



UNION BUDGET 2019-HIGHLIGHTS

Smt. Nirmala Sitharaman, Finance Minister, unveiled the Budget 2019-20 on 05/07/2019. It is first budget in NDA Government's second term and also it is the first budget ever presented by a female Finance Minister.

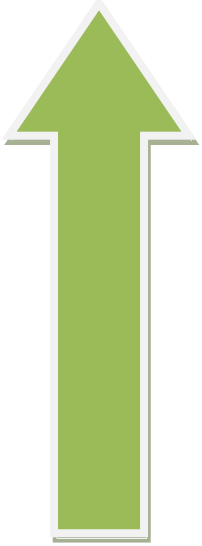
It was one of the most awaited Budget considering the on-going trade war between US-China, US-India and Iran. The main focus of the budget was infrastructure development and foreign investment, though it was expected globally for some FTP relaxation and Duty benefits for industries, however this budget was silent about such benefits and we have to wait for FTP updates.

Budget speech began with the explanation of their 10 year vision and steps towards achieving the proposed target, which was employment and economic development of under privileged part of society with an aim towards better and brighter India.

TAXATION HIGHLIGHTS

- Tax Payers can now claim **Additional Rs 1.5 lakh tax relief** on home loans, which was 2 Lakh earlier for purchase of house costing upto 45 Lakhs.
- GST rate on electrical vehicle has been proposed to **reduce from 12% to 5%**.
- All companies having turnover of **400 Crore, will now be under 25% tax bracket, which was 250 Crores earlier.**
- It is proposed to make Pan Card and Aadhaar card interchangeable to file tax returns. In addition to that, **those who do not have PAN can simply quote their Aadhaar number wherever PAN is mandatory to quote.**
- The Start-ups and investors will **not be subjected to any kind of scrutiny** in respect of share valuation.
- To discourage business payments in cash, **Tax Deduction at Source of 2% to be levied on cash withdrawal exceeding 1 Crore rupees in a year** from a bank account.
- Electronic Invoice System is proposed to be rolled out from January 2020, which simplifies filling of GST returns. Therefore, there will not be any need to file e-way bill. Taxpayers having annual turnover less than 5 Crores has an option to file one

FAVOURABLE CHANGES



- The government has unveiled an **amnesty scheme** to resolve excise and service tax disputes pertaining to the period before the introduction of the goods and services tax to clear the backlog of cases and improve the ease of doing business.
- Additional Income tax deduction of **Rs.1.5 Lakhs** on purchase of E-Vehicles
- It is also proposed to,-
 - increase the limit of exemption from the current **40% to 60%** of payment on final withdrawal from NPS;
 - allow a deduction for employer's contribution **up to 14% of salary from the current 10%**, in the case of Central Government employee

- Government proposes no change in personal income tax rates
- Govt hike duty on fuel by 1 rupee per litre which is ultimately cost for customer,
- Similarly duty on gold and precious items has been increased from **10% to 12.5%** making it costlier.
- Surcharge on super rich has been increased by **3% Surcharge on Rs 2 Crore, & by 7% on income 5 Crore** and above, so now effective Surcharge rate will become **18% and 22%** respectively.
- Standard deduction and TDS threshold didn't find a mention in Sitharaman's budget. It came as dampener for the salaried taxpayer because Piyush Goyal had promised to hike these limits in his February interim budget.



DOWNSIDE

OTHER HIGHLIGHTS

SELF HELP GROUP - FEMALES

- *Interest Subvention Programme for PAN India*
- *Members can avail 1 Lakhs loan*
- *Every Verified member can avail an O/D facility of Rs. 5,000/-*

START-UPS

- Proposed to exempt start-up from scrutiny assessment.
- Educational TV Programme for Start-ups.
- Incentive Scheme for EV Start-ups.
- Modern tenancy Law to be drafted and shared.

BITTER SIDE

- *Tax on LTCG continued*
- *Fuel bill increased*
- *Govt will keep taking money (Dividend) from RBI.*
- *No new scheme to create Jobs*
- *No mention for Defence.*
- *No plan for Eco friendly projects and to reduce carbon foot print.*
- *No mention for new smart cities.*

OTHER SOCIAL & ECONOMIC BOOSTER PROPOSALS

- Rs. 3,000/- pension per month for informal sector workers.
- 400Cr for introducing new education policy and also reformation in higher education policy in the country under "Study in India" plan.
- Inter-operable One Nation One transport card is proposed for travel, Parking and the same can be used for withdrawal of Money
- It is proposed to SEBI to consider increase in minimum public shareholding in listed companies from 25% to 35%.
- Budget proposed to provide banks with a capital boost of Rs.70,000 Cr
- Now NRIs need not to wait for 180 days to get AADHAR, they can get the same on arrival
- FDI norms on Single Brand Retail is proposed to be eased.
- Low-Cost Digital Payments is proposed where no bank will charge any amount for Digital Payments.