

**QUICK OVERVIEW  
ON DIRECT TAX PROPOSALS (BUDGET)  
AS PRESENTED BY FINANCE MINISTER  
ON 5<sup>TH</sup> JULY 2019**

Compiled by

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## INCOME TAX SLAB RATES, SURCHARGE AND HEALTH AND EDUCATION CESS:

Particulars	Existing	Proposed
<b>INDIVIDUAL, HUF, AOP, BOI</b>		
Income upto Rs. 2,50,000	Nil	Nil [No change]
Income exceeding Rs. 2,50,000 but less than or equal to Rs. 5,00,000	5%	5% [No change]
Income exceeding Rs. 5,00,000 but less than or equal to Rs. 10,00,000	20%	20% [No change]
Income exceeding Rs. 10,00,000 but less than or equal to Rs. 50,00,000	30%	30% [No change]
Income exceeding Rs. 50,00,000 but less than or equal to Rs. 1 Crore	30%+10% Surcharge	30%+10% Surcharge [No change]
Income exceeding Rs. 1 Crore but less than or equal to Rs. 2 Crore	30%+15% Surcharge	30%+15% Surcharge [No change]
Income exceeding Rs. 2 Crore but less than or equal to Rs. 5 Crore	30%+15% Surcharge	30%+25% Surcharge
Income exceeding Rs. 5 Crore	30%+15% Surcharge	30%+37% Surcharge
<b>COMPANY</b>		
Turnover upto Rs. 250 Crore in FY 2017-18	25%	25%
Turnover exceeding Rs. 250 Crore but less than or equal to Rs. 400 Crore in FY 2017-18	30%	25%
Turnover exceeding Rs. 400 Crore in FY 2017-18	30%	30%

Example on taxation impact on individual having income exceeding Rs. 5 Crore, let say Mr. X has income of Rs. 6 Crore, 80C investment Rs. 1,50,000/-, 80CCD investment (NPS Contribution) of Rs. 50,000/- and has paid medical insurance premium Rs. 25,000/- for himself, spouse, children and Rs. 25,000/- paid for parents. Tax calculation will be as under:

	Existing	Proposed
Gross Income	6,00,00,000	6,00,00,000
(-) Deduction u/s. 80C	(1,50,000)	(1,50,000)
(-) Deduction u/s. 80CCD (1b)	(50,000)	(50,000)
(-) Deduction u/s. 80D [Rs. 25,000+Rs. 25,000 for Parents]	(50,000)	(50,000)
Net Taxable Income	5,97,50,000	5,97,50,000
Tax @ 30%	1,79,25,000	1,79,25,000
(+) Surcharge @ 15% / 37%	26,88,750	66,32,250
(+) Health and Education Cess @ 4%	8,24,550	9,82,290
Total Tax	2,14,38,300	2,55,39,540
<b>Net Increase in Tax</b>		<b>41,01,240</b>

Take same example as if Mr. X has gross income of Rs. 4.50 Crore, then Tax calculation will as under:

	Existing	Proposed
Gross Income	4,50,00,000	4,50,00,000
(-) Deduction u/s. 80C	(1,50,000)	(1,50,000)
(-) Deduction u/s. 80CCD (1b)	(50,000)	(50,000)
(-) Deduction u/s. 80D [Rs. 25,000+Rs. 25,000 for Parents]	(50,000)	(50,000)
Net Taxable Income	4,47,50,000	4,47,50,000
Tax @ 30%	1,34,25,000	1,34,25,000
(+) Surcharge @ 15% / 25%	20,13,750	33,56,250
(+) Health and Education Cess @ 4%	6,17,550	6,71,250
Total Tax	1,60,56,300	1,74,52,500
<b>Net Increase in Tax</b>		<b>13,96,200</b>

**DEDUCTIONS: NEWLY INSERTED**

Section	Particulars	Amount of Deduction	Conditions
80EEA	Deduction of Interest on loan taken for purchase of Residential House Property	Rs. 1,50,000	1. Loan is taken between 01-04-2019 to 31-03-2020; 2. Stamp Duty value of Residential House Property is upto Rs. 45 Lakh; 3. Assessee does not own any other Residential House Property at the time of Sanction of Loan.
80EEB	Deduction of Interest on Loan taken for Purchase of Electric Vehicle	Rs. 1,50,000	Loan is taken between 01-04-2019 to 31-03-2023.

**AMENDMENT ON WITHDRAWAL FROM NPS ACCOUNT:**

Section	Existing	Proposed
80CCD(2)	<ul style="list-style-type: none"> <li>Exemption of 40% on Final Withdrawal from NPS Account.</li> <li>Deduction of Employers' Contribution to NPS is 10% of Salary</li> </ul>	<ul style="list-style-type: none"> <li>Exemption of <b>60%</b> on Final Withdrawal from NPS Account.</li> <li>Deduction of Employers' Contribution to NPS is - <b>14% if employer is Central Government.</b> - 10% if employer is other employer.</li> </ul>

**CHANGES RELATED TO INCOME TAX RETURNS:**

- For Filing of Income Tax Return, **Aadhar Number can be used instead of PAN**. It means, ITR can be filed based on Aadhar Number even if you don't have PAN.
- If a Person **fails to intimate the Aadhar Number**, the **PAN allotted to such person shall be made inoperative** in prescribed manner after the date notified for the linking of Aadhar with PAN.
- Prefilled ITR** will be made available to assesses having income of salary, capital gains and other sources.

Particulars	Existing	Proposed
Compulsory filing of Income Tax Return	Every person who has a total income that exceeds the exemption limit is liable to furnish Income Tax Return.	<ul style="list-style-type: none"> <li>Deposited more than Rs. 1 Crore in Current A/C in a year.</li> <li>Spent more than Rs. 2 Lakhs on Foreign Travel.</li> <li>Spent more than Rs. 1 Lakh on Electricity Consumption.</li> <li>Person whose income becomes lower than maximum amount not chargeable to tax due to claim of rollover benefit of capital gains.</li> </ul>

## CAPITAL GAIN FOR START-UP:

## SECTION -54GB EXEMPTION ON LONG TERM CAPITAL GAIN ON TRANSFER OF RESIDENTIAL PROPERTY BY INVESTING IT INTO START-UP [BENEFIT EXTENDED FOR 2 MORE YEARS]

Particulars	Existing	Proposed
Net Consideration Received on sale of Long Term Residential Property is required to be invested in start-up i.e. by subscribing to equity shares of such eligible company within prescribed time limit.	<ul style="list-style-type: none"> <li>Exemption is available if investment is made on or before 31.03.2019.</li> <li>For Carry Forward or Set Off of Losses, Minimum 50% of Shareholding / voting Rights should remain same.</li> <li>Restriction on Transfer of New Asset (Computer or Computer Software) is for 5Years.</li> </ul>	<ul style="list-style-type: none"> <li>Exemption is available if investment is made on or before 31-03-2021.</li> <li>For Carry Forward or Set Off of Losses, Minimum 25% of Shareholding / voting Rights should remain same.</li> <li>Restriction on Transfer of New Asset (Computer or Computer Software) is for 3Years.</li> </ul>

## TAX DEDUCTED AT SOURCE (TDS): NEWLY INTRODUCED:

## SECTION 194M: TDS ON PAYMENT MADE TO CONTRACTOR OR PROFESSIONAL FOR PERSONAL PURPOSE

Particulars	Proposed
Payer	Individual, HUF, (Other than those required to deduct TDS u/s. 194C or 194J)
Payee	Any Resident Person
Nature of Transaction	Payment for carrying out any work in pursuance of Contract or Professional services
Threshold limit	Aggregate amount exceeds Rs. 50 Lakhs during a financial year
Rate of TDS	5% of such sum

## SECTION 194N: TDS ON WITHDRAWAL OF CASH FROM BANK, POST OFFICE OR CO-OPERATIVE BANKS

Particulars	Proposed
Payer	A Banking Company, Post Office or Co-Operative Banks
Payee	Any Person (Resident or Non-Resident)
Nature of Transaction	Cash Withdrawal by payee exceeding Rs. 1 Crore
Threshold limit	Aggregate amount exceeds Rs. 1 Crore during a financial year
Rate of TDS	2% of sum exceeding Rs. 1 Crore

## SECTION 194DA: TDS ON PAYMENT IN RESPECT OF LIFE INSURANCE POLICY [EFFECTIVE FROM 01-09-2019]

Particulars	Existing	Proposed
Payer	Life Insurance Company	Life Insurance Company
Payee	Any Person	Any Person
Threshold limit	Rs. 1,00,000	Rs. 1,00,000
Rate of TDS	1% on Gross basis	5% on Net basis

**SECTION 194IA: TDS ON PAYMENT IN RESPECT OF PURCHASE OF IMMOVABLE PROPERTY OTHER THAN AGRICULTURAL LAND [EFFECTIVE FROM 01-09-2019]**

TDS @ 1% is required to be deducted u/s. 194IA when Purchase price (consideration) of Immovable Property (other than Agriculture Land) exceeds Rs. 50 lakh.

Now the **meaning of “Consideration of Immovable Property”** is defined clearly that it includes Purchase Price, Club Membership Fees, Car Parking Fees, Electricity or Water Facility Fees, Maintenance Fees, Advance Fees or any other such charges of similar nature.

**DEFAULT IN TDS ON PAYMENT TO NON-RESIDENTS: RELAXATION**

If a person fails to deduct tax on payments made to Non-Residents and if such Non-Resident files ITR and pays the tax on such income and has furnished certificate from accountant, the **deductor shall not be held as Assesse in default.**

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