

Lunawat & Co.

Chartered Accountants

2019

UNION BUDGET

**BUDGET
DECODED**



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Chartered Accountants

*Professional Services Firm that
values your perspective*



Changes in Tax rates

- Rates of Surcharge for Individual, HUF, AOP, BOI & AJP:

Particulars	If Total Income < 50 Lakhs	If Total Income > 50L and < 1 Cr	If Total Income > 1 Cr and < 2 Cr	If Total Income > 2 Cr and < 5 Cr	If Total Income > 5 Cr
Surcharge	Nil	10%	15%	25%	37%
Total Tax	31.2%	34.32%	35.88%	39%	42.744%

- For Domestic companies, whose total turnover or gross receipts in the previous year 2017-18 does not exceed Rs. 400 Crores (increased from Rs. 250 Crores), tax rate shall be 25% plus applicable surcharge and cess.
- Sec 115QA provides for levy of additional income tax at the rate of 20% on distributed income on account of buy back of unlisted shares by a company. Consequential income in the hand of shareholders was exempted from tax under section 10(34A). The coverage of Sec 115QA is now extended to unlisted shares as well as listed shares. Consequential exemption under section 10(34A) is also extended to shareholders of listed companies. **(From 5th July 2019)**
- Equity oriented funds as defined in Explanation (a) to S. 112A to attract tax on short term capital gain tax @ 15% u/s 111A. **(With take effect from 1st April, 2020)**

Tax Relief

- Earlier section 140A / 143 / 234A / 234B / 234C contained provisions relating to computation of tax liability after allowing credit for prepaid taxes and certain admissible reliefs, credits etc. However, the relief under section 89 was not specifically mentioned in these sections. Hence now, it is proposed to amend the above said sections, so as to provide that computation of tax liability shall be made after allowing relief under section 89, which is after providing tax relief where salary, etc. is paid in arrears or in advance. **(Retrospectively from 1st April 2007)**

Exempt Incomes

- Sub-section (4C) to be inserted in Section 10 to exempt any income by way of interest payable to a non-resident, not being a company, or to a foreign company, by any Indian company or business trust in respect of monies borrowed from a source outside India by way of issue of rupee denominated bond, as referred to in section 194LC(2)(ia) during the period beginning from the 17th day of September, 2018 and ending on the 31st day of March, 2019.
- Exemption on maturity or withdrawal of NPS increased from 40% to 60% u/s 10(12A)
- Sub-clause (ix) inserted in S. 10(15) to exempt any income by way of interest payable to a non-resident by a unit located in an International Financial Services Centre (IFSC) in respect of monies borrowed by it on or after the 1st day of September, 2019.



Income from Business and Profession

- In case an assessee fails to deduct Tax at Source on any sum paid to a Non-Resident, then if the Non-Resident has filed his return of Income and has disclosed such sum of money received from the assessee then there will be no disallowance under section 40 (a). **(With effect from 1st April 2020)**
- In Section 43B, a new clause (da) has been inserted to include NBFCs so that an assessee will get deduction of Interest paid/payable to deposit taking NBFC or systematically important non-deposit taking NBFC (total assets Rs. 500 Crs) only when it is paid as per the provisions of section 43B.

Further for clarification an explanation 3AA has been inserted to provide that in case for any year till 2018-19, deduction of Interest has already been taken by the assessee on mercantile basis, then no deduction shall be allowed for the payment of such interest which was payable till 31.03.2019 or any earlier years.

Another explanation 3CA has been inserted to clarify that if any interest payable is converted into loan, then the deduction shall not be allowed as it shall not be deemed to be actually paid. **(With effect from 1st April 2020)**

- To promote the NBFCs, benefit of Section 43D has been extended to them so now interest from certain categories of Bad & Doubtful Debts shall be considered as income of deposit taking NBFC or systematically important non-deposit taking NBFC (total assets Rs. 500 Crs) in the year it is credited to its Profit & Loss Account or when it is actually received, whichever is earlier. **(With effect from 1st April 2020)**
- To give benefit to those Companies where NCLT (under cases of oppression and mismanagement) has suspended its Directors and has appointed Central Government nominee Directors, and its subsidiary and the subsidiary of such subsidiary, for calculating book profit under section 115JB, the aggregate amount of unabsorbed depreciation and loss (excluding depreciation) brought forward shall be allowed to be reduced. **(With effect from 1st April, 2020.)**

Income from Capital Gains

- There may be cases where determination of fair market value is approved by certain authorities and the person transferring share has no control over such determination. In order to provide relief to such types of transaction under section 50CA, it is proposed to amend this section to empower the Board to prescribe transactions undertaken by certain class of persons to which the provisions of section 50CA shall not be applicable.
- Section 54GB provides exemption from capital gains to individual and HUF on transfer of a long term capital assets, being a residential property (a house or plot of land) and such assessee before due date filing of return of income, utilise the net consideration for subscription in equity share of eligible company (which qualifies to be registered under MSME Act 2006) being and the company utilise these amount in purchase of new assets. Such new assets are to be held by company for period of five years. Following amendments made:



- In case purchase of Computer and computer software as new assets such new assets may be held for period three Years.
- Sunset clause for this provision extended from 31st March 2019 to 31st March 2021
- Assessee to have 25% up share capital or 25% voting right (amended from 50%) **(This amendment will take effect from the 1st April, 2020)**
- For facilitating tax-neutral transfer of certain securities by Category III Alternative Investment Fund (AIF) in IFSC, Section 47 is being amended so as to provide that any transfer of a capital asset, specified in the said clause by such AIF, of which all the unit holders are non-resident, are not regarded as transfer subject to fulfilment of specified conditions.

Also to widen the types of securities listed in said clause, the section is also being amended to empower the Central Government to notify other securities for the purposes of this clause. **(With effective from 1st April 2020)**

Income from other sources

- Section 56 (2)(viib) - If company not being a company in which public are not substantially interested receive any consideration for issue of shares which exceeds the face value of share the aggregate consideration exceed the FMV shall be charged to tax but certain exception given to consideration received from Venture capital company or Venture capital fund. Specified fund added to the list. (Specified fund also defined i.e Fund created incorporated or established in India in the form of trust or company or LLP which has been granted certificate of registration category II Alternative Investment Fund and regulated under SEBI (Alternative Investment Fund) Regulation 2012.)
- Section 56(2)(viii) - Income by way of interest received on compensation or on enhanced compensation referred to in clause (b) of section 145A. clerical error rectified and now changed to Sub section (1) of section 145B **w.r.e.f. 1st April 2017**
- Section 56(2)(x) – Powers given to prescribe class of persons from whom the receipt may not be taxable

Carry forward and set-off of losses

- In Section 79 provides condition for carry forward and set off of losses of company in these Clause (a) applies to all companies except an eligible start up as referred to in section 80-IAC, while clause (b) applies only to such eligible start-up. Now the eligible start-up company can carry forward and set-off its losses if any of the conditions is satisfied:
 - (a) no loss incurred in any year prior to the previous year shall be carried forward and set off against the income of the previous year, unless on the last day of the previous year, the shares of the company carrying not less than 51% of the voting power were beneficially held by persons who beneficially held shares of the company carrying not less than fifty-one per cent of the voting power on the last day of the year or years in which the loss was incurred.
 - (b) the loss incurred in any year prior to the previous year shall be carried forward and set off against the income of the previous year, if, all the shareholders of such company



who held shares carrying voting power on the last day of the year or years in which the loss was incurred, continue to hold those shares on the last day of such previous year and such loss has been incurred during the period of 7 years beginning from the year in which such company is incorporated. **(This Amendment will take effect from 1st April 2020)**

Deductions

- A new clause (XXV) of Section 80C has been inserted i.e. Central Govt. Employees contribution under pension scheme referred under section 80CCD-For a fixed period of not less than three years and which is in accordance with scheme notified by CG. **(This Amendment will take effect from 1st April 2020)**
- In Section 80CCD in the case of an assessee referred to in sub-section (1), the Central Government or any other employer makes any contribution to his account referred to in that sub-section, the assessee shall be allowed a deduction in the computation of his total income, of the whole of the amount contributed by the Central Government or any other employer as does not exceed 10% of his salary in the previous year. Following has been amended “does not exceed –
 - 14% where such contribution is made by the Central Government
 - 10% where such contribution is made by any other employer, of his salary in the previous year”. **(This Amendment will take effect from 1st April 2020)**
- A new section is being inserted i.e. **Section 80EEA**. This section provides a deduction in respect of interest up to Rs. 1.50 Lacs on loan taken for residential house property from any financial institution subject to the following conditions:
 - Loan has been sanctioned by a financial institution during the period beginning on the 1st April, 2019 to 31st March 2020.
 - Stamp duty value of house property does not exceed Rs. 45 Lacs
 - Assessee does not own any residential house property on the date of sanction of loan.It is also proposed that where a deduction under this section is allowed for any interest, deduction shall not be allowed in respect of such interest under any other provisions of the Act for the same or any other assessment year.
- Another new section is being inserted i.e. **Section 80EEB**. This section provides a deduction, if assessee is an individual, of interest payable on loan taken by him from any financial institution, for the purpose of purchase of electric vehicle on the following conditions:
 - Deduction shall not exceed Rs. 1.50 Lacs.
 - Deduction shall subject to the condition that the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2023.
 - Where a deduction under this section is allowed for any interest deduction shall not be



allowed in respect of such interest under any other provision of this Act for the same or any other assessment year. **(This Amendment will take effect from 1st April 2020)**

- In section 80IBA (affordable housing) in sub-section(2) after clause (i) a Proviso inserted that:-
 - Project approved on or after the 1st day of September, 2019.
 - The project is on a plot of land measuring not less than:
 - 1000 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) – carpet area of residential unit not to exceed 60 square meters
 - 2000 square meters where located in other areas - carpet area of residential unit not to exceed 90 square meters
 - The stamp duty value of a residential unit in the housing project does not exceed Rs. 45 Lacs. **(This Amendment will take effect from 1st April 2020)**
- Section 80LA provides profit linked deduction of an amount equal to 100% of income for the first five consecutive assessment years and 50% of income for the next five consecutive assessment years, to units of an IFSC. The deduction shall be increased to 100% for any 10 consecutive years at its option out of fifteen years beginning with the year in which the necessary permission was obtained. **(This amendment will take effect from 1st April, 2020)**

Tax Deducted at Source

- Sec 194DA provides that a person is obliged to deduct tax at source, if it pays any sum to a resident under a life insurance policy, which is not exempt under 10(10D). Rate of tax is 1% on gross amount paid.
 - Tax to be deducted now only on income portion.
 - TDS rate increased to 5% on income component **(From 1st September 2019)**
- Sec 194 IA term “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, so TDS to be made on this portion too. **(From 1st September 2019)**
- Sec 194C & 194J provides exemption to individuals & HUF from tax deduction at source on payment to contractors or professionals. If such payment is for personal use or business which is not liable for tax audit. Section 194M is introduced to levy TDS at the rate of 5% if such aggregate sum paid to a contractor for any work or to any professional exceeds 50 Lakhs in a year. For deposit of tax such individuals or HUF may quote their PAN and shall not be required to obtain TAN. **(From 1st September 2019)**
- Section 194N introduced where every bank, co-operative bank or post office who is



responsible for paying amounts aggregating Rs. 1 Crore during a previous year in cash shall deduct tax @ 2% of sum exceeding Rs. 1 Crore. Exceptions provided to certain persons including government, bank, co-operative bank, post office, business correspondent, white label automated teller machine operator, etc.

- Sec 195(2) a person responsible for payment of any sum chargeable to tax to non-resident (other than salary), if he considers that whole sum is not chargeable to tax he can make application to Assessing officer to determine the appropriate amount. Such process was earlier manual, it is proposed to make this process online. Similar amendment is also proposed to be made in sub-section (7) of section 195 which are applicable to specified class of persons or cases. **(From 1st November 2019)**
- Sec 197(1) for lower rates or no deduction of income-tax, to include 194M too. **(From 1st September 2019).**
- In case an assessee fails to deduct Tax at Source on any sum paid to a Non-Resident, then if the Non-Resident has filed his return of Income and has disclosed such sum of money received from the assessee then the assessee shall not be deemed to be an assessee in default under section 201 (1).

Consequently, Section 201 (1A) is also being amended to provide that Interest on TDS shall also be required to be paid only till the date of filing of ITR by such Non Resident. **(With effect from 1st September 2019)**

- Section 206A of the Act relates to furnishing of statement in respect of payment of certain income by way of interest to residents where no tax has been deducted at source. It is also proposed 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. 40000/-.

At present, the section provides for filing of such statements on a floppy, diskette, magnetic tape, CD-ROM, or any other computer readable media. It is proposed to filing of statement 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. **(From 1st September 2019)**

PAN/Return/Assessment/Appeal

- A person other than company or firm is not required to furnish return of income if his total income does not exceed maximum amount chargeable to tax subject to certain exceptions. Sec 139 is amended to provide that a person mandatorily required to file his return of income if-
 - has deposited an amount or aggregate of the amounts exceeding one crore rupees in one or more current account maintained with a banking company or a co-operative bank
 - has incurred expenditure of an amount or aggregate of the amounts exceeding two lakh rupees for himself or any other person for travel to a foreign country
 - has incurred expenditure of an amount or aggregate of the amounts exceeding one



lakh rupees towards consumption of electricity

- fulfills such other prescribed conditions, as may be prescribed.
- a person who is claiming such rollover benefit on investment in a house or a bond or other assets, under sections 54, 54B, 54D, 54EC, 54F, 54G, 54GA and 54GB. **(From 1st April 2020)**
- Proviso to Sec 139AA(2) provides that the 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. In order to protect validity of transactions previously carried out through such PAN, it is proposed to amend the said proviso so as to provide that if a person fails to intimate the Aadhaar number, the PAN allotted to such person shall be made inoperative in the prescribed manner. **(From 1st September 2019)**
- In order to keep an audit trail of transactions under section 139A, new clause (vii) is proposed to be inserted in the section 139A to provide that every person, who intends to enter into certain prescribed transactions and has not been allotted a PAN, shall also apply for allotment of a PAN. Section 139A is also proposed to be amended where any person who is required to quote PAN, if not available can quote Aadhaar Number, if possesses, in lieu of PAN.

It is also proposed to insert new sub-section (6A) under the aforesaid section, to provide that every person receiving documents in which PAN is required to be quoted, shall also ensure that the PAN or the Aadhaar number, as the case may be, has been duly quoted.

In order to ensure proper compliance of the provisions relating to quoting and authentication of PAN or Aadhaar, the penalty provision contained in section 272B is proposed to be amended and the said penalty of Rs. 10000/- is for each such default. **(With Effect from 1st of September, 2019)**

Penalties and Prosecution

- Filing of return of income u/s 148 for the first time to be considered as under-reporting of income u/s 270A
- Non- quoting of PAN or Aadhar as required u/s 139A would result in penalty of Rs. 10000/- for each such default.
- Earlier as per section 276CC of the Act, prosecution proceedings for failure to furnish returns of income against a person shall not proceed against if the tax payable by such person does not exceed Rs. 3000/-. It is being proposed to amend the said section to include the self-assessment tax, paid before the expiry of the assessment year, and tax collected at source for the purpose of determining tax liability. Further threshold limit of tax payable is proposed to increase to Rs. 10000/-. **(With effect from 1st April, 2020)**

Promotion of Digital Payments

- A new section 269SU is proposed to be inserted in the Act, providing that every person, carrying on business having total sales, turnover or gross receipts in business exceeding Rs. 50 Crores during the immediately preceding previous year, shall provide facility for



accepting payment through the prescribed electronic modes, in addition to the facility for other electronic modes of payment.

Another section 271DB has been inserted to provide that in case of Failure to provide such facility, a penalty of a sum of Rs. 5000/- for every day during which such failure continues unless there were good and sufficient reasons for such failure. **(From 1st November 2019)**

- In Section 40A, in Second Proviso to Section 43(1), in Section 43CA(4), in Section 44AD(1) & in Second Proviso to Section 50C, words “or through such other electronic mode as may be prescribed” has been included to promote other Digital payment options.

In Section 80JJA the words “bank account or through such other electronic mode as may be prescribed” shall be substituted.

In Proviso to Section 13A and in section 35AD, “Bank Account” word has been substitute with “Bank Account or through such other electronic mode as may be prescribed” to include other Digital payment options. **(With effect from 1st April 2020)**

- To encourage other electronic modes of payment, it is proposed to amend the section 269SS, 269ST, 269T so as to include such other electronic mode as may be prescribed, 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 or the electronic clearing system through a bank account. **(From 1st September 2019)**

International Tax / Transfer Pricing

- Section 9 is being amended to ensure that any gifts made by residents to persons outside India are subject to tax. For this, it is proposed to provide that income by way of gifts, arising from any sum of money paid, or any property situate in India transferred, on or after 5th July, 2019 by a person resident in India to a person outside India shall be deemed to accrue or arise in India. **(With Effect from 1st April 2020)**
- To give a boost to offshore fund management activities in India, section 9A is being amended to remove certain constraints, so as to provide that-
 - the corpus of the fund shall not be less than Rs. 100 Crore at the end of a period of six months from the end of the month of its establishment or incorporation or at the end of such previous year, whichever is later; and
 - the remuneration paid by the fund to an eligible fund manager in respect of fund management activity undertaken by him on its behalf is not less than the amount calculated in such manner as may be prescribed. **(With Effect from 1st April 2019)**
- For promoting low cost foreign borrowings through Off-shore Rupee Denominated Bond, interest payable by an Indian company or a business trust to a non-resident, including a foreign company, in respect of rupee denominated bond issued outside India during the period from September 17, 2018 to March 31, 2019 was made exempt from tax by a Press Release, however corresponding amendment in the law was not done, now to give effect to that press release corresponding section of the law has been amended. **(With Effect from 1st April 2019)**



- Section 92CD (3) is being amended to clarify that in cases where assessment or reassessment has 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 year determined in such assessment or reassessment, having regard to and in accordance with the Advance Pricing Agreement (APA). **(This amendment will take effect from 1st September, 2019)**
- Earlier in sub-section (1) of Section 246A of the Income Tax Act, any Assessee or any Deductor or any collector aggrieved by the order of assessment or reassessment under sub-section (3) of section 92CD may appeal to the Commissioner (Appeals), and now the word "of assessment or reassessment" has been substituted by the word "made" whereas resulting in that, appeals under section 246A can be filed for all the order made under sub-section (3) of section 92CD. **(From 1st day of September 2019)**
- In section 92CE assessee shall make secondary adjustment provided that nothing contained in this section shall apply, if, –
 - The condition of threshold of Rs. 1 Crore and of the primary adjustment made upto assessment year 2016-17 are alternate conditions
 - The assessee shall be required to calculate interest on the excess money or part thereof;
 - The provision of this section shall apply to the agreements which have been signed on or after 1st April, 2017; however, no refund of the taxes already paid till date under the pre amended section would be allowed
 - The excess money may be repatriated from any of the associated enterprises of the assessee which is not resident in India **(The amendments proposed in para above will take effect retrospectively from the 1st April, 2018)**
 - In a case where the excess money or part thereof has not been repatriated in time, the assessee will have the option to pay additional income-tax at the rate of 18% on such excess money or part thereof in addition to the existing requirement of calculation of interest till the date of payment of this additional tax. The additional tax is proposed to be increased by a surcharge of 12%.
 - 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
 - The deduction in respect of the amount on which such tax has been paid, shall not be allowed under any other provision of this Act; and
 - 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. **(The amendments proposed in last 4 paras will be effective from 1st September, 2019)**
- Section 80LA provides for deduction in respect of certain incomes to a unit located in an IFSC. In order to ensure that units located in IFSC claim full deduction under that section, it is proposed to amend section 115A of the Act so as to provide that the conditions contained in sub-section (4) of section 115A shall not apply to a unit of an IFSC. **(With effect from 1st April, 2020.)**



- It is proposed to amend section 286 so as to provide that the accounting year in case of the Alternate Reporting Entity (ARE) of an international group, the parent entity of which is not resident in India, the reporting accounting year shall be the one applicable to such parent entity. **(Retrospectively from the 1st April, 2017)**
- The Central Government may enter into an agreement with any government of foreign country for the recovery of income tax under the Indian Income Tax Act or the corresponding law of such other country under section 228A.

In order to provide assistance in recovery of such tax as per treaty obligation with the other country, it is proposed to amend the said section so as to provide for tax recovery where details of property of the persons are not available but the said person is a resident in India.

It is also proposed to amend the said section so as to provide for tax recovery, where details of property of an assessee in default under the Act are not available but the said assessee is a resident in a foreign country. **(From 1st September 2019)**

Charitable Trusts

- To make sure that the trust or institution registered under 12AA do not deviate from their objects, Section 12AA is being amended, so as to provide that-
 - at the time of granting the registration, the Principal Commissioner or the Commissioner shall, *inter alia*, also satisfy himself about the compliance of the trust or institution to requirements of any other law which is material for the purpose of achieving its objects;
 - where a trust or an institution has been granted registration under clause (b) of sub-section (1) or has obtained registration at any time under section 12A and subsequently it is noticed that the trust or institution has violated requirements of any other law which was material for the purpose of achieving its objects, and the order, direction or decree, by whatever name called, holding that such violation has occurred, has either not been disputed or has attained finality, the Principal Commissioner or Commissioner may, by an order in writing, cancel the registration of such trust or institution after affording a reasonable opportunity of being heard. **(With Effect from 1st September, 2019)**

Miscellaneous Provisions

- Section 2 is being amended, by inserting a new proviso, to provide that the requirement of recording property and liabilities at book value by the resulting company shall not be applicable in a case where the property and liabilities of the undertakings received by it are recorded at a value different from the value appearing in the books of account of the demerged company immediately before the demerger in compliance to the Indian Accounting Standards (Ind AS) specified in Annexure to the Companies (Indian Accounting Standards) Rules, 2015. **(With Effect from 1st April 2020)**
- To facilitate the distribution of dividend by companies operating in IFSC, Section 115-O is being amended to provide that 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.



Earlier this benefit was available to dividends paid out of **Current Income** only. **(With effect from 1st September, 2019)**

- Sec 115R provides that any amount of income distributed by the specified company or a mutual fund to its unit holders shall be chargeable to additional income tax which is to be paid by such specified company or mutual fund. In case of mutual fund in which all unit holders are non-residents such distribution is not taxable from 1st September 2019 subject to certain specified conditions.**(From 1st September 2019)**
- Earlier as per section 239 of the Act provide inter alia that every claim of refund under Chapter XIX of the Act shall be made in the prescribed form and verified in the prescribed manner. So, in order to simplify the procedure for claim of refund, it is proposed to amend the said section that every claim for refund under Chapter XIX of the Act shall be made by furnishing return in accordance with the provisions of section 139 of the Act.**(From 1st September 2019)**
- A person specified in Section 285BA of the Act has to furnish the statement of financial transaction (SFT) or reportable account. To widen the scope for filling of return, it is proposed
 - To obtain information by mandating furnishing of statement by certain prescribed persons other than those who are currently furnishing the same.
 - In order to ensure proper compliance, it is also proposed to amend the provisions of the said sections that if the defect in the statement is not rectified within the time specified therein, the provisions of the Act shall apply as if such person had furnished inaccurate information in the statement.
 - Penalty provisions contained in section 271FAA is proposed to be amended so as to ensure correct furnishing of information in the SFT and widen the scope of penalty to cover all the reporting entities under section 285BA.**(With Effect from 1st day of September, 2019)**
- An immovable property attached towards the recovery of tax, penalty etc. cannot be sold after the expiry of three years from the end of the financial year in which the order becomes final as per the existing provisions of rule 68B of the Second Schedule of the Act. In order to protect the interest of the revenue, it is proposed to amend the aforesaid sub-rule so as to extend the period of limitation from three years to seven years.

It is further proposed to insert a new proviso, providing that the Board may, for reasons to be recorded in writing, extend the aforesaid period of limitation by a further period of three years.**(With effect from 1st September, 2019)**

EXEMPTION FROM GST

“Uranium Ore concentrate” is being retrospectively exempt from CGST/IGST/UTGST Act w.e.f. 1st day of July, 2017.

AMENDMENT IN DEFINITIONS

“The National Appellate Authority for Advance Ruling” is excluded from the definition of adjudicating authority.

COMPOSITION SUPPLY

Insertion of an alternative composition scheme

Eligibility

Supplier of services and mixed supplier (goods and services both) not eligible for the earlier composition scheme having an annual turnover in preceding financial year up to Rs 50 lakhs.

Aggregate Turnover : Aggregate turnover for determining eligibility to pay tax under this section includes value of supplies made by such person from the 1st day of April of a financial year up to the date when he becomes liable for registration under this Act, but shall not include the value of 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

Ineligibility

Following suppliers not eligible to opt the scheme:-

- (a) Supplier engaged in making any supply which is not leviable to tax.
- (b) Supplier engaged in making any inter-State outward supplies.
- (c) Supplier engaged in making any supply through an electronic commerce operator who is required to collect tax at source under section 52;
- (d) a manufacturer of such goods or supplier of such services as may be notified by the Government on the recommendations of the Council; and
- (e) a casual taxable person or a non-resident taxable person.

Where more than one registered person are having the same PAN : the registered person shall not be eligible to opt for the scheme unless all such registered persons opt to pay tax under this subsection.

Rate of Tax under the scheme

Registered taxable person may opt to pay an amount of tax calculated at such rate as may be prescribed, but the amount of tax shall not exceed three percent of the turnover in State or Union territory.



For determining the tax payable under this section, the expression “turnover in State or turnover in Union territory” shall not include the value of :

- 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.
- supplies from the first day of April of a financial year up to the date when such person becomes liable for registration.

REGISTRATION

A new proviso is being inserted in section 22 to provide for higher threshold exemption limit from Rs. 20 lakhs to such amount not exceeding Rs. 40 lakhs in case of ‘supplier who is engaged in exclusive supply of goods.

For this purpose, 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.”

INTERHEAD ADJUSTMENT IN ELECTRONIC CASH LEDGER

New Sub-sections 10 & 11 are inserted in section 49 of CGST Act and section 17A of IGST Act to provide a facility to the registered person to transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger amount from one head to another head in the electronic cash ledger.

And a new section 53A is being inserted as to provide for transfer of amount between Centre and States transferred from the electronic cash ledger.

INTEREST ON NET TAX LIABILITY

In Sub-section 1 of section 50 of CGST Act, a new proviso is being inserted so as to provide for charging interest @18% only on that portion of tax which is to be paid by electronic cash ledger.

This benefit is not available where returns are filed subsequent to initiation of any proceedings by proper officer that under section 73 or 74 of the CGST Act.

GENERAL AMENDMENTS

1. Aadhar Authentication Mandatory for every Registered Person under GST

Every individual shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number, in such manner as may be prescribed.

Every person, other than an individual, shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number of the Karta, Managing Director, whole time Director, such number of partners, Members of Managing Committee of Association, Board of Trustees, authorised representative, authorised signatory and such other class of persons, in such manner, as may be prescribed.



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 may be prescribed.

2. Facility of Digital Payment to Recipient

A New section 31A is being inserted in the CGST Act so that specified suppliers shall have to mandatorily give the option of specified modes of electronic payment to their recipients.

3. National Appellate Authority is formed for Advance Ruling of 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.

4. Now the Central Government may disburse refund amount to the taxpayers in respect of refund of State taxes as well.

CUSTOM PROPOSALS

- **Section 41** provides that departure manifest can also be furnished to a person notified by the Central Government, in addition to the person-in charge of the conveyance.
- Section 110 is being amended so as to specify the **conditions** under which the custody of **seized goods** could be given to certain person. The amendment also seeks to specify the conditions, under which the custody of such goods, where it is not practicable to seize such goods, could be given to certain persons.
- A new sub-section (5) is also inserted under section 110 so as to empower the proper officer to provisionally attach any bank account for safeguarding the government revenue and prevention of smuggling, for a period not exceeding six months. It is also being provided that a Principal Commissioner of Customs or Commissioner of Customs may further extend the period of attachment up to six months.
- Section 110A also amended so as to empower an adjudicating authority to release bank account provisionally attached under section 110 to the account holder on fulfilment of certain conditions.
- A new section 114AB is being inserted so as to provide that any person who has obtained any instrument by fraud, collusion, wilful misstatement or suppression of facts and such instrument has been utilized by such person or any other person for discharging duty, such person to whom the instrument was issued shall be liable for penalty not exceeding the face value of such instrument.
- Section 117 [Penalties for contravention, etc., not expressly mentioned.] is being amended so as to increase the maximum limit of penalty from one lakh rupees to **four lakh rupees**.
- First proviso to section 125 is being amended so as to provide that in respect of cases of covered under deemed closure proceedings under section 28, no fine in lieu of confiscation shall be imposed on the infringing goods
- clause (e) is being inserted in Section 135(1), to make obtaining of an instrument from any authority by fraud, collusion, wilful misstatement or suppression of facts, where such instrument has been utilized by any person a punishable offence. (b) insert a new sub-item (E) under item (i) to make obtaining an instrument from any authority by fraud, collusion, wilful misstatement or suppression of facts, where such instrument has been utilized by any person a punishable offence if the duty relatable to utilization of the instrument exceeds fifty lakhs of rupees.
- Section 158(2) is being amended so as to increase the **maximum limit of penalty** for **violation** of any provision of rules or regulations from **fifty thousand rupees to two lakh rupees**.

AMENDMENTS IN THE CUSTOMS TARIFF ACT 1975

- Section 9 is being amended so as to insert sub-section (1A) to provide for anti-circumvention measure in respect of countervailing duty.
- Section 9C is being amended so as to provide that appeal against an order of determination or review regarding the existence, degree and effect of **increased volume of imports of**



any article requiring imposition of safeguard duty, shall lie with Customs Excise and Service Tax Appellate Tribunal.

CLARIFICATIONS AND MISCELLANEOUS CHANGES REGARDING BASIC CUSTOMS DUTY

Fishries

Clarification is being issue that prawn feed and shrimp larvae feed, other than in pellet form will also attract 5% customs duty applicable on other fish feed in pellet form.

RETROSPECTIVE AMENDMENTS

- It is proposed to be given retrospective effect so as to exempt IGST and compensation cess leviable under section 3(7) & 3(9) of the Customs Tariff Act, 1975 on the temporary importation of vehicles under the Customs Convention on the Temporary Importation of Private Road Vehicles for the period 1st July, 2017 to 31st December, 2018.
- It is proposed to be given retrospective effect so as to exclude ter polymer from the ambit of product under consideration for ADD on Polypropylene.

OTHER MISCELLANEOUS CHANGES

- It is explicitly clear that prawn feed, shrimp larvae feed in any form are entitled to concessional rate of 5%.
- All the machines used for the manufacture of semi-conductors explicitly exempt from BCD.

PROPOSALS INVOLVING CHANGES IN RATES OF DUTY

APPLICABLE WITH EFFECT FROM 06.07.2019

Construction Materials

Particulars/Items	Rate of Basic Custom Duty
Floor covering of plastics, Wall or ceiling coverings of plastics	From 10% to 15%
Ceramic roofing tiles and ceramic flags and pavings, hearth or wall tiles	From 10% to 15%
Base metal fittings, mountings and similar articles suitable for furniture, doors, staircases, windows, blinds, hinge for auto mobiles	From 10% to 15%

Precious Metals

Particulars/Items	Rate of Basic Custom Duty
Silver (including silver plated with gold or platinum) unwrought or in semi- manufactured forms, or in powdered form	From 10% to 12.5%



Base metals clad with silver, not further worked than semi-manufactured	From 10% to 12.5%
Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	From 10% to 12.5%
Base metals or silver, clad with gold, not further worked than semi-manufactured	From 10% to 12.5%
Platinum, unwrought or in semi-manufactured form, or in powder form	From 10% to 12.5%
Base metals, silver or gold, clad with platinum, not further worked than semi-manufactured	From 10% to 12.5%
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 metal	From 10% to 12.5%

Automobile Parts

Particulars/Items	Rate of Basic Custom Duty
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 other materials.	From 10% to 15%
Glass mirrors, whether or not framed, including rear-view mirrors	From 10% to 15%
Locks of a kind used in motor vehicles	From 10% to 15%
Oil or petrol filters for internal combustion engines	From 7.5% to 10%
Intake air-filters for internal combustion engines	From 7.5% to 10%
Air purifiers or cleaners and other filtering or purifying machinery and apparatus for gases	From 7.5% to 10%
Lighting or visual signaling equipment of a kind used in bicycles or motor vehicles	From 10% to 15%
Other visual or sound signalling equipment for bicycles or motor vehicles	From 7.5% to 15%
Horns for vehicles	From 10% to 15%
Parts of visual or sound signalling equipment for bicycles or motor vehicles	From 7.5% to 10%
Windscreen wipers, defrosters and demisters, Sealed beam lamp units and other lamps for automobiles	From 10% to 15%
Chassis fitted with engines, for the motor vehicles of headings 8701 to 8705.	From 10% to 15%
Bodies (including cabs), for the motor vehicles of headings 8701 to 8705	From 10% to 15%



Electronics and Electrical equipments

Particulars/Items	Rate of Basic Custom Duty
Indoor and outdoor unit of split –system air conditioner	From 10% to 20% 20%
Loudspeaker	From 10% to 15%
Digital Video Recorder (DVR) and Network Video Recorder (NVR)	From 15% to 20%
CCTV camera and IP camera	From 15% to 20%
Optical Fibres, optical fibre bundles and cables	From 10% to 15%
Chapter Note 7 to be inserted in Chapter 98 so as to exclude printed books imported for personal use from the purview of heading 9804. This heading covers all dutiable articles imported for personal use and attracts 28% IGST. This amendment would exclude printed books from this heading and they would be subject to the applicable merit rate.	

* Will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

OTHER PROPOSALS INVOLVING CHANGES IN BASIC CUSTOMS DUTY RATES AND CLARIFICATORY AMENDMENTS IN RESPECTIVE NOTIFICATIONS

Defence

Particulars/Items	Rate of BCD
Specified Defence equipment and their parts imported by the Ministry of Defence or the Armed Forces	From Applicable rate to Nil

Medical Devices

Particulars/Items	Rate of BCD
Raw material, parts or accessories for use manufacture of artificial kidneys, disposable sterilized dialyzer and micro-barrier of artificial kidney	From Applicable rate to Nil

Food processing

Particulars/Items	Rate of BCD
Cashew kernel broken	Rs 60/ Kg or 45%, whichever is higher to 70%
Cashew kernel whole, Cashew nuts shelled, others	Rs 75/ Kg or 45% whichever is higher to 70%



Nuclear Fuels and Nuclear Energy projects

Particulars/Items	Rate of BCD
All forms of Uranium ores and Concentrates for generation of nuclear power (Uranium concentrate U3O8 already exempt)	From 2.5% to Nil
All goods for use in generation of Nuclear power (Certain goods such as sintered natural uranium dioxide already exempt)	From 7.5% to Nil
All goods required for setting up of the following power projects under project imports : a) Mahi Banswara Atomic Power project- 1 to 4, Mahi Banswara site Rajasthan b) Kaiga Atomic Power project – 5 & 6, Kaiga site, Karnataka c) Gorakhpur Atomic Power project- 3 & 4, GHAVP, Haryana d) Chutka Atomic Power project- 1 & 2, Chutka site, Madhya Pradesh	From Applicable rate to Nil

Oils and associated chemicals

Particulars/Items	Rate of BCD
Palm stearin and other oils, having 20% or more free fatty acid, Palm Fatty Acid Distillate and other industrial monocarboxylic fatty acids, acid oils from refining, for use in manufacture of soap and oleo chemicals.	From Nil to 7.5%

Petroleum and Petrochemicals

Particulars/Items	Rate of BCD
Petroleum Crude	From Nil to Re. 1 per tonne
Naphtha	From 5% to 4%
Ethylene dichloride (EDC)	From Nil to 2%
Methyloxirane (Propylene Oxide)	From 7.5 to 5%

Plastic and Rubber

Particulars/Items	Rate of BCD
Poly Vinyl Chloride	From 7.5 to 10%



Articles of plastics	From 10 to 15%
All goods i.e. Butyl Rubber	From 5 to 10%
Chlorobutyl rubber or bromobutyl rubber	From 5 to 10%

Paper and Paper products

Particulars/Items	Rate of BCD
a. Newsprint b. Uncoated paper used for printing of newspapers c. Lightweight coated paper used for printing of magazines	From Nil to 10%
Printed books (including covers for printed books) and printed manuals, in bound form or in loose-leaf form with binder, executed on paper or any other material including transparencies.	From Nil to 5%

Textiles

Particulars/Items	Rate of BCD
Wool Fibre	From 5% to 2.5%
Wool Tops	From 5% to 2.5%

Flooring materials

Particulars/Items	Rate of BCD
Marble Slabs	From 20% to 40%

Inputs for Optical Fibres

Particulars/Items	Rate of BCD
Raw materials used in manufacture of Preform of Silica:- (i) Refrigerated Helium Liquid (2804 29 10) (ii) Silicon Tetra Chloride and Germanium Tetra Chloride (2812 19 20, 2812) (iii) Silica Rods (7002 20 90) (iv) Silica Tube (7002 31 00)	From Applicable to Nil
Water blocking tapes for manufacture of optical fiber cable	From Nil to 20%



Precious Metals

Particulars/Items	Rate of BCD
Silver dore bar, having silver content not exceeding 95%	From 5% to 2.5%
Gold dore bar, having gold content not exceeding 95%	From 9.35% to 11.85%
(a) Gold (excluding ornaments studded with stones or pearls) imported by an eligible passenger as baggage	From 10% to 12.5%
(b) Silver (excluding ornaments studded with stones or pearls) imported by an eligible passenger as baggage	

Iron and Steel, Other base metals

Particulars/Items	Rate of BCD
Stainless steel in ingots or other primary forms; semi-finished products of stainless less	From 5% to 7.5%
Other alloy steel in ingots or other primary forms; semi-finished products of other alloy steel	From 5% to 7.5%
Inputs for the manufacture of CRGO steel:- a) MgO coated cold rolled steel coils b) Hot rolled coils c) Cold-rolled MgO coated and annealed steel d) Hot rolled annealed and pickled coils e) Cold rolled full hard	From 5% to 2.5%
Amorphous alloy ribbon	From 10% to 5%
Wire of other alloy steel (other than INVAR)	From 5% to 7.5%
Cobalt mattes and other intermediate products of cobalt metallurgy	From 5% to 2.5%

Capital goods

Particulars/Items	Rate of BCD
Stone crushing (cone type) plants for the construction of roads	From Nil to 7.5%



Capital goods used for manufacturing of following electronic items, namely- (i) Populated PCBA (ii) Camera module of cellular mobile phones (iii) Charger/Adapter of cellular mobile phone (iv) Lithium Ion Cell (v) Display Module (vi) Set Top Box (vii) Compact Camera Module	From Applicable rate to Nil
Capital goods used for manufacturing of specified electronic items, namely- (i) Cathode Ray tubes; (ii) CD/CD-R/DVD/DVD-R; (iii) Deflection components, CRT monitors/CTVs; (iv) Plasma Display Panel	From Nil to Applicable rate

Electronics

Particulars/Items	Rate of BCD
Charger/Power adapter for CCTV camera/IP camera/DVR/NVR	From 5% to 10%
Specified electronic items like plugs, sockets, switches, connectors, relays.	From Nil to Applicable rate

Automobile and Automobile Parts

Particulars/Items	Rate of BCD
Catalytic convertor (All goods under these tariff items other than catalytic converters will continue at 7.5%)	From Nil to 15%
Completely Built Unit (CBU) of vehicles falling under heading 8702, 8704	From 25% to 30%
Following parts of electric vehicles: - (i) E-Drive assembly, (ii) On board charger, (iii) E-compressor and (iv) Charging Gun	From Applicable rate to Nil
Prescribing actual user condition in respect of existing exemption from BCD to parts of Hybrid vehicles	From Nil to Nil



Oil rigs and other goods used for oil exploration

Particulars/Items	Rate of BCD
Providing option to pay BCD at transaction value on the disposal of goods, imported without payment of customs duty for petroleum operations / coal bed Methane operations where such disposal is made in unserviceable and mutilated condition	From Applicable rate on depreciated value to 7.5% on transaction value

Export Promotion for Sports goods

Particulars/Items	Rate of BCD
Foam/EVA foam (39) and Pine Wood (4407) are being included in the list of items allowed duty free import upto 3% of FOB value of sports goods exported in the preceding financial year subject to specified conditions	From Applicable rate to Nil

PROPOSALS INVOLVING CHANGES IN EXPORT DUTY RATES

Particulars/Items	Export duty Rates
El tanned Leather	From 15% to Nil
Hides, skins and leathers, tanned and untanned, all sorts	From 60% to 40%

AMENDMENTS IN SCHEDULED RATE OF ROAD AND INFRASTRUCTURE CESS LEVIED AS ADDITIONAL DUTY OF CUSTOMS ON PETROL AND DIESEL [TO BE EFFECTIVE FROM 06.07.2019]*

Particulars/Items	Rate of Duty
Motor spirit commonly known as petrol	Rs. 8 per litre to Rs 10 per litre
High speed diesel oil	Rs. 8 per litre to Rs 10 per litre

* Will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

EFFECTIVE CHANGE IN RATE OF ROAD AND INFRASTRUCTURE CESS ON PETROL AND DIESEL

Particulars/Items	Rate of Duty
Motor spirit commonly known as petrol	Rs. 8 per litre to Rs 9 per litre
High speed diesel oil	Rs. 8 per litre to Rs 9 per litre

AMENDMENTS IN THE FOURTH SCHEDULE TO THE CENTRAL EXCISE ACT 1944

Amendments affecting rate of Basic Excise Duty [to be effective from 06.07.2019]*			Rate of Duty	
S. No.	Heading, sub-heading tariff item	Commodity	From	To
1	2709 20 00	Petroleum Crude	Nil	Re. 1 per tonne

*Will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

AMENDMENT IN THE EIGHTH SCHEDULE TO THE FINANCE ACT 2002

S. No.	Amendments in scheduled rate of Special Additional Excise Duty on Petrol and Diesel [to be effective from 06.07.2019]* [effective rate is prescribed by notification as detailed in V-A below]	Rate of Duty	
		From	To
1	Motor spirit commonly known as petrol	Rs. 7 per litre	Rs. 10 per litre
2	High speed diesel oil	Rs. 1 per litre	Rs. 4 per litre

*Will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

I. AMENDMENT IN THE SIXTH SCHEDULE TO THE FINANCE ACT, 2018

S. No.	Amendments in scheduled rate of Road and Infrastructure cess levied as additional duty of excise, on Petrol and Diesel [to be effective from 06.07.2019]* [effective rate is prescribed by notification as detailed in V-B below]	Rate of Duty	
		From	To
1	Motor spirit commonly known as petrol	Rs. 8 per litre	Rs. 10 per litre
2	High speed diesel oil	Rs. 8 per litre	Rs. 10 per litre

*Will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.



II. Effective change in rate of Special Additional Excise Duty and Road and Infrastructure Cess on Petrol and Diesel

S. No.	Description	Rate of Duty	
		From	To
A	Increase in effective rate of Special Additional Excise Duty on Petrol and Diesel		
1	Motor spirit commonly known as petrol	Rs. 7 per litre	Rs. 8 per litre
2	High speed diesel oil	Rs. 1 per litre	Rs. 2 per litre
B	Increase in effective rate of Road and Infrastructure Cess, levied as additional duty of excise, on Petrol and Diesel		
1	Motor spirit commonly known as petrol	Rs. 8 per litre	Rs. 9 per litre
2	High speed diesel oil	Rs. 8 per litre	Rs. 9 per litre

PROPOSALS INVOLVING CHANGE IN EXCISE DUTY RATES THROUGH NOTIFICATIONS

S. No.	Heading, sub-heading tariff item	Commodity	From	To
1	2402 20 10	Other than filter cigarettes, of length not exceeding 65 millimeters	Nil	Rs. 5 per thousand
2	2402 20 20	Other than filter cigarettes, of length exceeding 65 millimeters but not exceeding 70 millimeters	Nil	Rs. 5 per thousand
3	2402 20 30	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) not exceeding 65 millimeters	Nil	Rs. 5 per thousand
4	2402 20 40	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) exceeding 65 millimeters but not exceeding 70 millimeters	Nil	Rs. 5 per thousand



5	2402 20 50	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) exceeding 70 millimeters but not exceeding 75 millimeters	Nil	Rs. 5 per thousand
6	2402 20 90	Other (Cigarettes containing tobacco)	Nil	Rs. 10 per thousand
7	2402 90 10	Cigarettes of tobacco substitutes	Nil	Rs. 5 per thousand
8	2403 11 10	Hookah or gudaku tobacco	Nil	0.5%
9	2403 19 10	Smoking mixtures for pipes and cigarettes	Nil	1%
10	2403 19 21	Other than paper rolled biris, manufactured without the aid of machine	Nil	5 paisa per thousand
11	2403 19 29	Other (Biris)	Nil	10 paisa per thousand
12	2403 19 90	Other smoking tobacco	Nil	0.5%
13	2403 91 00	"Homogenised" or "reconstituted" tobacco	Nil	0.5%
14	2403 99 10	Chewing tobacco	Nil	0.5%
15	2403 99 20	Preparations containing chewing tobacco	Nil	0.5%
16	2403 99 30	Jarda scented tobacco	Nil	0.5%
17	2403 99 40	Snuff	Nil	0.5%
18	2403 99 50	Preparations containing snuff	Nil	0.5%
19	2403 99 60	Tobacco extracts and essence	Nil	0.5%
20	2403 99 90	Other (manufactured tobacco and substitutes)	Nil	0.5%
21	2709 20 00	Crude Petroleum oil produced in specified oil fields under production sharing contracts or in the exploration blocks offered under the New Exploration Licensing Policy (NELP) through international competitive bidding.	Re. 1 per tonne	Nil

SPECIAL PROVISIONS FOR RETROSPECTIVE EXEMPTION FROM SERVICE TAX

(i) Exemption is being provided form service tax on service provided or agreed to be provided by the State Government by way of grant of liquor licence, against consideration in the form of licence fee or application fee.

This exemption is given on service tax levied or collected during the period commencing from the 1st day of April, 2016 and ending with the 30th day of June, 2017.

(ii) Exemption is being provided form service tax levied or collected in respect of taxable service provided or agreed to be provided by the Indian Institutes of Management to the students by way of following educational programmes, except Executive Development Programme, namely:-

- two year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test(CAT) conducted by the Indian Institute of Management;
- fellow programme in Management;
- five year integrated programme in Management.

This exemption is given on service tax levied or collected during the period commencing from the 1st day of July, 2003 and ending with 31st day of March, 2016.

(iii) Exemption is being provided form service tax levied or collected on upfront amount called as premium, salami, cost price, payable in respect of service by way of granting long term lease of thirty years or more of plots for development of infrastructure for financial business, provided or agreed to be provided by the State Government Industrial Development Corporations or by any other entity having fifty per cent or more of the ownership of the Central Government or the State Government or the Union territory, either directly or through an entity which is wholly owned by the Central Government or the State Government or the Union territory, to the developers in any industrial or financial business area.

This exemption is given on service tax levied or collected during the period commencing from the 1st day of October, 2013 and ending with the 30th day of June, 2017.

NOTE:-Refund shall be made of all such service tax which has been collected, **provided that** an application for the claim of refund of service tax shall be made within a period of six months from the date on which the finance (no.2) bill,2019 receives assent of the president.

SABKA VISHWAS LEGACY DISPUTE RESOLUTION SCHEME

A dispute resolution cum amnesty scheme called the Sabka Vishwas Legacy Dispute Resolution Scheme is being introduced for resolution and settlement of legacy cases of Central Excise and Service Tax.

All persons are eligible to avail the scheme except a few exclusions including those convicted under the Act in the case for which he intends to make declaration and those who have filed an application before the Settlement Commission.

For voluntary disclosures, the relief is regarding waiver of interest and penalty on payment of full



tax dues disclosed, said the document while giving details. Also, the person discharged under the scheme would not be liable for prosecution.

The scheme provides for method of payment of tax dues, arrears and restrictions regarding the manner of payment. It will become available from a date to be notified. The procedural details and rules regarding this will be notified in due course.

RESERVE BANK OF INDIA ACT, 1934

- Insert New sections 45-ID & 45-IE in the act provide power to the Reserve Bank to remove directors of a non-banking financial company other than Government Company from office, and supersession of Board of Directors of a non-banking financial company, on certain grounds.
- Insert new section 45MMA in the act So as to provide power to RBI to take action against auditors if Auditor fails to comply any direction give or order made by RBI.
- Insert a new section 45MBA in the Act relating to resolution of a non-banking financial Company.

SECURITIES CONTRACTS (REGULATION) ACT, 1956

- In section 23A of the Act to provide that in addition to furnish information to recognised stock exchange the said information may also be furnished to the Board.

PROHIBITION OF BENAMI PROPERTY TRANSACTIONS ACT, 1988

- In section 23 of the Act provides that the Initiating Officer after obtaining prior approval of the Approving Authority shall have power to conduct any inquiry or investigation in respect of any person, place, property, assets document or other relevant records.

(This amendment will take place on retrospectively from 1st November 2016)

- Section 24 of the said Act provides that where the Initiating Officer is of the opinion that the person in possession of the property held benami may alienate the property during the period specified in the notice, he may, with the previous approval of the Approving Authority, by order in writing .and Initiating officer shall pass order within 90 days from date of issue.

SEBI ACT, 1992

- Section 15HAA is being inserted to provide penalty for fraudulent and unfair trade practices

AMENDMENT TO THE FINANCE (NO. 2) ACT, 2004

- In section 99 of the Finance (No. 2) Act, 2004
 - in clause (a), in sub-clause (ii), for the words "settlement price", the words "intrinsic value" shall be substituted;
- After the proviso, the following Explanation shall be inserted, namely:-
 - 'Explanation. – For the purposes of this section, the expression "intrinsic value" means the difference between the settlement price and the strike price.'

AMENDMENT TO THE PAYMENT AND SETTLEMENT SYSTEMS ACT, 2007

- Following newly section shall be inserted with effect from the 1st day of November, 2019 namely :



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.".(newly inserted section from 1.11.2019)

AMENDMENTS TO THE BLACK MONEY (UNDISCLOSED FOREIGN INCOME AND ASSETS) AND IMPOSITION OF TAX ACT, 2015

- In section 2, for clause (2), the following clause shall be substituted with effect from the 1st day of July, 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
 - (b) person being a non-resident or not ordinarily resident in India within the meaning of clause (6) of section 6 of the Income-tax Act, 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. It is also proposed to provide that the previous year of acquisition of the undisclosed asset located outside India shall be determined without giving effect to the provisions of section 72(c) of the BM Act.
 - clarificatory amendment is also proposed to be made to section 10 of the BM Act so as to include the expressions "re-assess" and "reassessment" in sub-section (3) and (4) of the said section w.e.f 1st July, 2015.
- In the principal Act, in section 84, for the figures "138", the figures and letter "138, 144A" shall be substituted with effect from the 1st day of September, 2019.

OVERVIEW OF INDIAN ECONOMY

- The Indian economy will grow to become a 3 trillion dollar economy in the current year. It is now the sixth largest in the world.
- In Purchasing Power Parity terms, India the 3rd largest economy already, only next to China and the US.
- GDP growth by 40 basis points in 2018-19 over 2017-18.
- Current Account Deficit increased from 1.9 % of GDP in 2017-18 to 2.4 % in April-December 2018-19.
- According to World Bank's Ease of Doing Business 2019 Report, India's ranking improved by 23 positions to 77th rank in 2018.
- The real growth of the economy was 6.8 % in 2018-19, as compared to 7.2 % in 2017-18.

INFRASTRUCTURE AND INDUSTRIAL DEVELOPMENT

- Bharatmala scheme introduced to develop national road corridors and highways.
- Sagarmala scheme introduced aimed at improving the infrastructure for external trade, equally it is the poor man's transport too.
- Jal Marg Vikas project scheme introduced for capacity augmentation of navigation on National Waterways is aimed at smoothening internal trade carried through inland water transport.
- The UDAN Scheme scheme introduced to providing air connectivity to smaller cities and enabling the common citizens of our country to avail air travel.
- The New Metro Rail Projects for a total route length of 300 kilometers have been approved during 2018-19. Also, during 2019, about 210 kms metro lines have been operationalized.
- National Common Mobility Card (NCMC) standards will enable people to pay multiple kinds of transport charges, including metro services and toll tax, across the country. This inter-operable transport card runs on RuPay card and would allow the holders to pay for their bus travel, toll taxes, parking charges, retail shopping and even withdraw money.
- It is estimated that Railway Infrastructure would need an investment of 50 lakh crores between 2018-2030.
- A Model Tenancy Law will be finalized and circulated to the States to promote rental housing.
- An outlay of 10,000 crore for a period of 3 years, has commenced from 1st April, 2019 with the objective to encourage faster adoption of Electric vehicles by way of offering upfront incentive on purchase of Electric vehicles and also by establishing the necessary charging infrastructure for electric vehicles.



INDUSTRY

- For ease of access to credit for MSMEs, providing loans upto Rs. 1 crore to MSMEs within 59 minutes through a dedicated online portal.
- Under the Interest Subvention Scheme for MSMEs, 350 crore has been allocated for FY 2019-20 for 2% interest subvention for all GST registered MSMEs, on fresh or incremental loans.
- Will create payment platform for MSMEs to enable filing of bills and payment thereof on the platform itself.
- 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.
- Propose to rationalize and streamline the existing Know Your Customer (KYC) norms for FPIs to make it more investor friendly without compromising the integrity of cross-border capital flows.
- Propose 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 and voluntary organizations working for the realization of a social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund.
- For inter-operability of RBI depositories and SEBI depositories to bring about seamless transfer of treasury bills and government securities between RBI and Depository ledgers necessary steps will be taken.
- Local sourcing norms will be eased for FDI in Single Brand Retail sector.
- 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-top industrialists/corporate honchos, top pension/insurance/sovereign wealth funds and top digital technology/venture funds.
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- 100% Foreign Direct Investment (FDI) will be permitted for insurance intermediaries.
- Merger of NRI-Portfolio Investment Scheme Route with the Foreign Portfolio Investment Route is proposed, with a view to provide NRIs with seamless access to Indian equities.

GRAMEEN BHARAT/RURAL INDIA

- 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.



- Through a focused Scheme – the Pradhan Mantri Matsya Sampada Yojana (PMMSY) the Department of Fisheries will establish a robust fisheries management framework. This will address critical gaps in the value chain, including infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control.
- PMGSY-III is envisaged to upgrade 1,25,000 kms of road length over the next five years.
- 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 for generating sustained employment opportunities.
- To improve the technology of such industries, the Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship' (ASPIRE) has been consolidated for setting up of Livelihood Business Incubators (LBIs) and Technology Business Incubators (TBIs).
- Ensuring India's water security and providing access to safe and adequate drinking water to all Indians, a new Jal Shakti Mantralaya is constituted.
- Under the Pradhan Mantri Gramin Digital Saksharta Abhiyan, over two crore rural Indians have so far been made digitally literate.

SHAHREE BHARAT/URBAN INDIA

- Under Pradhan Mantri Awas Yojana – Urban (PMAY-Urban), over 81 lakh houses with an investment of about 4.83 lakh crores have been sanctioned of which construction has started in about 47 lakh houses.
- More than 95% of cities also have been declared 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.

YOUTH

- Will bring in a New National Education Policy to transform India's higher education system to one of the global best education systems.
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- To up-grade the quality of teaching, the Global Initiative of Academic Networks (GIAN) programme in higher education was started, aimed at tapping the global pool of scientists and researchers.
- propose to start a programme, 'Study in India', that will focus on bringing foreign students to study in our higher educational institutions.
- A draft legislation for setting up Higher Education Commission of India (HECI), would be presented in the year ahead.
- To popularize sports at all levels, a National Sports Education Board for Development of Sportspersons would be set up under Khelo India Scheme.



- Proposing to streamline multiple labour laws into a set of four labour codes. This will ensure that process of registration and filing of returns will get standardized and streamlined.
- Propose to start a television programme within the DD bouquet of channels which provide platform for promoting start-ups, discussing issues affecting their growth, matchmaking with venture capitalists and for funding and tax planning.
- Stand-Up India Scheme would be continued for the entire period coinciding with the 15th Finance Commission period of 2020-25.

BANKING SECTOR

- NPAs of commercial banks have reduced by over 1 lakh crore over the last year, record recovery of over 4 lakh crore due to IBC and other measures.
- The Gross Non Performing Advances (GNPA) ratio of Scheduled Commercial Banks (SCBs) decreased from 11.5 % to 10.1 % between March 2018 and December 2018.
- The Stressed Advances (SA) ratio decreased from 12.1 % to 10.5 % during the same period.
- Provision coverage ratio is now at its highest in seven years, and domestic credit growth has risen to 13.8%.
- Public Sector Banks are now proposed to be further provided 70,000 crore capital to boost credit for a strong impetus to the economy.
- 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%.
- Proposals for strengthening the regulatory authority of RBI over NBFCs are being placed in the Finance Bill.
- Steps will be taken to allow all NBFCs to directly participate on the TReDS platform.
- Proposing to return the regulation authority over the housing finance sector from NHB to RBI for Efficient and conducive regulation of the housing sector.
- Pension Fund Regulatory and Development Authority (PFRDA) implements and regulates the National Pension System (NPS) and Atal Pension Yojana through various intermediaries including, inter-alia, the NPS Trust.
- To facilitate on-shoring of international insurance transactions and to enable opening of branches by foreign reinsurers in the International Financial Services Centre, it is proposed to reduce Net Owned Fund requirement from 5,000 crore to 1,000 crore.
- For bringing better public ownership of the PSUs and also bring greater commercial and market orientation of the listed PSUs, necessary steps the Government will be taken to meet public shareholding norms of 25% for all listed PSUs and raise the foreign shareholding limits.



AGRICULTURE

- Total food-grain production in the country is estimated at 283.4 million tonnes in 2018-19, as compared to 285 million tonnes of production in 2017- 18.
- The total production of rice during 2018-19 is estimated at record 115.6 million tonnes.
- Support private entrepreneurs 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.
- Hope to form 10,000 new Farmer Producer Organizations, to ensure economies of scale for farmers over the next five year.
- Government will work with State Governments to allow farmers to benefit from e-NA. The Agriculture Produce Marketing Cooperatives (APMC) Act should not hamper farmers from getting a fair price for their produce.

OTHER PROPOSALS

- Pradhan Mantri Shram Yogi Maandhan was launched aims at providing 3,000 per month as pension on attaining the age of 60 to crores of workers in unorganized and informal sector.
- Approximately 35 crore LED bulbs have been distributed under UJALA Yojana leading to cost saving of 18,341 crores annually.
- For every verified women SHG member having a Jan Dhan Bank Account, an overdraft of 5,000 shall be allowed.
- One woman in every SHG will also be made eligible for a loan up to 1 lakh under the MUDRA Scheme.
- Propose to consider issuing Aadhaar Card for Non-Resident Indians with Indian Passports after their arrival in India without waiting for 180 days.

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