

A close-up photograph of a person's hands counting a stack of Indian Rupee banknotes. The person is wearing a dark blue top. The background is blurred, showing a white cup in the bottom right corner.

INTERIM UNION BUDGET 2019

India | Analysis of Direct Tax Proposals and GST

 BAGARIA
& COMPANY

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Rates of tax

Tax rates for corporates and non-corporates assesses

1. Rates of taxes

Individual rate of taxes

Dashboard

- 1 Rate of Taxes
- 2 Individuals & businesses
- 3 Goods and Services Act, 2017

Income	FY 2018-19 & FY 2019-20	FY 2017-18	FY 2016-17
For Individual Tax Payer & HUF :			
> Rs. 2.5 Lakhs and < Rs. 5 Lakhs	5.20	5.15	10.30
> Rs. 5 Lakhs and < Rs. 10 Lakhs	20.80	20.60	20.60
> Rs. 10 Lakhs and < Rs. 50 Lakhs	31.20	30.90	30.90
> Rs. 50 Lakhs and < Rs. 100 Lakhs	34.32	33.99	30.90
> Rs. 100 Lakhs	35.88	35.53	33.99
For Senior Citizen below 80 age Tax Payer:			
> Rs. 3 Lakhs and < Rs. 5 Lakhs	5.20	5.15	10.30
> Rs. 5 Lakhs and < Rs. 10 Lakhs	20.80	20.60	20.60
> Rs. 10 Lakhs and < Rs. 50 Lakhs	31.20	30.90	30.90
> Rs. 50 Lakhs and < Rs. 100 Lakhs	34.32	33.99	30.90
> Rs. 100 Lakhs	35.88	35.53	33.99
For Very Senior Citizen above 80 year tax Payer:			
> Rs. 5 Lakhs and < Rs. 10 Lakhs	20.80	20.60	20.60
> Rs. 10 Lakhs and < Rs. 50 Lakhs	31.20	30.90	30.90
> Rs. 50 Lakhs and < Rs. 100 Lakhs	34.32	33.99	30.90
> Rs. 100 Lakhs	35.88	35.53	33.99
<p>- The above mentioned rates are effective rates of tax (including tax rate, surcharge, education cess, Health cess, etc).</p> <p>- It is proposed that from FY 2019-20 a standard deduction of Rs.50,000/- (revised from Rs. 40,000 for FY 2018-19) will be available to salaried employees. This deduction is not taken into consideration while calculating the above mentioned rates.</p> <p>- Rebate u/s 87A (applicable to individual resident in India) was equal to 100% or Rs. 2,500/- which ever is less with income not exceeding Rs. 3,50,000/-.</p>			

Rebate u/s 87A for FY19-20:

- Rebate of Rs.12,500 is proposed where the total income of an individual, being a Resident in India does not exceed Rs.5,00,000.
- Hence, individuals earning income upto Rs.5,00,000 will be not be subject to tax. However, tax payers earning more than Rs.5,00,000 will not have this benefit and be governed by the normal tax slab rates.

1. Rates of taxes

Corporate rate of tax

Dashboard

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Status	Income / Turnover Criteria	FY19 & FY20			FY18			FY17	FY16	FY15
		Income < Rs. 1 cr	Income 1 to 10 Crore	Income > 10 Crore	Income < Rs. 1 cr	Income 1 to 10 Crore	Income > 10 Crore			
Domestic Company	Total income < Rs. 1 Crs	-	-	-	-	-	-	29.87	30.90	30.90
	Rs. 1 crs > Total Income < Rs. 5 Crs	-	-	-	-	-	-	31.96	-	-
	Rs. 1 crs > Total Income < Rs. 10 Crs	-	-	-	-	-	-	-	33.06	32.40
	Total Turnover > Rs. 50 Crs in FY16	-	-	-	25.75	27.55	28.84	-	-	-
	Total Turnover < Rs. 250 Crs in FY17	26.00	27.82	29.12	-	-	-	-	-	-
	Remaining	31.20	33.35	34.94	30.90	33.06	34.61	34.61	34.61	33.99
New Domestic Manufacturing Company [^]	All turnover level	-	-	-	25.75	27.55	28.84	-	-	-
Foreign companies	All turnover level	41.60	42.43	43.68	41.2	42.02	43.26	41.2 / 42.024 / 43.26 *		
Partnership Firm / LLP	All turnover level	31.20	34.94		30.90	33.06	34.61	29.87/ 31.96/ 34.61	30.90/ 33.06/ 34.61	30.90/ 32.40/ 33.99
AOP / BOI / Trust	All turnover level	31.20	34.94		30.90	33.06	34.61			
Notes:										
[^] - A company within meanings of section 115BA of ITA.										
* - Depends on income bracket of the company										

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Impact on Individuals and businesses

Amendments having impact on all assessee

2. Impact on Individuals & Businesses

Dashboard

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Notional Rent

- a. At present, income tax on notional rent is payable if an individual has more than one self-occupied house from the second house onwards. It is now proposed that the exemption would be available for 2 houses.
- b. Corresponding amendment has been brought to section 24 wherein deduction towards interest on borrowed capital is capped at Rs. 2,00,000 jointly for all the houses.
- c. In 2018, notional rent was introduced for builders should the property be unsold for more than 1 year from completion. It is now proposed that this span of 1 year be increased to 2 years.

No Capital Gain Tax on investment in 2 residential houses

At present, u/s 54 amount of long term capital gain earned on sale of any asset, if invested in 1 residential house, is exempt from tax. It is now proposed that this investment can be made in 2 residential houses.

Deduction in respect of Profit & Gains from Affordable Housing Projects

100% deduction of profit was allowed u/s 80-IBA by Finance Act, 2016 for affordable housing projects which are approved on or before 31st March, 2019. This sunset clause is now extended by 1 year to 31st March, 2020.

TDS on Interest other than Securities

Presently, TDS threshold u/s 194-A on interest earned on bank/post office deposits is Rs. 10,000 which is proposed to be increased to Rs.40,000/-.

TDS on Rent

Presently TDS threshold u/s 194-I for deduction of tax on rent is Rs. 1,80,000/- which is proposed to be increased Rs. 2,40,000 for providing relief to small taxpayers.

Assessments

Finance Minister, in his speech, reiterated the idea of e-assessment and the fact that all returns will be processed in 24 hours and refunds will be issued simultaneously. Within the next two years, almost all verification and assessment of returns selected for scrutiny will be done electronically.

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Goods and Services Tax

Important Provisions for FY2019-20

3. Goods and Services Tax Act, 2017

Dashboard

- 1 Rate of Taxes
- 2 Individuals & businesses
- 3 Goods and Services Act, 2017

Although no amendments have been proposed in the Finance Bill, 2019, we have listed below the important provisions of GST which are or will be applicable for FY2019-20.

Composition Scheme*

- ▶ Composition scheme for goods can be opted if turnover is less than 1.5 cr. In case of service it is 50 lacs. However tax rate in case of service is 6%.
- ▶ Compliance under composition scheme is simplified as the assessee is now required to file only one Annual return. However, payment of tax is required to be made quarterly.

Registration*

- ▶ Registration requirement for supplier of goods is Rs. 40 lacs and in case of supplier of services it is Rs. 20 lacs.

Reverse Charges Mechanism (RCM)

- ▶ RCM on transactions with unregistered dealer has once again come in to force from 01.02.2019. However, now there will be class of persons and categories of goods on which the same will be applicable. The same shall be notified soon.

High sea transaction

- ▶ In the absence of any clarification there was ambiguity on taxability of high sea transactions. Recent amendment has specifically excluded such transactions from GST w.e.f 01.02.2019.

Credit / Debit note

- ▶ One single credit/debit note can be issued against multiple invoices during the year.

Others

- ▶ Amendment in GSTR 1 (sales invoices) for FY17-18 is allowed till 31.03.2019.
- ▶ Input tax credit in GSTR 3B for FY17-18 can be taken till 31.03.2019.
- ▶ Login access to E-way bill portal will be restricted if GST returns are not filed for 6 consecutive months.
- ▶ Now multiple registration can be obtained for multiple place of business within state.

* - These provisions are subject to notification and included herein based on outcome of the 32nd Meeting of the GST Council.



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