



INTERIM UNION BUDGET 2019

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DIRECT TAX

Income-Tax Slab Rates

There is no change in income-tax slab rates

Relief to tax payers

- Section 87A is being amended to provide relief to the individual taxpayers by increasing the maximum amount of tax rebate to **Rs. 12500/-** from existing Rs. 2500/- for the taxpayers having total income up to **Rs. 5 Lakhs**, instead of existing Rs. 3.50 Lakhs. No relief would be available in case the total income of individual exceeds Rs. 5 Lakhs.

(With effect from AY 2020-21)

Income from Salary

- Section 16 is being amended to increase the Standard Deduction from earlier Rs. 40000/- to Rs. 50,000/- per annum or actual salary whichever is lower in order to provide relief to salaried class persons.

(With effect from AY 2020-21)

Income from House Property

- Section 23 is being amended to provide relief to the taxpayer by allowing him an option to claim nil annual value in respect of any two houses, declared as self-occupied, instead of one such house as currently provided
- Notional rent in respect of unsold inventory is not being charged to tax upto two years instead of one year from the end of financial year in which certificate of completion is obtained from competent authority.

(With effect from AY 2020-21)

Capital Gain

- Section 54 is being amended to provide relief to taxpayers having long term capital gain upto Rs. 2 crores arising from transfer of a residential house, by affording the assessee a 1 time opportunity, at his option to utilise such amount for purchase or construction of two residential house in India instead of one residential house as currently provided.

Deductions

- The time limit is being extended under section 80-IBA from 31st March 2019 to 31st March 2020 in order to avail deduction of 100 % of profits and gains derived from the business of developing and building housing projects.

TDS

- In order to ease the tax burden section 194A is being amended to increase the threshold limit for TDS on interest income, other than interest on securities, paid by a banking company, co-operative society or a post office from **existing Rs. 10000/- to Rs. 40000/-**
- Section 194-I is being amended to increase the threshold limit for TDS on rental income from existing **Rs. 1.80 Lakhs to Rs. 2.40 Lakhs.**

OTHER ACTS AMENDMENTS

- **INDIAN STAMP ACT, 1899**

- Section (2)(1) is being substituted to define "allotment list" which means a list containing details of allotment of the securities intimated by the issuer to the depository
- Section 2(7A) is being inserted to define "clearance list" which means a list of transactions of sale and purchase relating to contracts traded on the stock exchanges submitted to a clearing corporation in accordance with the law for the time being in force in this behalf
- Section 2(7B) is being inserted to define "clearing corporation" which means an entity established to undertake the activity of clearing and settlement of transactions in securities or other instruments and includes a clearing house of a recognised stock exchange
- Clauses 11 to 21 of the Bill seek to amend the Indian Stamp Act, 1899 for levy and administration of stamp duty on securities market instruments by the States at one place through one agency, viz., through Stock Exchanges or its Clearing Corporation or Depositories on one instrument, and for appropriately sharing the same with respective State Governments based on State of domicile of the ultimate buying client.

- **MONEY-LAUNDERING ACT, 2002**

- Clause 22 section 8(3) is being amended to extend the time limit of ninety days for which the attachment shall remain valid during the period of investigation to three hundred and sixty-five days and also to provide that in computing the period of three hundred and sixty-five days, the period during which the investigation is stayed by any court shall be excluded.

OTHER GENERAL

● OVERVIEW OF INDIAN ECONOMY

- Indian economy is estimated to achieve a growth of 7.2 % in 2018-19.
- Consumer price inflation has moderated significantly from 9.9 % in 2012-13 to 3.6% in 2017-18.
- The Current Account Deficit widened to 2.7% of GDP in first half of 2018-19 from 1.9 % of GDP in 2017-18.
- Improvement of India's ranking in the World Bank's 'Ease of Doing Business' by 23 position to 77th rank in 2018.
- The growth in agriculture, industry and service sector is estimated to be 3.8%, 7.8% and 7.3% respectively.
- The growth in fixed investment from 7.6% to 12.2%
- Export of goods and services is estimated to grow at 12.1% to 5.6%.
- Revenue deficit budgeted 2.2% of GDP.

● FISCAL DISCIPLINE

- Fiscal deficit for FY 2019-20 is estimated at 3.4% of GDP.
- Total Expenditure rises from ₹ 24,57,235 crore to ₹27,84,200 crore.
- Centrally Sponsored Schemes (CSS) are proposed to be allocated ₹3,27,679.
- Allocation for National Education Mission is being increased from ₹ 38572 crore.
- Allocation for Integrated Child Development Scheme (ICDS) is being increased to ₹ 27584 Crore.
- Target of 3% of fiscal deficit to be achieved by 2020-21

● POOR AND BACKWARD CLASSES

- The Government have now ensured 10% reservation in educational institutions and Government services for poor. In these institutions, around 25% extra seats (approximately 2 lakh) will be provided.
- To provide food grains at affordable prices to poor and middle class, about ₹1,70,000 crores were spent in the year 2018-19. ₹60,000 crores are being allocated for MGNREGA in BE 2019-20. Additional amount would be provided if required.
- To provide urban facilities in villages while keeping the soul of rural life intact.
- Under the Pradhan Mantri Gram Sadak Yojana, construction of rural roads have been tripled. Pradhan Mantri Gram Sadak Yojana (PMGSY) is being allocated ₹ 19,000 crore in BE 2019-20.
- Launched the world's largest healthcare programme, Ayushman Bharat, to provide medical treatment to nearly 50 crore people. Lakhs of poor and middle class people are also benefiting from reduction in the prices of essential medicines, cardiac

stents and knee implants, and availability of medicines at affordable prices through Pradhan Mantri Jan Aushadhi Kendras.

- Setting up of new the 22nd AIIMS in Haryana.

● **AGRICULTURE AND FARMER**

- Government has fixed the minimum support price (MSP) of all 22 crops at minimum 50% more than the cost with the aim to double the income of farmers.
- Vulnerable landholding farmer families, having cultivable land upto 2 hectares, will be provided direct income support at the rate of ₹6,000 per year under "Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)" which would be made effective from 1st December 2018
- Proposing an outlay of ₹ 75,000 crore for PM-KISAN for the FY 2019-20. also providing ₹ 20,000 crore in the Revised Estimates of FY 2018-19.
- The crop loan to farmers increased to ₹ 11.68 lakh crore in year 2018-19.
- For providing Soil Health Cards, quality seeds, irrigation scheme and Neem Coated Urea to remove shortage of fertilizers to farmers.
- Increased the allocation for Rashtriya Gokul Mission to ₹750 crore in the current year itself.
- "Rashtriya Kamdhenu Aayog" is to be set up to upscale sustainable genetic up-gradation of cow resources and to enhance production and productivity of cows.
- Government has decided to create a separate **Department of Fisheries**.
- To provide the benefit of 2% interest subvention to the farmers pursuing the activities of animal husbandry and fisheries, who avail loan through Kisan Credit Card. Further, in case of timely repayment of loan, they will also get an additional 3% interest subvention.
- A simplified application form is introduced to bring all farmers under KCC fold
- The crop loans are rescheduled for farmers who are affected from natural calamities strike & unable to repay their loans. They get benefit of interest subvention of 2% only for the first year of the rescheduled loan.
- Government has also decided that, where assistance is provided to such farmers from National Disaster Relief Fund (NDRF), will be provided the benefit of interest subvention of 2% and prompt repayment incentive of 3% for the entire period of reschedulement of their loans.

● **LABOUR AND WORKERS DIGNITY**

- Government proposes to launch a mega pension yojana namely 'Pradhan Mantri Shram-Yogi Maandhan' for the unorganised sector workers with monthly income upto ₹ 15,000. This pension yojana shall provide them an assured monthly pension of ₹ 3,000 from the age of 60 years on a monthly contribution of a small affordable amount during their working age.
- A Committee under NITI Aayog and a Welfare Development Board will be set up to complete the task of identifying De-notified, Nomadic and Semi-Nomadic

communities not yet formally classified for the purpose of implementing welfare and development programmes.

- **YOUTH**

- In order to take the benefits of Artificial Intelligence and related technologies to the people, a National Programme on 'Artificial Intelligence' has been envisaged
- A National Artificial Intelligence portal will also be developed soon.

- **EMPOWERING MSMES AND TRADERS**

- A scheme of sanctioning loans upto ₹ 1 crore in 59 minutes has been launched.
- GST-registered SME units will get 2% interest rebate on incremental loan of ₹ 1 Crore.
- The requirement of sourcing from SMEs by Government enterprises has been increased to 25%. Of this, the material to the extent of at least 3% will be sourced from women owned SMEs.

- **STRENGTHENING DEFENCE AND NATIONAL SECURITY**

- The Government announced substantial hike in the Military Service Pay (MSP) of all service personnel and special allowances given to Naval and Air Force personnel deployed in high risk duties
- Defence Budget will be crossing ₹ 3,00,000 crore in 2019-20. If necessary, additional funds would be provided.

- **INFRASTRUCTURE AND INDUSTRIAL DEVELOPMENT**

- Under 'Udaan Scheme' the number of operational airports has crossed 100 with the commissioning of the Pakyong airport in Sikkim.
- Container cargo movement to the North East as well is introduced, by improving the navigation capacity of the Brahmaputra river.
- All Unmanned Level Crossings on broad gauge network have been eliminated.
- Introduction, developed and manufactured semi high-speed "Vande Bharat Express"

- **DIGITAL INDIA**

- The Common Service Centres are expanding their services and also creating digital infrastructure in the villages, including connectivity, to convert the villages into Digital Villages.
- The Government will make 1 lakh villages into Digital Villages over next five years .
- More than 3 lakh Common Service Centres (CSCs) employing about 12 lakh people, are digitally delivering several services to the citizens.
- In the last five years, nearly 34 crore Jan Dhan bank accounts were opened.
- Aadhaar is now near universally implemented. This has helped ensure the poor and middle class receive the benefits of Government schemes directly in their bank accounts by eliminating middlemen.

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