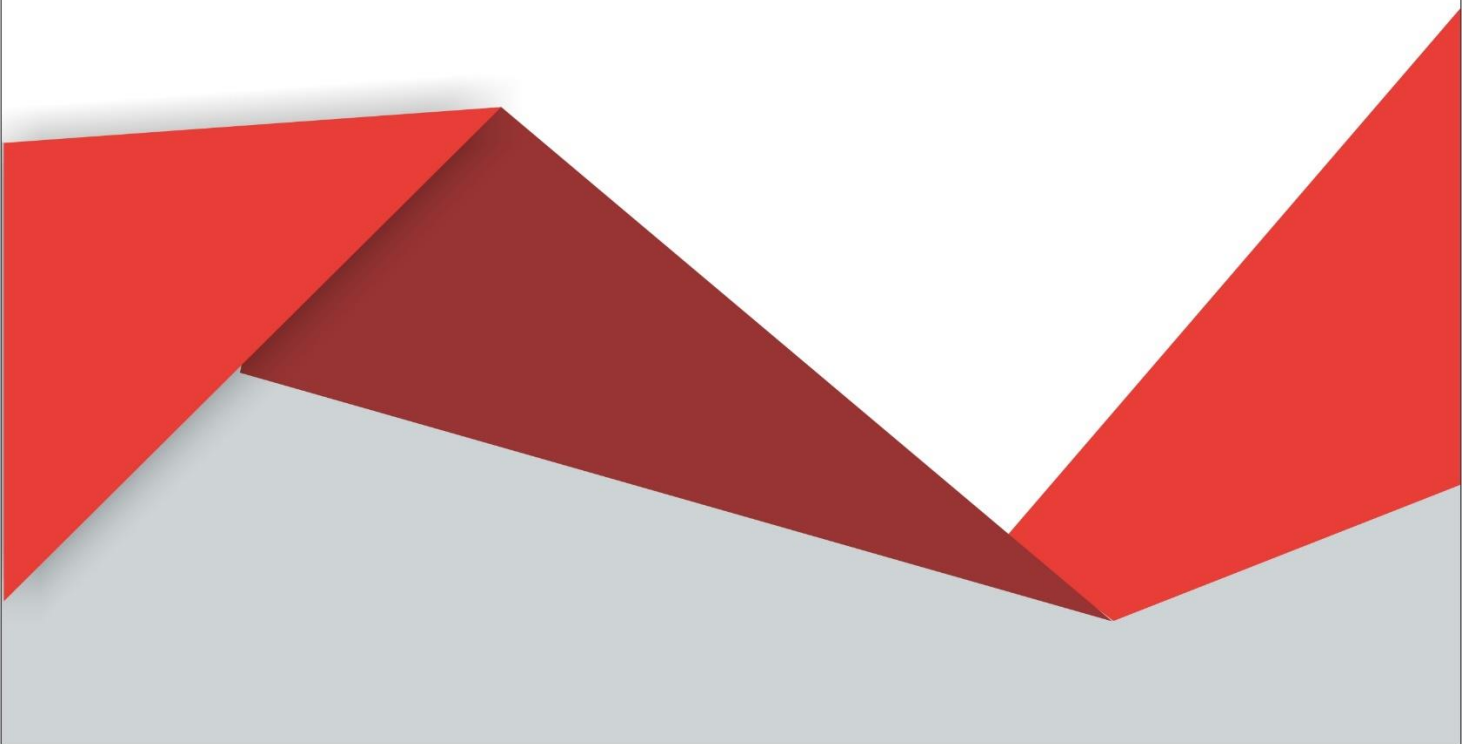




**ADLAKHA KUKREJA
GROUP**

Highlights of Union Budget 2019





DIRECT TAX PROPOSALS

Personal Tax

1. No changes in Tax Slabs.

Income (Rs.)	Rate of Tax (FY 2019-20)
Upto 2,50,000	Nil
2,50,001 – 5,00,000	5%
5,00,001 – 10,00,000	20%
10,00,001 and above	30%

Rebate under Section 87A remains unchanged for a resident individual (whose income does not exceed 5,00,000). The amount of rebate is 100% of income tax calculated before education cess or 12,500 whichever is less.

2. Increase in surcharge by 10% and 12% on High Net-worth Individuals (HNIs) with income between Rs. 2 – 5 crores and greater than Rs. 5 crores a year, respectively

Income (Rs)	Proposed Rate (FY 2019-20)	Old Rate (FY 2018-19)	Net Increase (For 30% Slab) in Effective Tax Rate
Upto 50 Lakhs	Nil	Nil	Nil
50 Lakhs to 1 Crore	10%	10%	Nil
1 Crore to 2 Crore	15%	15%	Nil
2 Crore to 5 Crore	25%	15%	39% - 35.88% = 3.12%
Above 5 Crore	37%	15%	42.744% - 35.88% = 6.864%

- Online application form shall be introduced to determine TDS on payment to non-residents u/s 195.
- Aadhar card can now be quoted in place of PAN.
- PAN will be made inoperative if not linked with Aadhar.
- Faceless e-assessment with no human interface to be launched.
- Deduction in respect of interest up to ₹350000 is available in case of loan taken for first residential house property having stamp duty value of less than 45 lakh under affordable housing scheme.
- Deduction upto ₹150000 shall be available in respect of interest on loan taken for purchase of electric vehicle.
- 60% (Earlier 40%) of amount receivable under national pension scheme shall be exempt from tax.



10. Gifts made to person resident outside India shall be deemed as income arisen in India
11. TDS @ 5% to be deducted by Individual & HUF on the sum, or the aggregate of sums, paid or credited in a year if such sum or aggregate of such sums, exceeds ₹50 Lakh in a year to resident contractor & professional for services used for his personal use.
12. Prefilled tax returns forms enumerating salary, bank interest, capital gain from securities and dividends, etc., will be made available for taxpayers.
13. Mandatory filing of ITR for persons who enter into certain high value transactions (even if their income is less than the maximum amounts not chargeable to tax]: -
 - (i) has deposited more than one crore rupees in one or more current account; or
 - (ii) has incurred expenditure of more than two lakh rupees for travel to a foreign country; or
 - (iii) has incurred expenditure of more than one lakh rupees on electricity; or
 - (iv) fulfils such other prescribed conditions, as may be prescribed.
 - (v) a person who is claiming such rollover benefits on investment in a house or a bond or other assets, under sections 54, 54B, 54D, 54EC, 54F, 54G, 54GA and 54GB of the Act.
14. Proposed to amend section 140A as to provide that computation of tax liability shall be made after allowing relief under section 89.



Corporate Tax

1. Corporate tax shall be levied at the rate of 25% where company has total turnover or receipts not exceeding ₹400cr in FY 2017-18
2. TDS @ 2% of amount exceeding 1 Crore shall be deducted by bank/PO/Cooperative Bank.
3. Entity with turnover exceeding ₹ 50cr shall mandatorily provide facility of accepting payment through electronic mode.
4. In parallel to unlisted company, listed company shall also be taxed in case of buyback of shares with corresponding exemption on tax to shareholder.
5. Interest on any loan or advances from NBFCs shall be allowed as deduction if it is actually paid on or before the due date of furnishing the return of income
6. Interest income on bad or doubtful debts received by NBFC shall be chargeable to tax in the previous year in which it is credited to its profit and loss account actually received.
7. Sec 35AD deduction extended to Li-On battery, Semi-Conductor, Laptops, Fabrication & Photo Volic.

Start-ups

1. Exemption from Income Tax Scrutiny on angel tax.
2. Start-ups can carry forward their loss even when their total shareholding reduces below 51%.
3. Investments received by start-ups from prescribed sources are now not taxable in hands of start-ups.
4. Exemption of Capital Gain from sale of residential house for investment in startup can be made up to 31 March 2021.



INDIRECT TAX PROPOSALS

Goods and Service Tax

1. Aadhaar Authentication is mandatory for all existing and new registration (Section 25)
2. Specified suppliers shall have to mandatorily give electronic payment Option to Recipient of Goods & Services or both.
3. Composition taxpayers to furnish annual return along with quarterly payment of taxes; and other specified taxpayers may be given the option for quarterly or monthly furnishing of returns and payment of taxes under the proposed new return system.
4. Government has provided facility to transfer an amount from one (major or minor) head to another (major or minor) head and between centre and state in the electronic cash ledger of registered person.
5. Necessary amendment has been proposed for Single Point of Refund System.
6. Retrospective Exemption has been provided to “Uranium Ore Concentrate”

Customs and Basic Excise Duty

1. Departure manifest can also be furnished to a person notified by the Central Government, in addition to the person-in charge of the conveyance.
2. The custody of seized goods could be given to certain person where it is not practicable to seize such goods. Also, now proper officer can provisionally attach any bank account for safeguarding the government revenue and prevention of smuggling, for a period not exceeding six months.
3. An adjudicating authority can release bank account provisionally attached on fulfilment of certain conditions.
4. The upper limit of penalty under certain sections has been increased from one lakh rupees to four lakh rupees.



Gist of Custom Notification Issued on 6th July 2019

S. No.	Notification No.	Description
1.	18/2019-Customs dated 6 th July 2019	Seeks to increase the effective rate of Road and Infrastructure cess, as additional duty of customs, on petrol and diesel.
2.	19/2019-Customs dated 6 th July 2019	Seeks to exempt specified defense equipment and their parts from Basic Customs Duty for a period of 5 years.
3.	20/2019-Customs dated 6 th July 2019	Seeks to further amend notification No. 52/2017- Customs dated 30 th June 2017 so as to increase the effective rate of Basic Customs Duty on petroleum crude.
4.	21/2019-Customs dated 6 th July 2019	Seeks to further amend notification No 25/98-Customs dated 2 nd June 1998 to update the classification of the goods in the notification.
5.	22/2019-Customs dated 6 th July 2019	Seeks to further amend notification No 25/2002- Customs dated 1 st March, 2002 to exempt specified capital goods use for manufacture of specified electronic items.
6.	23/2019-Customs dated 6 th July 2019	Seeks to further amend notification No 25/2005- Customs dated 1 st March, 2005 to explicitly provide BCD exemption on the specified parts of line telephone handset.
7.	24/2019-Customs dated 6 th July 2019	Seeks to further amend notification No 57/2017- Customs dated 30 th June, 2017 to explicitly exclude the specified electronic items from scope of entry at S.No. 6A of the notification and to provide the effective rates on other goods.
8.	25/2019-Customs dated 6 th July 2019	Seeks to further amend notification No 50/2017- Customs dated 30 th June, 2017 so as to prescribe effective rate of Basic Customs Duty (BCD).
9.	26/2019-Customs dated 6 th July 2019	Seeks to further amend notification No 14/2006- Customs dated 1 st March 2006 in order to change the classification of other dyed fabrics of nylon from “5407 42 00” to “5407 42”
10.	27/2019-Customs dated 6 th July 2019	Seeks to further amend notification No 27/2011- Customs dated 1 st March 2011 to reduce the export duty on EI tanned leather and Hides, skins and leathers, tanned and untanned, all sorts.



DISCLAIMER

Budget 2019 proposals presented by the Finance Minister before the parliament are analysed in this Document. It should not be relied upon as a substitute for detailed advice or a basis for formulating business decisions.

The proposals are subject to amendment as the Finance Bill is yet to be passed by the Parliament.

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