

UNION INTERIM BUDGT 2019 [MAJOR HIGHLIGHTS]

The Union Interim Budget 2019 is an attempt to strengthen the impact of the economic measures already taken by the Government as well as laying out a road map to take the country forward on an economic growth path.

The key highlights of the Union Interim Budget 2019 are as below:

DIRECT TAXATION

* Tax rebate raised for income up to Rs 500,000

Though there is no change in the tax slabs for Individual assesseees, a tax rebate is given to an Individual assessee having total income upto INR 5,00,000 by way of a proposed amendment to Section 87A of The Income Tax Act, 1961. Such assessee shall be entitled to a deduction of an amount equal to 100% of such income-tax or an amount of INR 12,500/-, whichever is less

* Benefit of rollover of capital tax gains increased from one residential house to two houses

The benefit of rollover of capital gains under Section 54 of The Income Tax Act, 1961 will be increased from investment in one residential house to two residential houses for a tax payer having capital gains up to INR 2 crores. This benefit can be availed once in a life time.

* Exemption of Income Tax on notional income of second self-occupied house

It has also been proposed to exempt levy of income tax on notional rent on a second self-occupied house by way of proposed amendment to Section 23 of The Income Tax Act, 1961. Currently income tax on notional rent is payable if an assessee has more than one self-occupied house.

* Standard Deduction raised to INR 50,000/-

The Standard Deduction under Section 16(ia) of The Income Tax Act, 1961 has been raised from the current INR 40,000/- to INR 50,000/- which will result in a tax benefit of INR 4,700 Crores to more than 3 crores salary earners and pensioners.

* TDS threshold limit proposed to be increased [Section 194A and Section 194I]

The TDS threshold on Interest earned on bank/post office deposits is being raised from INR 10,000/- to INR 40,000/- by way of proposed amendment to Section 194A(3)(i) of The Income Tax Act, 1961. With this proposal there shall be no deduction of TDS with respect to interest on Term Deposit in Banks, post office saving etc. upto the amount of INR 40,000.

The TDS threshold for deduction of tax on rent is also proposed to be increased from INR 1,80,000/- to INR 2,40,000/- by way of proposed amendment to Section 194I of The Income Tax Act, 1961. Both these increased thresholds will provide relief to small taxpayers.

*** Income Tax returns to be processed within 24 hours and refunds paid immediately**

The Tax Department plans to roll out a mechanism in the next 2 years where all Assessment and verification of the Income Tax returns will be done electronically by an anonymised tax system without any intervention by tax officials bringing transparency to the system, enabling faster refunds and thereby making the Tax administration taxpayer friendly.

*** Deemed Let out of property held in stock in trade. [Section 23]**

Presently there is a holiday period of one year from the end of the year in which the completion certificate of the property (held as stock) is obtained. The developer had to pay tax on the notional rent of such property after the completion of one year.

It has been proposed to extend the holiday period from one year to two years. This shall benefit the developers to hold their inventory for one more year without paying tax on notional rent of such stock in trade, thereby giving them more time to sell their apartments.

*** Deduction in respect of profits and gains from housing projects. [Section 80IBA]**

The benefit of deduction of an amount equal to hundred per cent of the profits and gains derived from the business of developing and building housing projects under Section 80-IBA of The Income Tax Act, 1961 is being extended for one more year i.e. to the housing projects approved by the competent authority till 31st March, 2020.

INDIRECT TAXATION

*** Exemption in GST**

- GST aims to benefit small traders, manufacturers and service providers and hence, an exemption from GST is granted to small businesses by increasing the annual turnover limit from INR 20,00,000 to INR 40,00,000
- Soon businesses comprising over 90% of GST payers to be allowed to file quarterly return, instead of monthly returns.
- Small and medium-sized businesses registered under the GST to get 2 percent interest subvention on loan of Rs 1 crore
- Small Businesses having turnover upto Rs. 1.5 crore pay only 1% flat rate and file one annual return only.
- Small service providers with turnover upto Rs. 50,00,000/- may opt for composition scheme and pay GST at 6% instead of 8%

AGRICULTURE

*** Minimum support price of 22 crops**

With the aim to double the income of farmers, Government has fixed the Minimum Support Price of all 22 crops at minimum of 50% more than the cost.

*** Rs 6,000 per year assured income for small and marginal farmers**

The Government announced the Pradhan Mantri Kisan Samman Nidhi (PMKISAN) scheme, which will provide a guaranteed income of INR 6,000 per year to small and marginal farmers. This will involve an annual outlay of INR 75,000 crore, which is around 0.36% of the GDP (2019-20 Budget estimate).

*** Two percent interest subvention for farmer**

Interest subvention of 2% was announced for farmers affected by natural calamities. An additional 3% relaxation will be given for timely repayment of loans.

This scheme has also been extended to farmers engaged in animal husbandry and fishery-related activities, and availing loans through Kisan Credit Cards.

RURAL SECTOR

*** Pradhan Mantri Gram Sadak Yojana**

The budgetary allocation of Rs 19,000 crore for construction of rural roads has been made under Pradhan Mantri Gram Sadak Yojana. This will triple the magnitude of rural road construction in the country.

*** Government to allocate Rs 60,000 crore for MNREGA scheme**

Mahatma Gandhi National Rural Employment Guarantee program's allocation increased by Rs 5,000 crore to Rs 60,000 crore for FY20

EMPLOYMENT

*** New social security coverage scheme for unorganised sector workers**

The Pradhan Mantri Shram-Yogi Maandhan Yojana has been announced for workers in the unorganised sector with a monthly income upto INR 15,000. The scheme will provide them with an assured monthly pension of INR 3,000. The scheme is contributory and the government will make a matching contribution.

Scheme to benefit 10 crore workers in the unorganized sector, which may become the world's biggest pension scheme for unorganized sector in five years

*** Employees State Insurance Eligibility**

Employees' State Insurance eligibility cover limit is being raised to Rs 21,000 per month from Rs 15,000 per month

*** Gratuity**

Gratuity limit increased from Rs 10,00,000 to Rs 30,00,000

RAILWAYS

*** Operating ratio, Capex and provision**

- The government allocated a sum of Rs.64,587 crore for Railways in 2019-20
- The Railways' overall capital expenditure programme is Rs 1,58,658 crore.
- The Operating Ratio is expected to improve from 98.4% in 2017-18 to 96.2% in 2018-19 (RE- Revised Estimates) and further to 95% in 2019-20 (BE- Budgetary Estimates)

DEFENCE

* OROP and Budget provision

- Government increases defence budget to over Rs 3 lakh crore. Government will provide additional funds for Defence, if needed.
- Government disbursed Rs 35,000 crore under OROP (one rank one pension) scheme in the last few years
- The Government announced substantial hike in the Military Service Pay (MSP) of all service personnel and special allowances given to Naval and Air Force personnel deployed on high risk duties.

OTHER

* Medical expenditure - AIIMS

22nd AIIMS is to be set up in Haryana.

* A single window clearance for filmmakers

The Single window clearance for ease of shooting films will be available not only to foreigners but also to Indian filmmakers to promote entertainment industry

* Education

Rs. 38,572 crore allocated for the National Education Mission

* National Program on Artificial Intelligence

In order to take the benefits of artificial intelligence and related technologies to the people, a national program on 'Artificial Intelligence' has been envisaged, a national AI portal to be developed soon

* Economy and Fiscal Health

- Average monthly tax collection has been Rs 97,100 crore per month so far this year.
- Gross market borrowing seen at Rs 7.04 lakh crore in 2019-20.
- The other banks on the central bank's 'Prompt Corrective Action list' to be removed soon.
- Fiscal deficit for 2018-19 seen at 3.4% of the GDP, for 2019-20 estimated at 3.4% of the GDP and for 2020-21 at 3% of the GDP.
- Fiscal deficit for 2018-19 seen at 3.4% of the GDP, for 2019-20 estimated at 3.4% of the GDP and for 2020-21 at 3% of the GDP.
- India's current account deficit for 2018-19 seen at 2.5% of the GDP
- Debt to GDP ratio to be brought down to 40% by 2024-25