



BUDGET 2019.2

KEY HIGHLIGHTS



Direct Taxes

1. Threshold for applicability of lower corporate tax rate of **25%** increased from **Rs. 250 crore** to **Rs. 400 crore** (Gross receipts in FY 2017-18)
2. Surcharge in case of individuals/HUFs AOPs/ BOI increased to 25% and 37% respectively where income is between **Rs. 2 crore to Rs. 5 crore** and exceeds **Rs. 5 crore** resulting in increasing the effective tax rate by '**3.12%**' and '**6.87**' (inclusive of surcharge and cess) respectively
3. Additional interest deduction up to **Rs. 1.5 Lakh** (over and above existing limit of Rs. 2 Lakh) for purchase of first affordable house whose stamp duty value does not exceed **Rs. 45 Lakh** if the loan is sanctioned in FY 2019-20
4. Deduction up to Rs. 1.50 Lakh on interest paid on purchase of **first electric vehicle to individual** subject to fulfillment of certain specified conditions
5. To promote cashless economy, TDS of 2% on **cash withdrawal exceeding Rs. 1 crore** in a year from a bank account (w.e.f. 01.09.2019)



Direct Taxes

6. TDS (section 194M) of **5% on contractual payment or professional fees** exceeding **Rs. 50 Lakhs** in a year paid by individual/HUFs (which are not subjected to TDS u/s. 194C/194J)
7. Mandatory filing of IT returns by persons who has deposited **amount exceeding Rs. 1 crore in one or more bank a/c** or incurred expenditure for **foreign travel exceeding Rs. 2 Lakh** or **electricity consumption exceeding Rs. 1 Lakh in a year**
8. Inter-changeability of PAN & Aadhar in prescribed transactions and return of income
9. Persons having turnover exceeding Rs. 50 crore mandated to provide facility for electronic mode of payments, failure to which shall result into penalty of Rs.5,000 / day for which default continues (w.e.f. 01.11.2019)
10. Introduction of Online application facility for seeking determination of withholding tax at source on receipts by Non-resident
11. Startups and their investors who file requisite declarations & provide information in their returns will not be subjected to any kind of scrutiny in respect of valuations of share premium
12. Pre-filled tax returns will be made available to taxpayers which will contain details of salary income, capital gains, interests, and dividends etc. and TDS
13. Scheme of faceless **jurisdiction free** e-assessment involving 'no human interface'



Indirect Taxes

Basic Custom Duty Reduced to Zero

1. Selected Inputs in manufacturing of Electronic Items
2. Materials used exclusively in manufacturing of Electric Vehicles
3. Raw material, parts or accessories used in manufacture of artificial kidneys
4. Import of raw material for export of Sports goods
5. Import of Defence Equipment's and related materials
6. Reduction of Export Duty on Animal Skin and Leathers

Increase in BCD / Excise Duty

1. Special Additional Excise Duty & Road and Infrastructure Cess on Petrol and Diesel increased each by Rs.1 / litre
2. Increase in excise for tobacco related products and crude
3. BCD on gold and other precious metal increase from 10 to 12.5%
4. BCD on products like cashew nuts, kernels, PVC, vinyl flooring and tiles, Newsprint and papers etc. increased

Others

1. Enhancement in penalty to stop undue advantage of Concessions & Export Incentives

Changes in GST



1. GST rate on Electric vehicle reduced from 12% to 5%
2. Proposed for interest on delay in filing of returns except section 73 and 74 on net tax liability
3. No separate E-way bill for E-invoice system. It will also help to pre-draft GST Returns

Women Empowerment- Nari tu Narayani



1. Interest Subvention, Overdraft of Rs.5000 and Loan up to Rs. 1 lakh for Women member of Self-Help Group (SHG)

Banking and Financial Sector



1. PSB to be provided Rs.70K crore to boost capital and to improve credit
2. For purchase of high rated pooled assets of financially sound NBFCs amounting to Rs. 1 lakh crore, Government will provide one time 6 months partial credit guarantee given to PSBs for first loss up to 10%
3. RBI has been proposed as Regulatory Authority for Housing Sector in place of National Housing Bank
4. SEBI to evaluate raising of minimum public share holding from 25% to 35% for all listed companies

Education & Research



1. 'Study In India' to be started to bring in foreign students into Indian higher Education system.
2. Establish a National Research Foundation to fund, to coordinate and to promote research in the country
3. New national educational policy to transform Indian Higher Educational System

Infrastructure



1. Public Private Partnership (PPP) initiatives to be encouraged in rail sector.
2. 657 km of metro rail network has become operational in the country
3. Government envisions using rivers for cargo transportation, to decongest roads and railways.
4. Proposed PM Sadak Yojna for better road and water connectivity.
5. Introduce new integrated RuPay Card to be used for all modes of transportation of Passengers across India, Retail shopping & withdraw money

Empowering MSMEs & Social Entreprises



1. Interest subvention scheme for MSMEs, 350 crore allocated for 2019-20
2. Payment platform for bill filing for MSMEs to be created, to address delays
3. An electronic fund-raising platform - Social stock Exchange for listing social enterprises and voluntary organizations
4. Rs.1 crore loan to MSME in 59 minutes

Rural Development / Farmer Welfare and Water security



1. Electricity and clean cooking facility for every single rural family till 2022
2. 1.95 crore houses to be provided to eligible beneficiaries by 2022 with basic amenities
3. 10000 new farmer producer organizations to be formed to ensure economies of scale for farmers
4. 100 new clusters to be set up under **SFURTI**. 50000 artisans to be enabled to join the economic value chain
5. "Har Ghar Jal" to all rural households by 2024 under Jal Jeevan Mission

Start-up Promotion



1. E-verification for establishing investor identity and source of funds to resolve tax issues relating to fund raising
2. Exclusive TV channel for start-ups

NRIs



1. Aadhar card for NRIs with Indian passports to be issued after their arrival in India, without waiting for mandatory 180 days
2. To provide NRI seamless access to Indian equities, NRI portfolio investment scheme route to be merged with foreign portfolio investment route