

Budget Connect 2019

#Economy@5trillion

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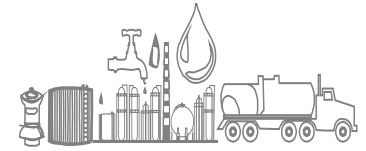


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Corporate tax proposals



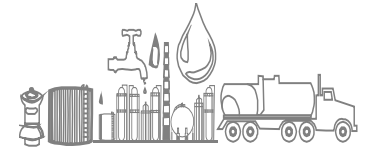
Measures to stimulate growth



Corporate tax rate

- ▶ Reduced corporate tax rate of 25% to apply to domestic companies with total turnover not exceeding Rs.4,000 million in financial year 2017-18

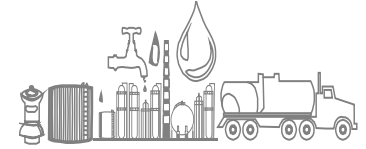
Measures to stimulate growth



Angel tax

- ▶ Angel tax benefit will be taxable in the year in which 'start up' conditions prescribed by the CBDT are not complied
- ▶ The tax will apply on the difference between consideration received for issue of shares and face value of share
- ▶ Start-up conditions
 - ▶ Recognised by Department for Promotion of Industry and Internal Trade as a start-up
 - ▶ Issued capital (including share premium) post the issue does not exceed Rs.25 crore
 - ▶ Rs.25 crore threshold to exclude investments by non-resident Venture Capital Company, Venture Capital Funds and Specified companies.
 - ▶ The Start-up has not invested in any of the specified assets

Rationalisation measures



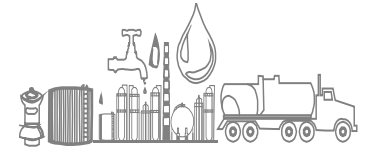
Relief from consequences of non-withholding taxes

- ▶ No disallowance of expenses and payer not to be considered as assessee in default in case of failure to deduct tax on payments made to non-residents if such non-resident -
 - ▶ furnishes return of income
 - ▶ offers such income to tax in the return of income
 - ▶ pays full taxes and
 - ▶ furnishes certificate from an accountant

Penalty for under-reporting of income

- ▶ Income declared for the first time in return of income in response to reassessment notice will be liable to penalty for under-reporting of income
 - ▶ This amendment is effective retrospectively from AY 2017-18

Encouraging digital



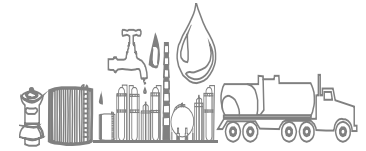
TDS on cash withdrawals

- ▶ Cash withdrawals from banks etc exceeding Rs.1 crore in aggregate during the year will now attract TDS at the rate of 2%
- ▶ This amendment will be effective from 1 September 2019

Additional electronic modes of payment to be allowed

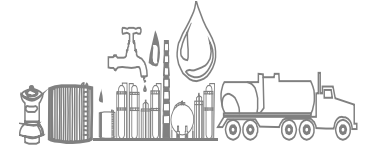
- ▶ Presently, various provisions prohibit cash transactions and allow/ encourage payment or receipt only through account payee cheque or demand draft or ECS
- ▶ Additional electronic modes of payment will now be allowed in addition to the existing modes of payment

Anti-abuse measures



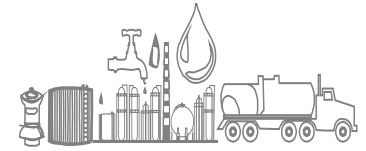
Additional income-tax on buyback of shares by listed companies

- ▶ Buyback of shares by a company listed on recognised stock exchange to now attract income-tax at 20% (plus surcharge and cess)
- ▶ Tax to be payable by the company on difference between consideration paid on buyback of shares and amount received by company at the time of issue of such shares
- ▶ Consequently, income received by shareholder on account of buyback of shares to be exempt from income-tax
- ▶ This amendment will be effective from 5 July 2019



- ▶ **Changes proposed in secondary transfer pricing adjustment provisions**
 - ▶ Option of one-time tax payment at the rate of 18% in lieu of secondary transfer pricing adjustment
 - ▶ APAs signed prior to 01 April 2017 excluded from secondary adjustment provisions
 - ▶ No refund of taxes already paid, if any, by virtue of these provisions prior to this amendment
 - ▶ Excess monies can be repatriated from any of the non-resident AEs
 - ▶ Clarified that these provisions are applicable only if primary adjustment exceeds Rs. 10 million and pertains to AY 2017-18 and subsequent years

Ease of compliance = Ease of living

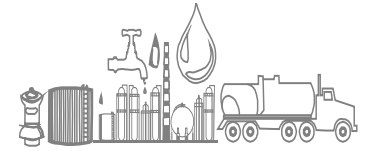


- ▶ Aadhaar number can be quoted instead of PAN for filing of return of income and other cases where PAN is mandatorily required
- ▶ Prefilled income tax returns will be made available containing information like salary income, capital gains from securities, bank interests, dividends etc and withholding tax
- ▶ Faceless e-assessment in phased manner – to start with cases requiring verification of specified transactions or discrepancies
 - ▶ Assessing offer will be alien to tax payer and Central Cell will be single point of contact between assessing offer and tax payer
- ▶ Electronic filing of application seeking determination of nil or lower withholding tax on payments to non residents

A close-up photograph of a person's hand touching a tablet screen. The screen displays a colorful, abstract data visualization with various shades of blue, purple, and green. A large, semi-transparent grey number '2' is overlaid on the left side of the image. The text 'Indirect tax proposals' is written in white, sans-serif font across the middle of the number '2'.

2 Indirect tax proposals

Goods and Service Tax



1

Benefit of composition scheme provided to service provider

2

Adhaar based authentication mandatory

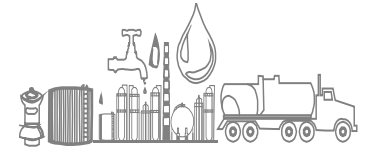
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Registration threshold increased to INR 40 L for supplier of goods

4

Specified Supplier needs to give mandatory option of e-payment to recipient

Goods and Service Tax



5

Interest to be levied only on net cash liability

6

Facility to transfer amount from one account to another of cash ledger

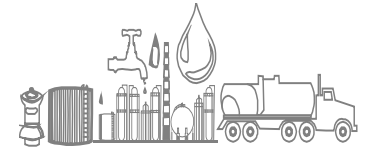
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Constitution of National Appellate Authority of Advance Ruling (NAAAR)

8

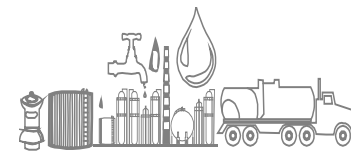
Penalty of 10% on profiteering amount, no penalty if amount deposited within 30days

Sabka Vishwas (Legacy Dispute Resolution Scheme)



Dispute Resolution Scheme to clear outstanding litigation

Matters (prior or on 30 June 2019)	Eligible Tax Dues	Waiver (on tax dues)
Pending appeal	Tax under dispute	<= Rs. 5mn - 70%
Show cause notice	Tax demanded	> Rs. 5mn - 50%
Enquiry, investigation or audit	Tax quantified	Interest and penalty
Voluntary disclosure	Tax disclosed	Interest and penalty
Unappealed orders	Amount in arrears	<= Rs. 5mn - 60% > Rs. 5mn - 40% Interest and penalty



Cognizable and/ or non-bailable

- ✓ Drawback/ exemption > Rs. 50 L fraudulently availed
- ✓ FTP benefits >50 L fraudulently obtained and utilized

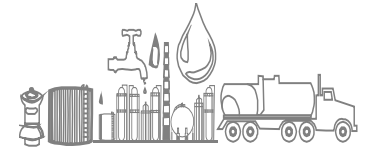
Penalty also imposable in such cases to the extent of face value of scrips or authorizations

- ✓ officer empowered to arrest person committing offence outside India / Indian customs waters



- ✓ General Penalty increased from Rs. 1 L to Rs. 4 L
- ✓ Anti-abuse provisions to be introduced for circumvention of countervailing duty against subsidy
- ✓ Adhaar based verification mandatory
- ✓ Power to scan/ screen person to prevent smuggling
- ✓ Empowering proper officer to provisionally attached bank account

Customs



Incentivizing 'Make in India'



Construction Material ↑
BCD rate from 10% to 15%



Automobile Parts ↑
BCD rate from 10% to 15%



Electronic/ electrical goods ↑
BCD rate from 10%/15% to 15%/20%



Plastic and Rubber ↑
BCD rate from 5%/7.5%/ 10% to 10%/ 15%



Camera charger/ adaptor ↑
BCD rate from Nil to 15%



Stone crushing plant ↑
BCD rate from Nil to 7.5%

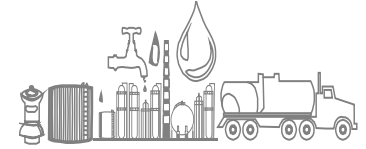


Iron/ steel ↑
BCD rate from 5% to 7.5%



Capital goods for electronic items ↓
BCD rate reduced to Nil

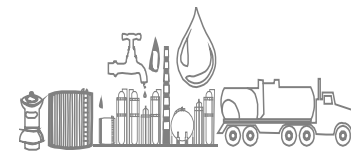
Customs



Change in tax rate

Tax	HSN	Description	Present Rate	Proposed rate	Effect
BCD	27090000	Petroleum Crude	Nil	Rs. 1 per tonne	↑
	84 or any other chapter	Oil rigs and other goods used for oil exploration	Applicable rate on depreciated value	7.5% on transaction value	
	2710	Naphtha	5%	4%	↓
	29031500	Ethylene dichloride	2%	Nil	↓
	29102000	Methyloxirane	7.5%	5%	↓
Road and Infrastructure cess	2710	Motor Spirit	Rs. 8 per litre	Rs. 9 per litre	↑
	2710	High speed diesel	Rs. 8 per litre	Rs. 9 per litre	↑

Customs

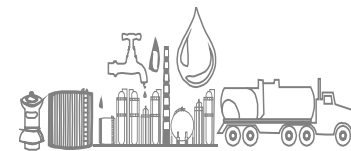


Effective rate of Custom Duty for Petroleum Crude

Description	Proposed rate	Value (Rs. per ton)
Assessable Value (A)		100
Basic Custom Duty (B)	Rs. 1 per tonne	1
CVD (C)	Rs. 1 per tonne	1
Social Welfare Surcharge (D) (B+C)*10%	10% on custom duties	0.2
Total Duties (B+C+D)		2.2

As per Notification No. 51/2017-Cus, SAD levied under Section 3(5) of Custom Tariff Act is exempt on import of petroleum crude

Central Excise



Change in effective rate of Excise Duty

Tax	HSN	Description	Present Rate	Proposed rate	Effect
Excise Duty	27092000	Petroleum Crude	Nil	Rs. 1 per tonne	↑
Road and Infrastructure Cess	2710	Motor Spirit	Rs. 8 per litre	Rs. 9 per litre	↑
	2710	High Speed Diesel	Rs. 8 per litre	Rs. 9 per litre	↑
Special Additional Excise Duty	2710	Motor Spirit	Rs. 7 per litre	Rs. 8 per litre	↑
	2710	High Speed Diesel	Rs. 1 per litre	Rs. 2 per litre	↑



Personal tax proposals

Cislo dokladu: VAA/194393

IM-90/550 ID ACU MOIST 9
AG-83/400 AVAD 83-400
SYS-84/500 OASYS REVENUE

IM-90/550
AG-83/400
SYS-84/500

Nazov

Okres :
T/B :

Prilemca : 100524
MUDR. BALIACKA
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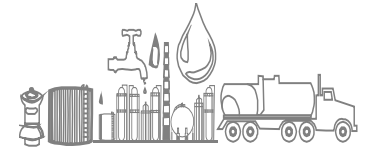
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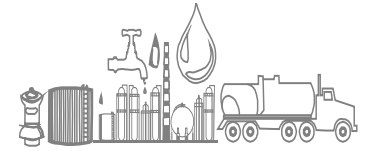
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Individual tax proposals



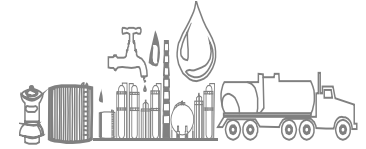
- ▶ No change in the income tax rate for individuals, HUF, AOP, BOI, AJP except increase in surcharge as under
 - ▶ For income exceeding Rs.20 million upto Rs.50 million, Surcharge rate proposed to be increased from current rate of 15% to 25%
 - ▶ For income exceeding Rs.50 million, Surcharge rate proposed to be increased from current rate of 15% to 37%
 - ▶ Increase in surcharge above is subject to marginal relief
 - ▶ Education cess to continue at existing rates of 4%
 - ▶ Maximum marginal tax rate for in case of individuals, HUF, AOP, BOI, AJP increased to 42.74%

Individual tax proposals



- ▶ Increase in exemption from 40% to 60% of the total amount payable to a person from NPS account at the time of closure or opting out of the scheme
- ▶ Individuals, not eligible to claim deduction under section 80EE, are allowed to claim deduction for interest upto Rs.1.5 lakhs on home loan subject to below conditions:
 - ▶ Stamp duty value of the property does not exceed Rs.4.5 million;
 - ▶ Loan been sanctioned during the financial year 2019-20;
 - ▶ The individual is not owning any residential house property on the date of sanction of loan; and
 - ▶ No deduction under any other provisions of the Act is allowed for any year.
- ▶ Individuals entitled to deduction upto Rs.1.5 lakhs for interest on loan for purchase of an electric vehicle from any financial institution.
 - ▶ Loan should be sanctioned during the period 1 April 2019 to 31 March 2023

Individual tax proposals



- ▶ Individuals and HUFs will now be required to deduct TDS at the rate of 5% from payments made to residents for contractual work or professional fees (even for personal use), exceeding Rs.50 lacs in a financial year
 - ▶ This amendment will be effective from 1 September 2019
- ▶ Non exempt life insurance receipts will now be subject to TDS at the rate of 5% on net basis (after considering premium) as against current rate of 1% on gross amount
- ▶ In TDS on purchase of immovable property provisions, the term “consideration for immovable property” expanded to include charges incidental to transfer of the immovable property like club membership fee, car parking fee, maintenance fee, etc

A close-up photograph of a person in a grey suit jacket and white shirt, holding a large stack of white papers. The person's hands are visible, and they are looking down at the papers. A large, bright yellow graphic overlay is positioned on the right side of the image, partially covering the papers. The background is blurred, showing what appears to be a desk or office environment.

Thank You!