

#Budget2019

A Crisp Analysis of Income Tax Provisions

Finance Bill'2019



Index



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Title	Section	Changes proposed	Effective from
No change in Tax rate and surcharge		<ul style="list-style-type: none"> In this interim budget, there is no change in the tax rate and surcharge for all the legal entities except Individuals. 	Assessment Year 2020-21
Exemption period on affordable housing project increased	80-IBA	<ul style="list-style-type: none"> So far, the affordable housing projects approved by the competent authority up to 31.03.2019 were eligible for the 100% exemption of profit or gains derived from such projects. This benefit has been proposed to be extended by one more year. Now, such projects approved till 31.03.2020 will be eligible for exemption under this section. 	Assessment Year 2020-21

2. Other Amendments

Title	Section / Act	Changes proposed	Effective from
Collection of stamp duty on stocks to be centralized	Indian Stamps Act, 1899	<ul style="list-style-type: none"> At present, brokers collect stamp duty at the rates fixed by the State where the trade takes place and deposit it with the local government. The stamp duty rates are not uniform across the States. To pass on the benefit of lower stamp duty, many brokers were incorporating their brokerage businesses in States where stamp duty was lower. Now, it has been proposed to collect the stamp duty on stocks (both traded and non-traded) through centralized process. Instead of brokers, Stock Exchanges and Depositories (in case of non-traded stocks) will collect the stamp duty at uniform rates and will deposit the same with Central Government. Central Government will distribute the stamp duty among States based on the State of the domicile of the ultimate buying client. 	From the date of Notification in the Official Gazette
TDS deduction limit on rent increased	194 I	<ul style="list-style-type: none"> Currently, TDS on rent is applicable if the rent in a financial year exceeds Rs. 180,000. This limit has been raised to Rs. 240,000. 	1 st April' 2019

Title	Section	Changes proposed	Effective from
Processing of Income tax return with in 24 hours of filing	Announcement	<ul style="list-style-type: none"> Finance Minister has informed that Central Government has approved a technology intensive project to transform the way income tax return is processed. This project will take approx. 2 years to complete and post which all returns filed will get processed with in 24 hours and refunds will be issued simultaneously. Further, assessment of cases selected for scrutiny will be done through an anonymous back office with no interaction with tax officers. 	To be implemented
Exemption period increased for properties lying vacant as stock-in-trade	23(5)	<ul style="list-style-type: none"> Under the existing provisions, a notional rent is not charged to compute the taxable income on any vacant property held as stock-in-trade up to one year from the end of financial year in which certificate of completion is received from the competent authority. Now, this exemption period has been increased from one year to two years. 	Assessment Year 2020-21



Title	Section	Changes proposed	Effective from
Capital gain can be used to buy/construct two residential houses	Section 54	<ul style="list-style-type: none">▪ As per the existing provisions, an assessee can get exemption on capital gain from the sale of long term capital asset (being a residential property) by buying or constructing one residential house in India with the amount of capital gain.▪ This exemption was not available if assessee bought more than one residential houses with the capital gain amount.▪ Now, assessee has been allowed to buy two residential houses with the capital gain amount which does not exceed Rs. 2 crore.▪ However, this option can only be exercised only once in a lifetime of assessee.	Assessment Year 2020-21

3. Personal Taxation

Title	Section	Changes proposed	Effective from
Taxable income up to Rs. 5 lacs to be tax free	87A	<ul style="list-style-type: none"> As per the existing provisions, an exemption up to Rs. 2,500 is available to resident individuals whose taxable income does not exceed 3.50 lacs. This provisions results in tax free income up to Rs. 3 lacs. In this interim budget, this exemption has been increased from Rs. 2,500 to Rs. 12,500 (which is 5 times) and eligible taxable income limit has also been revised from Rs. 3.5 lacs to Rs. 5 lacs. Now, any resident individual having a taxable income of up to Rs. 5 lacs will not pay any tax. However, if the taxable income exceeds Rs. 5 lacs, this exemption will not be available. 	Assessment Year 2020-21
Standard deduction on salary income increased	16	<ul style="list-style-type: none"> Standard Deduction of Rs. 40,000 from salary income was introduced through last Finance Bill 2018. In this Finance Bill, this limit has been increased to Rs. 50,000. This deduction is available without furnishing any documents. 	Assessment Year 2020-21

Title	Section	Changes proposed	Effective from
Annual value of up to two self occupied house properties to be NIL	23 & 24	<ul style="list-style-type: none"> Under the existing provisions, if an assessee is having more than 1 self occupied house properties, a notional rent income (annual value) is required to be computed in respect of all such self occupied house properties except one such house. Now, this exemption is being extended up to two self occupied house properties whose annual value will be considered NIL. However, the deduction of interest on housing loan for both the house properties will be limited up to Rs. 2 lacs only. 	Assessment Year 2020-21
TDS limit on Interest from Bank/Post office deposits increased	194A	<ul style="list-style-type: none"> Presently, interest on bank deposits or post office deposits up to Rs. 10,000 is not liable to TDS. This limit has been increased to Rs. 40,000. 	1 st April' 2019

4. About us

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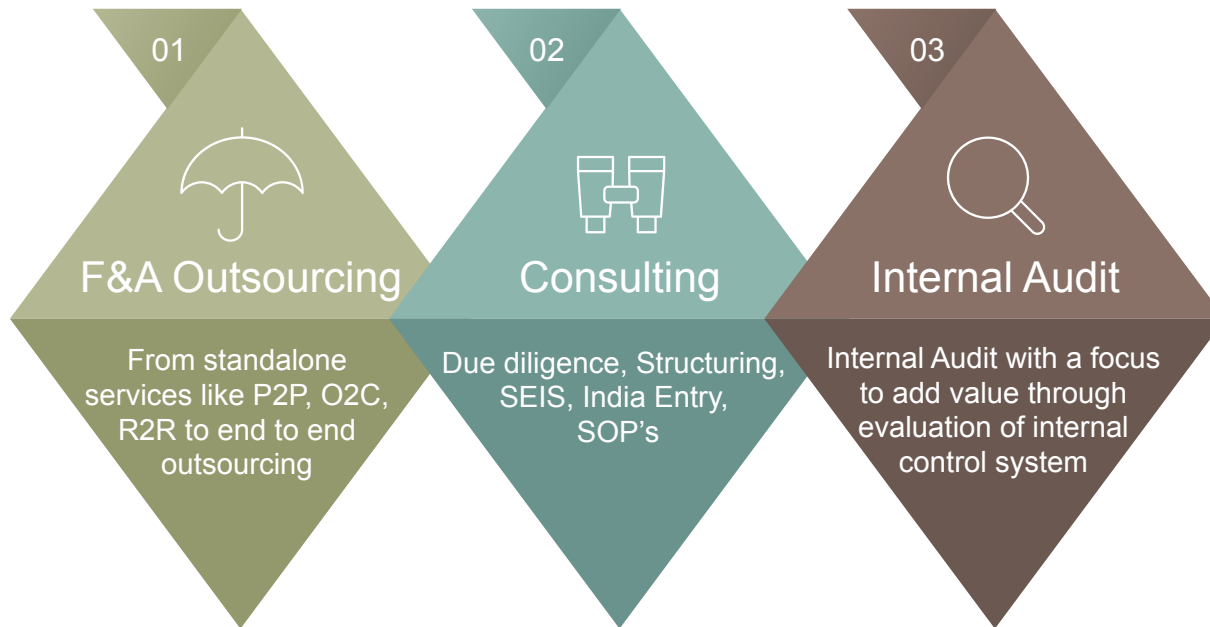
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Blue Consulting Pvt. Ltd.

Chandan Goyal

Co-Founder

Mobile : +91 98104 10421

Ph : +91 120 4113075

chandan.goyal@blueconsulting.co.in

G-1, 3rd Floor, Sector-11
Noida -201301.

www.blueconsulting.co.in

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