A) The loss other than the loss under the head "Profit and gains of business or profession", if any, accumulated at the level of investment fund as on the 31st day of March, 2019, shall be,—

(i) deemed to be the loss of a unit holder who held the unit on the 31st day of March, 2019 in respect of the investments made by him in the investment fund, in the same manner as provided in sub-section (1); and

(ii) allowed to be carried forward by such unit holder for the remaining period calculated from the year in which the loss had occurred for the first time taking that year as the first year and shall be set off by him in accordance with the provisions of Chapter VI: Provided that the loss so deemed under this sub-section shall not be available to the investment fund on or after the 1st day of April, 2019.

Implications:

As per the revised provisions of the Sub-section(2) of the Section 115UB , it is clearly visible that only loss arising to the investment fund as a result of the computation under the head "Profit and gains of business or profession", if any, shall be allowed to carry forward and set off. The loss other than the loss referred to in clause (i), if any, shall be ignored for the purposes of sub-section (1), if such loss has arisen in respect of a unit which has not been held by the unit holder for a period of atleast twelve months.

W.E.F.1st April 2020

Mandatory furnishing of return of income by certain persons

Section 139

Existing Provision:
Person other than a company or a firm, is required to furnish the return of income only if his total income exceeds the maximum amount not chargeable to tax after claiming rollover benefit of exemption.

Proposed Provision:
As per the amendment made to Finance Bill, following persons are also required to furnish the return of income, if during the previous year, he or she;
(i) Deposits Rs 1 crore or more in current accounts
(ii) Spend Rs 2 lakh or more on foreign travel for himself or any other person
(iii) incurs electricity expense of Rs 1 lakh or more
(iv) necessarily be required to furnish a return, if total income is more than the maximum amount not chargeable to tax, before claiming of rollover benefits of exemption from capital gains tax on investment in specified assets like house, bonds under sections 54, 54B, 54D, 54EC, 54F, 54G, 54GA and 54GB of the Act etc.

Implication:
This will enhance the responsibility to file to income tax return on individual tax payers. This will make income tax base more widen and deep.

W.E.F.1st April 2020

Inter-changeability of PAN & Aadhaar and mandatory quoting in prescribed transactions

Section 139A

Existing Provision:
Every person who has not been allotted a PAN shall apply to the Assessing Officer for allotment of PAN.

Proposed Provision:
For ease and convenience of taxpayers, it is proposed to make PAN and Aadhaar interchangeable while filing ITRs and also use it wherever they are required to quote PAN.

Implication:
Substitute provided for the use of PAN. Now only AADHAR number serve the purpose of PAN Card too for all government documentation.

W.E.F. 1st September 2019

01.09.2019 is the last date to link PAN with Aadhaar

Section 139AA

Existing Provision:
PAN allotted to a person shall be deemed to be invalid, in case the person fails to intimate the Aadhaar number, on or before the notified date.

Proposed Provision:

PAN allotted to a person shall be deemed to be invalid, in case the person fails to intimate the Aadhaar number, on or before 01.09.2019.

Implication:
If Aadhar is not linked with PAN upto**01 September 2019**, PAN will become inoperative.

W.E.F. 1st September 2019

Now relief u/s 89 available for interest calculation on tax for returns u/s 115WD/ 115WH/ 139/ 142/ 148/ 153A

Section 140A

Existing Provision:
Where any interest on tax is payable on the basis of any return required to be furnished under section 115WD or section 115WH or section 139 or section 142 or section 148 or section 153A or, as the case may be, section 158BC, after taking into account of some prescribed adjustment but before taking into account of Relief Under Section 89 related to Salary received in advance or in arrear.

Proposed Provision:
Proposed to amend section 140A so as to provide that computation of tax liability shall be made after allowing relief under section 89. These amendments will take effect retrospectively from 1st April, 2007 and will, accordingly, apply in relation to the assessment year 2007-08 and subsequent assessment years.

Implication:
These amendments will take effect retrospectively from 1st April, 2007 and will, accordingly, apply in relation to the assessment year 2007-08 and subsequent assessment years.

W.R.E.F. 1st April 2007

Now Relief u/s 89 (salary in arrears or in advance) to be considered during assessment u/s 143 (1)

Section 143(1)(c)

Existing Provision:
Where a return has been made under section 139, or in response to a notice u/s 142 (1), the total income or loss shall be computed after making the certain adjustments and the tax , shall be computed on the basis of the total income computed .The sum payable by, or the amount of refund due to, the assessee shall be determined after adjustment of following :

- the tax deducted at source
- tax collected at source
- advance tax paid
- relief allowable under an agreement under section 90 or section 90A, or any relief allowable under section 91.

Proposed Provision:
In view of the above, it is proposed to amend section 143 so as to provide that computation of tax liability shall be made after allowing relief under section 89 i.e. relief when salary, etc. is paid in arrears or in advance.

Implication:
After amendment relief of salary, etc. paid in arrears or in advance u/s89 will also be available for determining tax liability during assessment u/s 143(1) (c) .

W.R.E.F. 1st April 2007

TDS increased by 4% on non exempt portion of life insurance pay-out on net basis

Section 194DA

Existing Provision:
TDS on life insurance which is not exempt under Sec.10(10D) i.e. on the policies where the sum assured is less than 10 times the premium paid in each financial year and whose income exceeds 1 Lakh in a financial year to be **deduct @1% at the time** of repayment on net basis. (Net basis = Sum Assured received minus premium paid)

Proposed Provision:
Percentage of deduction of TDS is proposed **5%** in place of 1% in above provision.

Implication:
It majorly effects the salaried assesses as well as key man insured insurer's by deducting additional 4% TDS.

W.E.F.1st September 2019

Inclusion of other charges in consideration while deducting TDS on Transfer of Immovable Property

Section 194IA

Existing Provision:
The provisions of Section 194IA applies to a resident transferee who is indebted to make payments to a resident transfer or for the transfer of any immovable property, barring agricultural land. These payers are obligated to deduct **one percentage** of such transaction (Consideration for Immovable Property) before making the payment.

Proposed Provision:
It is proposed that "**consideration for immovable property**" shall include all charges of the nature of club membership fee, car parking fee, electricity and water facility fees, maintenance fee, advance fee or any other charges of similar nature, which are incidental to transfer of the immovable property.

Implication:
TDS liability widen as consideration is inclusive of all payments by whatever named**.**

W.E.F.1st September 2019

Tax Deduction at Source (TDS) on payment by Individual/HUF to contractors and professionals

Section 194M

Existing Provision:
Newly inserted.

Proposed Provision:
At present there is no liability on an individual or Hindu undivided family (HUF) to deduct tax at source on any payment made to a resident contractor or professional when it is for **personal use.** New section 194M in the Act to provide for levy of TDS at the rate of five **per cent**. on the sum, or the aggregate of sums, paid or credited in a year on account of contractual work or professional fees by an individual or a Hindu undivided family, not required to deduct tax at source under section 194C and 194J of the Act, if such sum, or aggregate of such sums, **exceeds fifty Lakh rupees in a year.**

Implication:
Now this section will cover all such payments made for personal use under the ambit of TDS. TDS deduction amount widen.

W.E.F. 1st September 2019

TDS on cash withdrawal to discourage cash transactions

Section 194N

Existing Provision:
Newly inserted.

Proposed Provision:
It is proposed to insert a new section194N in the Act to provide for levy of TDS at the rate of 2% on cash payments in excess of **one crore rupees** in aggregate made during the year, by a banking company or cooperative bank or post office, to any person from an account maintained by the recipient.

Exemptions: Payment made to certain recipients, such as the Government, banking company, cooperative society engaged in carrying on the business of banking, post office, banking correspondents and white label ATM operators, who are involved in the handling of substantial amounts of cash as a part of their business operation.

Implication:
Encouraging acceptance of payments through prescribed electronic modes and putting penal consequence (incorporating TDS Compliance) for withdrawal of cash.

W.E.F.1st September 2019

Now a form & manner is prescribed for application to determine the appropriate sum for TDS on Non Resident Payments

Section 195

Existing Provision:
Under 195 (2) & (7), Assesses may make application to assessing officer to determine the appropriate sum so chargeable by General or Special order.

Proposed Provision:
To allow for prescribing the form and manner of application to the Assessing Officer and also for the manner of determination of appropriate portion of sum chargeable to tax by the Assessing Officer.

Implication:
A prescribed Form has been introduced for application being made to Assessing officer which wasn't prescribed before under section 195.

W.E.F. 1st November 2019

Now relief from TDS at a lower rate or nil rate can be applied even on payments by Individual and HUF

Section 197

Existing Provision:

As per Section 197(1) in the case of any income of any person or sum payable to any person, income-tax is required to be deducted at the time of credit or, as the case may be, at the time of payment at the rates in force under the provisions of sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA , 194LBB, 194LBC and 195, the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, the Assessing Officer shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate.

Proposed Provision:

However, Now Under Section 197(1), Payments made under section 194M(Deduction of TDS by Individual and HUF from payments to contractors and professionals) too are included.

Implication:

Coverage of the aforementioned section extended.

W.E.F.1st September 2019

Now deductor in not in Default on failure to deduct/Deposit TDS from any payee, if payee pays the tax due

Section201(1)

Existing Provision:

The first proviso to sub-section (1) of section 201 specifies that the deductor**shall not be deemed to be an assessee in default** if he fails to deduct tax on a payment made to a resident, if such resident has furnished his return of income under section 139, disclosed such payment for computing his income in his return of income, paid the tax due on the income declared by him in his return of income and furnished an accountant's certificate to this effect.

Proposed Provision:

The first proviso to sub-section (1) of section 201 specifies that the deductor shall not be deemed to be an assessee in default if he fails to deduct tax on a payment made to a payee, if such payee has furnished his return of income under section 139, disclosed such payment for computing his income in his return of income, paid the tax due on the income declared by him in his return of income and furnished an accountant's certificate to this effect.

Implication:
This relief in section 201 was available to the deductor, only in respect of payments made to a resident. Now, after amendment the same relief is available to payment made to any payee, i.e. even for payment made to Non-Residents. Hence the scope of this proviso got wider.

Particulars	Existing Provision:	Proposed Provision:
Relief for making payment to	Resident only	Any payee(Resident as well as Non resident)

W.E.F.1st September 2019

Consequence to failure to deduct/Deposit TDS

Section201(1A)

Existing Provision:
The interest shall be payable from the date of payment till the date of filing of ROI by the resident.

Proposed Provision:
The interest shall be payable from the date of payment till the date of filing of ROI by the Payee.

Implication:

Now, after amendment the benefit is available even if payee is any person i.e. even for ROI filed by Non-Residents. Hence the scope of this proviso got wider.

W.E.F.1st September 2019

Electronic filing of statement of transactions on which tax has not been deducted

Section206A

Existing Provision:

At present, the section provides for filing of such statements on a floppy, diskette, magnetic tape, CD-ROM, or any other computer readable media.

Proposed Provision:

it is proposed to substitute existing section so as to provide for filing of statement (where tax has not been deducted on payment of interest to residents) in prescribed form in the prescribed manner. It is also proposed to provide for correction of such statements for rectification of any mistake or to add, delete or update the information furnished. Also, to make a consequential amendment arising out of amendment carried out by Finance Act, 2019 whereby threshold for TDS on payment of interest by a banking company or cooperative society or public company was raised to Rs. 40,000 from Rs.10,000.

Implication:

Prior to amendment only requirement was to furnish a quarterly return in respect of payment of interest to resident without deduction of tax. Now there is a mandatory requirement of filing of statement for the same for which also rectification can be made.

Moreover, the limit of TDS on payment of interest by a banking company or cooperative society or public company was raised to Rs. 40,000 from existing limit of Rs.10,000.

W.E.F.1st September 2019

Now no certificate required for Recovery of tax in pursuance of agreement with foreign countries

Section228A

Existing Provision:
The existing provisions of section 228A of the Act provide inter alia that where an agreement is entered into by the Central Government with the Government of any foreign country for recovery of income-tax under the Income-tax Act and the corresponding law in force in that country and where such foreign country sends a certificate for the recovery of any tax due under such corresponding law from a person having any property in India, the Board, on receipt of such certificate may, forward it to the Tax Recovery Officer within whose jurisdiction such property is situated for the recovery of tax in pursuance of agreement with such foreign country.

Proposed Provision:
In order to provide assistance in recovery of tax as per treaty obligation with the other country, the said section has been amended so as to provide for tax recovery where details of property of the persons are not available but the said person is a resident or where the details of such property are in default but the said person is a resident of foreign country.

Implication:
The recovery procedure has been simplified as the requirement to obtain certificate has been removed.

W.E.F.1st September 2019

Relief u/s 89 will now be considered for computation of income for Interest calculation u/s 234 A for default of furnishing ROI

Section234A

Existing Provision:
Where the return of income for any assessment year u/s 139(1)/(4) in response to a notice under sub-section (1) of section 142, is furnished after the due date, or is not furnished, the assessee shall be liable to pay simple interest at the rate of 1% for every month or part thereof on the amount of the tax on the total income determined under regular assessment, as reduced by the certain adjustments but before relief under section 89.

Proposed Provision:
In view of the above, it is proposed to amend section 234A so as to provide that computation of tax liability shall be made after allowing relief under section 89.

Implication:
After amendment, relief of tax under section 89 will also be available as deduction for interest calculation.

W.R.E.F 1st April 2007.

Relief u/s 89 will now be considered for computation of income for Interest calculation u/s 234 B for default in payment for advance tax

Section234B

Existing Provision:

Where, in any financial year, an assessee who is liable to pay advance tax under section 208 has failed to pay such tax or, where the advance tax paid by such assessee under the provisions of section 210 is less than ninety per cent of the assessed tax, the assessee shall be liable to pay simple interest at the rate of 1% for every month or part of a month on an amount equal to the assessed tax or, as the case may be, on the amount by which the advance tax paid as aforesaid falls short of the assessed tax.

Explanation (1) : In this section, "assessed tax" means the tax on the total income determined under sub-section (1) of section 143 and where a regular assessment is made, the tax on the total income determined under such regular assessment as reduced by certain amounts.

Proposed Provision:

It is proposed to amend section 234B so as to amend the explanation (1) to consider the deduction of relief of tax allowed under section 89.

Implication:

After amendment, relief of tax under section 89 will also be available as deduction for interest calculation.

W.R.E.F 1st April 2007

Relief u/s 89 will now be considered for computation of income for interest calculation u/s 234 C for default in deferment of advance tax

Section 234C

Existing Provision:

Section 234C of the Income Tax Act, 1961 contains various provisions that are applicable in case of delay in the payment of advance tax by a taxpayer. The tax department expects timely payment of advance tax as per the scheduled four installments i.e. once every quarter of a financial year. In case you fail to do so, the tax department can impose interest on tax due on the returned income.
Explanation (1): In this section, "tax due on the returned income" means the tax chargeable on the total income declared in the return of income furnished by the assessee for the assessment year commencing on the 1st day of April immediately following the financial year in which the advance tax is paid or payable, as reduced by certain amounts.

Proposed Provision:
It is proposed to amend section 234C so as to amend the explanation (1) to consider the deduction of relief of tax allowed under section 89.

Implication:
After amendment, relief of tax under section 89 will also be available as deduction for interest calculation.

W.R.E.F 1st April 2007

Now it is IT return u/s 139 to Claim for refund

Section239

Existing Provision:
Sec 239(1), Every claim for refund under this Chapter shall be made in the prescribed form and verified in the prescribed manner.

Proposed Provision:
Sec 239(1), Every claim for refund under this Chapter shall be made by furnishing return in accordance with the provisions of section 139.

Also, Sec 239(2) shall be omitted.

Implication:
In order to simplify the procedure for claim of refund, every claim for refund shall be made by furnishing return in accordance with the provisions of section 139 of the Act.

W.E.F. 1st September 2019

Now even loans taken through other electronic Mode is ok

Section269SS

Existing Provision:
The said section prohibits a person from taking or accepting from a depositor any loan or deposit or any specified sum equal to Rs. 20,000 or more other than by an account payee cheque or an account payee bank draft or by use of electronic clearing system through a bank account.

Proposed Provision:
To empower the Board to make rules to prescribe any other electronic mode for taking or accepting of certain loans, deposits and any specified sum.

Implication:
In order to encourage other electronic modes of payment, in addition to the already existing permissible modes of payment/receipt in the form of an account payee cheque or an account payee bank draft.

W.E.F. 1st September 2019

Now other electronic Modes of undertaking transaction are ok

Section 269ST

Existing Provision:
The said provision prohibits a person from receiving an amount of Rs. 2,00,000 or more in aggregate from a person in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion from a person otherwise than by an account payee cheque or an account payee bank draft or by use of electronic clearing system through a bank account.
It also prohibits a banking company or a co-operative bank and any other company or co-operative society and any firm or other person from repaying any loan or deposit made with it or any specified advance received by it, in any mode other than by an account payee cheque or an account payee bank draft or by use of electronic clearing system through a bank account, if the amount being repaid is Rs.20,000 or more.

Proposed Provision:
To empower the Board to make rules to prescribe any other electronic mode for taking or accepting of certain loans, deposits and any specified sum.

Implication:
In order to encourage other electronic modes of payment, in addition to the already existing permissible modes of payment/receipt in the form of an account payee cheque or an account payee bank draft.

W.E.F. 1st September 2019

Threshold limit increased from Rs. 3000 to Rs. 10000 of tax payable for avoiding Prosecution proceedings for willful failure to furnish returns of income/return of fringe benefits

Section276CC

Existing Provision:
Proviso to this section deals with certain exceptions i.e. a person shall not be proceeded against under this section for failure to furnish in due time the return of fringe benefits or return of income. As per the proviso in clause (ii), for sub clause (b), the tax payable by any person, not being a company, on the total income determined on regular assessment, as reduced by the advance tax & TDS, if any, does not exceed Rs. 3000.

Proposed Provision:
The proposed amendment in the proviso in clause (ii), for sub clause (b), the following sub clause shall be substituted.
Now, the tax payable by any person, not being a company, on the total income determined on regular assessment, as reduced by the advance tax or self assessmenttax, if any, paid before the expiry of the assessment year and any tax deducted or collected at source, does not exceed Rs. 10,000.

Implication:
In order to rationalize the existing threshold limit of tax payable under said section, it is proposed to amend the said section so as to increase the threshold of tax payable from the existing Rs.3000 to Rs. 10,000. Also, intent of said provision has always been to take into account pre-paid taxes which has been clarified to include self assessment tax.

W.E.F. 1st April 2020

Widening the scope of furnishing of Statement of Financial Transactions (SFT)

Section285BA

Existing Provision:
Section 285BA of the Act, inter alia, provide for furnishing of statement of financial transaction (SFT) or reportable account by person specified therein.

Proposed Provision:
It is proposed to obtain information by widening the scope of furnishing of statement of financial transactions by mandating furnishing of statement by certain prescribed persons other than those who are currently furnishing the same. Now it will also include the following:

- **I.** A prescribed reporting financial institution; or
- **II.** A person, other than those referred to in clauses (a) to (k), as may be prescribed.

It is also proposed to remove the current threshold of rupees fifty thousand on aggregate value of transactions during a financial year, for furnishing of information, with a view to ensure pre-filling of information relating to small amount of transactions as well.

Implication:
Thus it widens the scope of furnishing of Statement of Financial Transactions (SFT).

W.E.F. 1st September 2019

Now 7/10 years available (in place of existing 3 years) to sale attached property under rule 68B of the Second Schedule of the Act

Section Schedule-II of IT act rule68B

Existing Provision:

Provides thatno sale of immovable property attached towards the recovery of tax, penalty etc. shall be made after the expiry of **3 years** from the end of the financial year in which the order in consequence of which any tax, penalty etc. becomes final.

Proposed Provision:
Provides thatno sale of immovable property attached towards the recovery of tax, penalty etc. shall be made after the expiry of **7 years** from the end of the financial year in which the order in consequence of which any tax, penalty etc. becomes final. Provided further, that the Board may, for reasons to be recorded in writing, extend the aforesaid period for a further period not exceeding 3 years.

Implication:
In order to protect the interest of the revenue, especially in those cases where demand has been crystallized on conclusion of the proceedings, it is proposed to amend the aforesaid sub-rule so as to extend the period of limitation from **three years to seven (Ten) years**.
W.E.F. 1st September 2019

Indirect Tax Proposals

Goods and Services Tax

AMENDMENTS IN THE CGST ACT, 2017:

An alternativecomposition scheme for supplier of services or mixed suppliersSection-10 (earlier it was through only notification, now the part of Act)

Existing Provision:
Newly Inserted.

Proposed Provision:
A new sub-section 2A is being inserted in section 10 of the CGST Act to bring in an alternative composition scheme for **supplier of services or mixed suppliers** (not eligible for the earlier composition scheme) having an **annual turnover in preceding financial year uptoRs 50 lacs**. In this case, the rate of tax will be prescribed, but it will not exceed 3% of the turnover in State or turnover in Union territory. (Effective Rate 3% CGST+3%SGST/UTGST).

Implication:
Previously, the person who is engaged in providing services only (except persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II) were not able to take registration as a composition dealer and has to go for regular GST Registration. But now, even the service providers having Turnover uptoRs. 50,00,000/- can opt for Composition scheme.

Addition Information:
Notification No 2/2019 – Central Tax (Rate) was issued for this purpose but that was under Section 9 of the CGST Act and all the conditions were similar to Composition under section 10. So they have now done the right thing by proposing the amendment to CGST Act 2017.

W.E.F. 1st April 2019

GST threshold exemption limit to be extended from Rs. 20,00,000/- to Rs. 40,00,000/-

Section-22 (earlier it was through only notification, now the part of Act)

A proviso has been inserted after Section 22(1) which states that higher threshold exemption limit from Rs. 20 lacs to such amount not exceeding Rs. 40 lacs in case of supplier who is engaged in **exclusive supply of goods.**

A person shall be considered to be engaged exclusively in the supply of goods even if he is engaged in exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.

Implication:
The person who is engaged exclusively in supply of goods has the benefit of taking GST registration only if his turnover exceeds Rs. 40,00,000/-.

Addition Information:
Notification No 10/2019 – Central Tax was issued for this purpose but that was under Section 23 of the CGST Act. Now they have proposed to amend Section 22 itself and have done the right thing by proposing the amendment to CGST Act 2017.

W.E.F. 1st April 2019

Aadhar Authentication made mandatory

Section 25

Existing Provision:
Newly Inserted.

Proposed Provision:
New sub-section (6A) is being inserted in section 25 of the CGST Act to make Aadhaar authentication mandatory for specified class of new taxpayers and to prescribe the mannerin which certain class of registered taxpayers are required to undergo Aadhaarauthentication.If an Aadhaar number is not assigned to the registered person, such person shall be offered alternate and viable means of identification in such manner as Government may, on their commendations of the Council.

Implication:
Some specified class of taxpayers have to go through authentication of Aadhar or other viable means of identification.

W.E.F. To be notified

New Return System

Section-39

Section 39 of the CGST Act is being amended so as to allow the composition taxpayers to furnish annual return along with quarterly payment of taxes; and other specified taxpayers may be given the option for quarterly or monthly furnishing of returns and payment of taxes under the proposed new return system.

Implication:
A simplified return will reduce Compliance procedure for taxpayers.

Addition Information:
The new returns are proposed to be implemented in phased manner and the first phase shall start from July 2019 onwards on test basis and then final implementation is proposed to be from 1st January 2020.

W.E.F. 1st January 2020

Facility tothe registered person to transfer an amount from one (major or minor) head to another (major or minor) head in the electronic cash ledger.

Section-49 (Sub-Section (10) getting inserted)

A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for integrated tax, central tax, State tax, Union territory tax or cess, in such form and manner and subject to such conditions and restrictions as may be prescribed.

Implication:

Previously if the amount had mistakenly paid under any wrong head could not be transferred for payments under any other Head. However, now after introduction of this provision, the amounts paid under any wrong head erroneously can be adjusted under any other head in the electronic cash ledger.

W.E.F. To be notified

Interest will be charged only on the net cash tax liability

Section 50

New proviso in sub-sections (1) is being inserted in section 50 of the CGST Act so as toprovide for charging interest only on the net cash tax liability, except in those cases where returns are filed subsequent to initiation of any proceedings under section 73 or 74 of the CGST Act.

Implication:
Previously, there was a confusion on whether interest was to be charged on the Gross Tax Liability or Net Tax Liability but after insertion of this proviso it has been cleared that Interest is payable only on the tax amount which is to be discharged by debiting Electronic Cash ledger i.e. Net Tax Liability.

Addition Information:
This was already recommended by the GST Council in 32^{nd} GST Council meeting. This is certainly very good provision but whether it will be retrospective effect or prospective is still an unanswered question.

W.E.F. To be notified

Refund amount to be disbursed from Single Authority

Section 54

New sub-section (8A) is being inserted in section 54 of the CGST Act so as to provide thatthe Central Government may disburse refund amount to the taxpayers in respect of refundof State taxes as well.

Implication:
In Existing Provision, the Central Authority is disbursing refund of CGST and IGST amount and the State Authority is disbursing refund of SGST. But the refund will now be disbursed from the Single Authority where the refund application is filed irrespective of the head of tax.

W.E.F. To be notified

Penalty equivalent to 10% of the profiteered amount

Section 171

Section 171(3A) has been inserted so as to empower the National Anti profiteering Authority to impose penalty equivalent to 10% of the profiteered amount.

Implication:
The penalty for non-complying the anti-profiteering provisions have been inserted. If the benefit of the credits is not passed to the customer, the Anti-profiteering Committee shall levy penalty equivalent to 10% of the profiteered amount.

W.E.F. To be notified

Constitution of National Appellate Authority for Advance Ruling

Section 101

The Government shall, on the recommendations of the Council, by notification, constitute, with effect from such date as may be specified therein, an Authority known as the National Appellate Authority for Advance Ruling for hearing appeals made under section 101B.

Implication:
It was observed that the decisions given by the authority of advance ruling of one state was different from the advance ruling of another state. Hence, when conflicting advance rulings are given by the Appellate Authorities of two or more States or Union territories or both, then one can prefer an appeal to the National Appellate Authority.

W.E.F. To be notified

Provisions inserted for National Appellate Authority

Section 101 to 106 has been newly inserted stating the appointment, tenure, conditions of services of the National Appellate Authority for Advance Ruling; to provide for procedures to be followed for hearing appeals against conflicting advance rulings pronounced on the same question by the Appellate Authorities of two or more States or Union territories in case of distinct persons; and to provide that the National Appellate Authority shall pass order within a period of ninety days from the date of filing of the appeal respectively.

W.E.F. To be notified

Key highlights of GST proposals in Budget 2019

1. Electronic Invoice System will be introduced to prefill the taxpayers return. Same will roll out from January 2020. Then there will be no need for separate E-way bill.
2. A simplified single Monthly Return.
3. Taxpayers with less than Rs. 5 Crores annual turnover will file only one quarterly return but will be required to make the payment of tax monthly.
4. A fully automated GST refund module will be implemented. Manual filing of application will not be required. This will enable faster release of money of assessee.
5. GST on Electronic Vehicles will be reduced from 12% to 5%.

CUSTOMS

I. AMENDMENTS IN THE FIRST SCHEDULE TO THE CUSTOMS TARIFF ACT,1975

	AMENDMENTS		
A.	Tariff ratechanges forBasic Customs Duty [to be effective from 06.07.2019]	Rate of Duty	
S.No.	Commodity	From	To
	Construction Materials		
1	Floor covering of plastics, Wall or ceiling coverings of plastics	10%	15%
2	Ceramic roofing tiles and ceramic flags and pavings, hearth or wall tiles	10%	15%
3	Base metal fittings, mountings and similar articles suitable for furniture, doors, staircases, windows, blinds, hinge for auto mobiles	10%	15%
	Precious Metals		
4	Silver (including silver plated with gold or platinum) unwrought or in semi- manufactured forms, or in powdered form	10%	12.5%
5	Base metals clad with silver, not further worked than semi-manufactured	10%	12.5%
6	Gold (including gold plated with platinum) unwrought or in semi- manufactured forms, or in powder form	10%	12.5%
7	Base metals or silver, clad with gold, not further worked than semi- manufactured	10%	12.5%
8	Platinum, unwrought or in semi-manufactured form, or in powder form	10%	12.5%
9	Base metals, silver or gold, clad with platinum, not further worked than semi- manufactured	10%	12.5%
10	Waste and scrap of precious metals or of metal clad with precious metals; other waste and scrap containing precious metal compounds, of a kind used principally for the recovery of precious	10%	12.5%

	metal		
	Automobile parts		
11	Friction material and articles thereof (for example, sheets, rolls, strips, segments, discs, washers, pads), not mounted, for brakes, for clutches or the like, with a basis of asbestos, of other mineral substances or of cellulose, whether or not combined with textile or othermaterials.	10%	15%
12	Glass mirrors, whether or not framed, including rear-view mirrors	10%	15%
13	Locks of a kind used in motor vehicles	10%	15%
14	Oil or petrol filters for internal combustion engines	7.5%	10%
15	Intake air-filters for internal combustion engines	7.5%	10%
16	Air purifiers or cleaners and other filtering or purifying machinery and apparatus for gases	7.5%	10%
17	Lighting or visual signaling equipment of a kind used in bicycles or motor vehicles	10%	15%
18	Other visual or sound signalling equipment for bicycles or motor vehicles	7.5%	15%
19	Horns for vehicles	10%	15%
20	Parts of visual or sound signalling equipment for bicycles or motor vehicles	7.5%	10%

Few more proposals from Budget 2019

A new scheme of Relief for disputed indirect tax arrears

SABKA VISHWAS LEGACY DISPUTE RESOLUTION SCHEME, 2019

Amendment:
Under Central Excise Act, 1944 and other various acts specified in finance bill any tax dues, where any appeal or show cause notice is served upto 30th june,2019 or where there is voluntarily disclosure or amount due, relief under this scheme is provided as under

(a) where the tax dues are relatable to a show cause notice or one or more appeals arising out of such notice which is pending as on the 30th day of June, 2019, and if the amount of duty is,

(i) rupees fifty lacs or less, then, seventy per cent. of the tax dues;

(ii) more than rupees fifty lacs, then, fifty per cent. of the tax dues;

(b) where the tax dues are relatable to a show cause notice for late fee or penalty only, and the amount of duty in the said notice has been paid or is nil, then, the entire amount of late fee or penalty;

(c) where the tax dues are relatable to an amount in arrears and,—

(i) the amount of duty is, rupees fifty lacs or less, then, sixty per cent. of the tax dues;

(ii) the amount of duty is more than rupees fifty lacs, then, forty per cent. of the tax dues;

(iii) in a return under the indirect tax enactment, wherein the declarant has indicated an amountof duty as payable but not paid it and the duty amount indicated is,—

(A) rupees fifty lacs or less, then, sixty per cent. of the tax dues;

(B) amount indicated is more than rupees fifty lacs, then, forty per cent. of the tax dues;

(d) where the tax dues are linked to an enquiry, investigation or audit against the declarant andthe amount quantified on or before the 30th day of June, 2019 is—

(i) rupees fifty lacs or less, then, seventy per cent. of the tax dues;

(ii) more than rupees fifty lacs, then, fifty per cent. of the tax dues;

(e) where the tax dues are payable on account of a voluntary disclosure by the declarant, then, no relief shall be available with respect to tax dues

Implication:

The relief proposed under the scheme varies from 40 per cent to 70 per cent of the tax dues for cases other than voluntary disclosure cases, depending on the amount of tax dues involved. According to a Budget document, the scheme also provides for relief from payment of interest and penalty. Excise duty and service tax, along with 15 other indirect taxes were subsumed into the goods and services tax (GST) that came into force about two years ago on July 1, 2017. It will clear lot of legal disputes of indirect tax. One estimate is it will clear 3.75 Lacs cr. disputes.

Now RBI may remove / debar the auditor of NBFC (Amendments to RBI act, with regard to NBFCs)
''45MAA. Where any auditor fails to comply with any direction given or order made by the Bank under section 45MA, the Bank, may, if satisfied, remove or debar the auditor from exercising the duties as auditor of any of the Bank regulated entities for a maximum period of three years, at a time.".
45MBA Bank may frame schemes for any one or more of the following, namely:—
(*a*) amalgamation with any other non-banking institution;
(*b*) reconstruction of the non-banking financial company;
(*c*) splitting the non-banking financial company into different units or institutions and vesting viable and non-viable businesses in separate units or institutions to preserve the continuity of the activities of that non-banking financial company that are critical to the functioning of the financial system and for such purpose establish institutions called "Bridge Institutions".

Implications:
RBI by way of these amendments will have powers to remove or debar the auditors of NBFCs for a period of 3 years and also will have controlling powers on NBFCs.

Now only Rs. 1000 cr (in place of earlier Rs. 5000 Cr.) Net Owned Funds required for Foreign Insurers to enter India
No insurer, being a foreign company engaged in re-insurance business through a branch established in an International Financial Services Centre referred to in sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005, shall be registered unless it has net owned funds of not less than rupees one thousand cr.

Implications:

The eligibility criteria for registration of Foreign insurers has been reduced from 5000 cr Net owned funds to 1000 cr. Facilitating more foreign funds inflow in insurance business.

Now Housing Finance Institution to be under RBI direct Monitoring (Amendment to National housing bank act)

All housing finance Institutions will now be under the monitoring of Reserve Bank of India from registration to their day to day business. Reserve Bank to regulate or prohibit issue of prospectus or advertisement soliciting deposits of money.

it may determine the policy and give directions to all or any of the housing finance institution which is a company relating to income recognition, accounting standards, making of proper provision for bad and doubtful debts, capital adequacy based on risk weights for assets and credit conversion factors for off balance-sheet items and also relating to deployment of funds bya housing finance institution which is a company or a group of such housing finance institutions or housing finance institutions which are companies generally, as the case may be, and such housing finance institutions shall be bound to follow the policy so determined and the direction so issued

Implications: All housing finance companies will be under direct monitoring of RBI now which will lead to better financial discipline and compliance.

Now Petrol and Diesel going dearer

Special Additional Excise duty on Motor sprit (petrol) is increased to Rs.10 per litre and High speed Diesel oil is increased to Rs.4/- per litre.

Implication:

This will improve the revenue receipts but will hurt the common man since the fuel prices will have cascading effect on the prices of all commodities.

Now STT to be lower in derivatives

Security transaction tax STT will be on "intrinsic value" which means the difference between the settlement price and the strike price.'.

Implications:
It is a step towards streamlining the STT . It will be applicable for equity Option traders.

Now no charges by Banks for Electronic payments
From 1st Nov, 2019 no bank or system provider shall impose any charge upon anyone, either directly or indirectly, for using the electronic modes of payment prescribed under section 269SU of the Income-tax Act, 1961.

Implication:
This is one more step towards less cash economy facilitating e-payment environment.

Additional tax deduction on interest on loans for affordable house
The proposed new section 80EEA seeks to provide for deduction in respect of interest on loan taken for residential house property from any financial institution up to one lakh and fifty-thousand rupees subject to the conditions specified therein under affordable housing projects up to a value of 45 lacs.

Implication:
Tax exemption on interest on housing loan is available now up to 2 lacs and those who buy house valued upto 45 lacs can avail addition tax exemption on interest up to additional 1.5 lacs.

Now tax deduction on interest on loans for electric vehicle
The proposed new section 80EEB seeks to provide for a deduction up to one lakh and fifty thousand rupees in respect of interest on loan taken for purchase of an electric vehicle from any financial institution subject to the conditions specified therein.

These amendments will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years

Implication:
This is to promote green vehicles and this incentive along with reduction in custom duty on import of parts for electric vehicles and reductions in GST to 5% will provide a big boost to electric vehicle industry and help in control of pollution, and reduction in petroleum import bill.

2% TDS on Cash Withdrawal more than Rs 1 cr per annum
Every person, being,—
(*i*) a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in section 51 of that Act);
(*ii*) a co-operative society engaged in carrying on the business of banking; or
(*iii*) a post office, who is responsible for paying any sum, or, as the case may be, aggregate of sums, in cash, in excess of one cr. rupees during the previous year, to any person (herein referred to as the recipient) from an account maintained by the recipient with it shall, at the time of payment of such sum, deduct an amount equal to two per cent. of sum exceeding one crore rupees, as income-tax

Implication:
This is a strong signal that the country is moving towards less cash economy. 2% TDS on cash withdrawal of more than 1 crore per year will minimize physical cash transaction and discourage business payments in cash.

AMENDMENTS TO THE BLACK MONEY (UNDISCLOSED FOREIGNINCOME AND ASSETS) AND IMPOSITION OF TAX ACT, 2015
195. In the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015(hereafter in this Part referred to as the principal Act), in section 2, for clause (2), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day ofJuly, 2015, namely:—

'(2) "assessee" means a person,—
(a) being a resident in India within the meaning of section 6 of the Income-tax Act, 1961 in the previous year; or
(b) being a non-resident or not ordinarily resident in India within the meaning of clause (6) of section 6 of the Income-tax Act 1961 in the previous year, who was resident in India either in the previous year to which the income referred to in section 4 relates; or in the previous year in which the undisclosed asset located outside India was acquired

Implications:
It will bring NRI under the ambit of Benami act with retrospectively.


Thank you

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