



HIGHLIGHTS BUDGET 2020



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AGRICULTURE

- Target to double farmers income by 2022
- Insurance coverage under Fasal Bima provided to 6.11 crore farmers
- Announced 16 action point plans to boost agriculture and farmer welfare
- Comprehensive measures for 100 water-stressed districts
- Twenty lakh farmers will be provided funds to set up standalone solar pumps



HEALTHCARE

- Rs. 69,000 crore allocated for health sector
- The expansion of Ayushman Bharat scheme will see setting up more hospitals in Tier-II, Tier-III cities under the PPP (Public Private Partnership) model
- Mission Indradhanush has been extended to cover new diseases and new vaccines
- TB Harega, Desh Jeetega campaign will be strengthened to end TB by 2025 in the country
- Rs. 3.6 lakh crore allocated for Jal Jeevan Mission which will look at augmenting local water resources, desalination, water harvesting and renewing older sources in FY21



EDUCATION AND SKILLS

Sourcing External Commercial Borrowings and FDI to deliver higher quality education

- About 150 higher educational institutions will start apprenticeship embedded degree/diploma courses by March 2021
- Allocate Rs.3000 crore for skill development
- Proposed to start degree level full-fledged online education programme in order to provide quality education to students of deprived section and those who do not have access to higher education
- IND-SAT exam will be held for Asian and African students for scholarships to Study in India
- Urban local bodies will provide a job opportunity for one year to fresh engineers
- New Education Policy will be announced soon



DIRECT TAX

Individual Tax

Individual Tax payers have 2 options -either to continue with existing tax rate slab or opt for new tax slabs :-

Tax Slabs If Availing Exemptions & Deductions	
Tax Slabs	Tax Rate
Up to Rs.2.5 lacs (Citizen up to 60 Yrs.) / Rs.3 Lacs (Citizen between 60 to 80 Yrs.) / Rs.5 lacs (Citizen above 80 yrs.)	Nil
Rs.2.5 (For Citizen up to 60 yrs.) / Rs.3 Lacs (For Citizen between 60 to 80 yrs.) to Rs.5 Lacs	5%
Rs.5 to Rs.10 Lacs (all Taxpayers)	20%
Above Rs.10 lacs (all Taxpayers)	30%

New Tax Slabs without Exemptions & Deductions	
Tax Slabs	Tax Rate
Up to Rs.2.5 lacs	Nil
Rs.2.5 to Rs.5 lacs	5%
Rs.5 to 7.5 Lacs	10%
Rs.7.5 to Rs.10 Lacs	15%
Rs.10 to 12.5 Lacs	20%
Rs.12.5 to Rs.15 lacs	25%
Above Rs. 15 lacs	30%

- As proposed in new tax regime, Exemptions and Deductions will be removed except 80CCD (2) and 80-JJAA. ([Refer Annexure 1](#))
- Instant online allotment of PAN on the basis of Aadhaar



Corporates:-

- Introduces Vivaad se Vishwas Scheme for Direct Tax similar to Sabka Vishwas Legal Dispute Scheme of Indirect Tax in Direct tax also:-
 - 31-Mar-2020- Only Disputed Amount
 - 30-Jun-2020- Additional amount to be paid along with disputed amount
- Amend laws to allow faceless tax appeals along with faceless tax assessment
- Concessional Corporate Tax rate benefit extended to new power generation companies
- Tax holiday on profits of developers involved in affordable housing projects will be extended by one year to March 2021

Particulars	Corporate Tax Rate	
	Earlier	FY 20-21
For new manufacturing companies	15%	15%
New power generation companies	25%	15%
Existing companies	25%	22%



NRI Provisions: -

Amendment of Section 6 of Income Tax: -

1. In order to be categorised as non-resident, an Indian now has to stay abroad for 240 (existing 182 days) days
2. An Individual being a citizen of India shall be deemed to be resident in India in any previous year, if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature

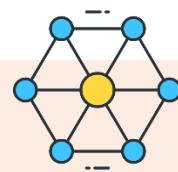
Clarification made by CBDT on -02-Feb-2020: -

The proposed provision in Finance Bill 2020 is not intended to include the income under tax of those Indian Citizens who are bonafide workers in other countries. As per the proposed amendments, in case if an Indian citizen becomes deemed resident of India, Income earned outside India by him shall not be taxed in **India unless it is derived from an Indian business or profession**

Examples for Income to be taxable are as follows: -

- Salary received in India,
- Payment for services provided in India,
- Rent from a house property situated in India,
- Capital Gains on transfer of assets situated in India,
- Interest earned on Fixed Deposits or Saving Bank account etc.

With the proposed amendment in NRIs taxation, the Indian Authorities are seeking to ensure that Indian Citizens who do not stay in India but have significant economic activities in India would find it difficult to escape paying taxes in India



Dividend Distribution Tax

- Dividend Distribution Tax shifted to individuals instead of companies
- 15% + surcharge and cess was applicable on companies paying dividend to its investors which is now abolished



Start-ups and MSMEs

- Tax Audit Exemption to MSME's with turnover up to INR 5 crore having cash transaction less than 5% of their total business
- Tax burden on employees due to tax on ESOPs to be deferred by five years or till they leave the company or when they sell, whichever is earliest
- Start-up having turnover up to Rs. 25 crores were allowed deduction of 100% of its the profits for three consecutive assessment years out of seven years if the total turnover does not exceed Rs. 25 crore rupees, however now the turnover limit have increased to Rs. 100Crores and period of eligibility have increased to 10 years instead of 7 years



INDIRECT TAX- GST

- Total of 60 lakh new taxpayers and 105 crore e-way bills generated under GST
- Average household now saves 4 percent of monthly spend due to reduced GST rates
- Aadhaar based verification of taxpayers is being introduced
- Deep data analytics and AI tools are being used for crackdown on GST input tax credit, refund, and other frauds and to identify all those who are trying to game the system

Others

- Registration of charity institutions to be made completely electronic, donations made to be pre-filled in IT return form to claim exemptions for donations easily
- Withholding tax rate reduced from 5% to 4% on interest payment on the bonds listed on its exchange
- The concessional 5% withholding tax has been extended to municipal bonds u/s 194LD
- Government will grant 100% exemptions for sovereign wealth funds in infrastructure and other notified sector with minimum lock-in of three years
- The rate of withholding tax has been extended to 30th June, 2023 for FPIs and QFIs
- Extension in period of concessional withholding rate of 5% under section 194LC for interest payment to non-residents in respect of moneys borrowed and bonds issued up to 30th June, 2023
- Extension of period up to 30th June, 2023 for lower rate of withholding of 5% under section 194LD for interest payment to Foreign Portfolio Investors (FPIs) and Qualified Foreign Investors (QFIs) in respect of bonds issued by Indian companies and government securities
- Under SARFAESI Act 2002, the current eligibility limit of INR 500 crore of asset size or loan size of INR 1 Crore has now been proposed to be reduced to INR 100 crore of asset size and INR 50 Lakhs loan size.



ENTREPRENEURSHIP

- Propose to set up an Investment Clearance Cell that will provide end-to-end facilitation and support to Entrepreneurs
- 5 new smart cities will be created through a PPP model with states



EXPORT

- Allocated Rs.27300 crores for development of Industry and Commerce in FY 2021
- Propose new scheme called NIRVIK which will have lower premiums and faster claim settlement
- It is proposed to digitally refund duties to exporters from this year onwards which will include electricity duty and other duties
- Each District should develop as an Export Hub



INFRASTRUCTURE

- Rs.22,000 crore has already been provided as support to Infrastructure Pipeline
- Propose to provide Rs.1.70 lakh crore for transport infrastructure in 2020-21
- Accelerated development of highways will be undertaken which will include development of 2,500-km access control highways, 9,000-km of economic corridors, 2,000-km of coastal and land port roads and 2,000-km of strategic highways
- Monetize 12 lots of highway bundles of over 6000 km before 2024
- To support Udaan Scheme, 100 more airports would be developed by 2024



RAILWAY

- More Tejas type trains for connecting iconic tourist places
- Electrification of 27000 kms of tracks
- Large solar power capacity to be set up alongside rail tracks, on land owned by Railways
- Four station redevelopment project under PPP model



POWER

- Rs.22000 crore outlay for power, renewable energy sector in FY 2021
- Replace conventional electricity meters with pre-paid smart meters in three years
- Natural gas pipeline grid will be expanded to 27,000 km from over 16,200 km now and further reforms for transparent price discovery for natural gas will be undertaken



TECHNOLOGY

- All public institutions at Gram Panchayat levels will be provided with digital connectivity
- Fibre to home through Bharat Net will link 100,000 Gram Panchayats in FY21 itself
- An allocation of Rs 6,000 crore will be provided for BharatNet
- Two national level science schemes to be set up to create a comprehensive national-level database
- Allocation of Rs 8,000 crore has been set up for the National Mission on Quantum Computing and Technology



WOMEN-CENTRIC DEVELOPMENTS

- More than 6 lakh Anganwadi workers are equipped with smartphones to upload nutritional status of more than 10 crore households
- Allocation of Rs 35,600 crore for nutrition-related programmes in FY21
- Rs 28,600 crore will be allocated in FY21 by government for women-linked programmes

Others:-

- Allocation of Rs. 9500 crore for senior citizen and divyang for FY 2021
- Rs. 2500 crores allocated for tourist promotion in FY 2021
- 5 Archaeological sites will be set up with museums on site
- Power plants will have to be closed if emission is above the pre-set norms. This land will be used for other purposes



GOVERNANCE

- Propose Taxpayers charter to prevent harassment by officers
- Companies Act to be amended to build into statues, criminal liability for certain Acts which are civil in nature
- Contract Act will be strengthened to ensure that all contracts are honoured



FINANCIAL

- Government stake in IDBI will be sold to private Investors
- PFRDA Act will be amended which will also facilitate separation of NPS Trust for government employees
- Deposit insurance cover will be hiked to Rs 5 lacs from Rs.1 lac



MSME

- Subordinate debt for entrepreneurs of MSMEs to be provided by Banks and will be treated as quasi-equity



FINANCIAL MARKET

- Listing of India's largest Institutional investor- LIC on the stock exchanges
- To improve investor confidence, a legislation on laying down mechanism for netting of financial contracts will be done
- FPI Limit in corporate bonds will be raised to 15% from 9% of outstanding stock of corporate bonds

GIFT City will now set up an international bullion exchange which will enable India to enhance its position, create more jobs and better price discovery of gold



GDP

- Fiscal deficit of 3.8 % GDP in RE FY19-20 and 3.5 % BE FY20-21
- Estimated nominal growth of GDP for year 2020-21 at 10% on the basis of trends available
- Receipts for 2020-21 are pegged at Rs 22.46 lakh crore while expenditure at Rs. 30.42 lakh crore
- The revised estimated expenditure for FY20 has been pegged at Rs. 26.99 lakh crore and receipts at Rs 19.32 lakh crore

Annexure 1:

Individual or HUF opting for taxation under the newly inserted section 115BAC of the Act shall not be entitled to the following exemptions/ deductions:

Section	Deductions
10(5)	Leave travel concession
10(13A)	House rent allowance
10(14)	Special allowances to perform the duties (Not perquisites of Section 17(2)). *Other than those that may be prescribed – These will be allowed
10(17)	Daily allowance received by MLA and MP
10(32)	1500 received against the clubbing of income of minor child
10AA	Exemption for new established SEZ unit
16	1. Standard deduction of Rs 50,000 2. Deduction for entertainment allowance to government employees 3. Employment/professional tax of Rs 2,500
24(b)	Interest on borrowed capital in respect of self-occupied or vacant property
32(1)(ia)	Additional depreciation
32AD	Investment Allowance to manufacturing units set up in Andhra Pradesh, Bihar, Telangana and West Bengal after 01-04-2015 of 15%
33AB	Deduction available for business of growing and manufacturing tea, coffee and rubber
33ABA	Deduction available in business of prospecting for, or extraction or production of, petroleum or natural gas or both
35(1)(ii)	Donation for or expenditure on scientific research to a university, college
35(1)(ia)	Donation for or expenditure on scientific research to an Indian company engaged in scientific research
35(1)(iii)	Donation for or expenditure on social or statistical research to a university, college
35(2AA)	Donation for or expenditure on scientific research to National Laboratory, university, IIT
35AD	Deduction in respect of expenditure on specified business
35CCC	Deduction on expenditure on agricultural extension project
57(ia)	Deduction available against income from family pension

Chapter VI A deductions

80C	<ol style="list-style-type: none"> 1. Employee Provident Fund 2. Pension/ Annuity Schemes 3. Life insurance premium 4. Tax Saving mutual fund (ELSS) 5. Home loan principal payment 6. Sukanya Samridhi Account 7. Tuition fees for children 8. PPF Account Contribution 9. National Saving Certificate 10. Tax-saving fixed Deposit 11. Post office time deposits 	Individual
80CCC	Pension Fund	
80CCD(1)	Deduction available in respect of Employee's / Assesses Contribution to National Pension Scheme (NPS)	
80CCD(1B)	Additional Deduction of Rs. 50,000 is available in respect of Employee's / Assesses Contribution to National Pension Scheme (NPS)	
80D	Deduction in respect of Health or Medical Insurance Premium	Individual / HUF
80DD	Deduction in respect of Maintenance Including Medical Treatment of a Dependent who is a Person with Disability	Resident Individual / Resident HUF
80DDB	Deduction in respect of Medical Treatment	
80E	Payment of interest of Loan taken for higher studies	
80EE	Deduction in respect of Interest on Loan taken for Residential House Property	Individual
80G	Deduction in respect of Donations to certain Funds, Charitable Institutions , etc.	All Assessee
80GG	Deduction in respect of Rents Paid	Individual
80GGA	Deduction in respect of certain Donations for Scientific Research or Rural Development	
80GGB/GGC	Contribution to Political Parties	All Assessee
80-IA	Deduction in respect of Profit and Gains from Industrial Undertaking or Enterprises engaged in infrastructure Development	
80-IAB	Deduction in respect of profits and gains by an undertaking or an enterprise engaged in development of Special Economic Zone	Developers

Chapter VI A Deductions

80-IAC	Special Provision in respect of Eligible Business of Eligible Start Up	Companies / LLPs
80-IB	Deduction in respect of Profit & Gain from certain Industrial Undertaking other than Infrastructure Development Undertaking	All Assessee
80-IBA	Deduction in respect of Profits and Gains from Housing Projects	
80-IC	Deduction in respect of Profits and Gains of Certain Undertaking or Enterprises in certain Special Category States	
80-ID	Deduction in respect of Profits and Gains from Business of Hotels and Convention centre in NCR	
80-IE	Deduction in respect of certain undertaking in North-Eastern States	
80-JJA	Deduction In Respect Of Profit And Gains From Business Of Collecting And Processing Of Bio-Degradable Waste	
80LA	Deduction in respect of certain incomes of Offshore Banking Units and International Financial Services Centre	Schedule Banks
80P	Deduction in respect of income of Co-operative Societies	Co-operatives Societies
80PA	Deduction in respect of income of Farm Producer Companies	Producers Companies
80QQB	Deduction in respect of royalty income, etc., of authors of certain books other than text books	Resident Individuals
80RRB	Deduction in respect of royalty on patents	Resident Individuals
80TTA	Deduction in respect of interest on deposits in savings accounts	Individual / HUF
80TTB	Senior citizen to be allowed a deduction of Rs.50,000 on account of interest on deposits with Banks / co-operative bank / post office.	Senior Citizens
80U	Deduction in case of a person with disability	Resident Individuals