



THE BUDGET 2019-20

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About us

- Dhiren Shah & Company was founded in the year 1987 within months after the founder Mr. Dhiren Amratlal Shah became a qualified Chartered Accountant. Over the past 3 decades Dhiren Shah & Co. has established itself as a niche professional services firm offering a suite of value-added services. We seek to bring our decades of rich experience to help our clients navigate through a complex Tax-Accounting and Legal system by delivering prompt and bespoke solutions. We have been consistently delivering authentic, simple solutions relevant To our clients' complex challenges.
- The firm represents a balanced blend of experience and youth, sharing a common vision of providing exceptional services and continuous support to its clients. We believe in not only meeting but exceeding client expectations. We take pride in going beyond the call of duty to service our clients.

OUR PRACTICE AREAS

Tax

Direct & Indirect Taxation Matters, Tax Planning, Income Computation, Direct & Indirect Tax Diligence, Compliances, International Taxation, DTAA, Transfer Pricing, GST

Audit & Assurance

Tax Audit, Statutory Audit, Internal Audit, Management Audit, Secretarial Audit, CSR Audit, IND-AS, ICDS

Legal

Legal & Commercial Advisory, Company Formation, M&A Compliances, SME Listing, Winding Up, Business Strategy, Business Plans, Start-up Advisory, Project Financing, Business Structuring Services, Valuations, PE/VC Investments

FINANCE BUDGET 2019

- The main objective of this Bill is to continue the existing rates of Income-Tax for Financial Year 2019-20 and to provide certain relief to tax payers and to make amendments in certain enactments.

KEY HIGHLIGHTS IN TAX REGIME

INCOME TAX RATES

- No change in Slab rates
- Rebate Increase upto Rs.12500/-

CAPITAL GAINS

- Exemption u/s 54 available for 2 House Properties.

BUSINESS INCOME

- Tax Incentives u/s 80IBA extended for one year.

REAL ESTATE SECTOR

- Exemption on levy of tax on notional rent available for 2 years

HOUSE –PROPERTY

- Income from 2 Self Occupied Properties Exempt

SALARIES

- Standard Deduction Increased

TDS

- Changes in the threshold limit u/s 194A and 194I

INCOME TAX SLAB RATES

No change in the Slab rates, i.e. the existing slab rates will continue.

- Slab Rates for Individual/HUF/AOP/BOI/Artificial Judicial Person :

Income	Individuals below 60 years/HUF/AOP/BOI/Artificial Judicial Person	Individuals above 60 years or more but less than 80 years	Individuals above 80 years or more
Rs. 2,50,001 to Rs. 3,00,000	5%	Nil	Nil
Rs. 3,00,001 to Rs. 5,00,000	5%	5%	Nil
Rs. 5,00,001 to Rs. 10,00,000	20%	20%	20%
Exceeding Rs. 10,00,000	30%	30%	30%

- Slab Rates for Co-operative society :

Income	Rate
< Rs.10,000	10%
Rs. 10,000 to Rs. 20,000	20%
Exceeding Rs. 20,000	30%

- Rates for every Firm and Local Authority :

Income	Rate
On Total income	30%

o Rates for Companies

a. For Domestic Company

Particulars	Tax rate
Gross Turnover upto Rs. 250 crore in FY 2016-17	25%
Gross Turnover exceeding Rs. 250 crore	30%

b. For Foreign Company

Particulars	Tax Rate
Royalty received or fees for technical services from government or any indian concern under an agreement made before April 1, 1976 and approved by central government	50%
Any other income	40%

- Rates of Surcharge would be as follows:

Income	Individuals(Resident/NR/HUF/AOP/BOI/Artificial judicial Person)	Firm/LLP/Co.op Society/Local Authorities	Domestic Company	Foreign Company
Up to Rs. 50,00,000	Nil	Nil	Nil	Nil
Rs. 50,00,000 to Rs. 1,00,00,000	10%	Nil	Nil	Nil
Rs. 1,00,00,000 to Rs. 10,00,00,000	15%	12%	7%	2%
Exceeding Rs. 10,00,00,000	15%	12%	12%	5%

Amendment : REBATE PROVISION U/S. 87A

- The rebate u/s. 87A will be allowed at 100% or Rs. **12,500** /- whichever is lower. This rebate shall be available to the *resident individuals* having income less than Rs. 5,00,000/- . Thus, the residents having income less than Rs. 5,00,000/- will have NIL tax liability.

<u>Existing Provision</u>	<u>Proposed Provision</u>
Income < Rs. 3,50,000	Income < Rs. 5,00,000
<u>Rebate</u> – Rs. 2,500 or Actual Tax payable, w.e. is lower	<u>Rebate</u> – Rs. 12,500 or Actual Tax payable, w.e. is lower

- However, Health and Education cess on Income Tax shall continue to be 4% on the amount of Tax inclusive of Surcharge in all cases.

BUSINESS INCOME

- Under section 80-IBA , deduction equal to 100% of the profits derived from business of developing and building affordable housing projects is available to eligible assessee.
- Provided, the project is approved by the competent authority between 01.06.2016 to 31.03.2019.
- **Amendment** : The benefit u/s. 80-IBA of the Income Tax Act is being extended to one more year, i.e. to the housing projects approved till **31.03.2020**.

HOUSE PROPERTY INCOME

- Currently, income tax on notional rent is payable if one has more than one self-occupied house. Considering the difficulty of middle class families at two locations on account of their job, children's education etc.
- **Amendment** : The finance bill has proposed to amend the provisions of section 23 of the Act, so as to exempt the levy of income tax on notional rent on a second self-occupied house.
- However, amount of deduction under section 24 in respect of 2 self-occupied properties will be limited to Rs. 2,00,000.

CAPITAL GAIN INCOME

- Currently, the capital gain arising out of the sale of residential house property is exempt from tax on fulfilment of conditions specified u/s 54 of the Act.
- One of those conditions provided that if the assessee purchases (1 year before or 2 years after the date of transfer) or constructs (within a period of 3 years after the date of transfer) one residential property in India during the specified limit.
- **Amendment** : The finance bill has proposed to extend this benefit to purchase or construction of two residential houses in India in case the amount of capital gain does not exceed Rs. 2 crores.
- **Note**: This benefit can be availed once in a lifetime.

INCOME FROM SALARIES

- Currently, a Standard deduction of Rs. 40,000 or the amount of salary received w.e. is lower is allowed to the salaried taxpayers.
- **Amendment** :As per the proposed Finance Bill, to provide further relief to the salaried tax payers,the limit of standard deduction has been increased to Rs. 50,000 from Rs. 40,000.

PROVISIONS RELATING TO TDS

A. Section 194A (Interest other than Interest on Securities):

As per the existing provision, TDS is required to be deducted if the aggregate amount of Interest credited or paid exceeds Rs. 50,000 in case of Senior Citizen and Rs. 10,000 in case of other person by Banking company, Co-operative society and a post office.

Amendment: As per the Finance Bill, the threshold limit of Rs. 10,000 has increased to Rs. 40,000 in case of Interest credited or paid.

o **B. Section 194-I (TDS on Rent):**

Rent of	Existing Limit	Proposed Limit (Amendment)	Rate
Plant & Machinery	1,80,000	2,40,000	2%
Land or Building or Furniture or Fittings	1,80,000	2,40,000	10%

REAL- ESTATE SECTOR (PROPERTY HELD AS STOCK IN TRADE)

- As per the present provisions of section 23(5), if a property is held as stock-in-trade and the same is not let out for whole or any part of the year, the annual value of such property from the end of the financial year in which the certificate of completion of construction of the property is obtained from the competent Authority shall be taken as NIL.
- **Amendment** : As per the Finance Bill, 2019, this concession will be extended from existing limit of 1 year to 2 years (from the end of the financial year in which the certificate of completion of construction of the property is obtained from the competent Authority).

SIMPLIFICATION OF DIRECT TAX SYSTEM TO BENEFIT TAX-PAYERS

- Processing of all income-tax return within 24 hours of uploading with refund (being issued immediately).
- Shifting of all scrutiny assessments online with no personal interface between assessee and the Assessing Officer.



THANKING YOU