

# **Budget Circular**

**Finance Bill, 2019**

**JAIN SARAOGI & CO.**

**CHARTERED ACCOUNTANTS**

## DIRECT TAX

With national polls around the corner, Interim Finance Minister CA Piyush Goyal has rolled out the interim budget designed to help middle class, distressed farmers, home buyers and rural areas. In this budget, India's small taxpayer, as well as real estate sector are the biggest winner. The last interim budget (vote on account) of present Government is presented by Hon'ble interim Finance Minister on 01.02.2019. The broad proposals under direct taxation applicable for income earned during the financial year 2019-20, and assessable in the assessment year 2020-21 are as below:

### Change in Tax Rates

- **Changes in Rates of tax (in case of Non corporate Assesseees)**

No change in Income Tax slabs and rates is made for non-corporate assesses but rebate u/s 87A is increased from Rs. 2500 to Rs. 12500/- for Individual assesses having total income upto Rs. 5 Lacs. Accordingly Individual assesses having total income upto Rs.

5 Lacs need not to pay any tax. However if total income exceeds Rs. 5 Lacs there will be no change in tax as compared to earlier year.

#### Illustration

Particulars	Situation -I (Total Income Rs. 5,00,000)	Situation -II (Total Income Rs. 5,00,006)
<b>Total Income of the Individual Assessee (After Rounding off u/s 288A)</b>	5,00,000	5,00,010
<b>Basic Tax as per slab rates</b>	12,500	12,502
<b>Less:- Rebate u/s 87A</b>	12,500	Not available as total Income Exceeds Rs. 5 Lacs
<b>Add:- Cess @ 4%</b>	0	500
<b>Tax Payable</b>	NIL	13,002

▪ **Changes in Rates of tax (in case of corporate Assesseees)**

No changes are proposed for corporate Assesseees.

**Relief to Common Taxpayer**

- Standard Deduction u/s 16(ia) for salaried employees increased from earlier Rs. 40,000 to Rs. 50,000.
- Deemed rent on second house of an assessee is exempted from Tax, however deduction on interest on borrowed capital shall be allowed upto Rs. 2 Lakhs only. Accordingly assessee who were getting benefit of higher deduction of interest for deemed to be let out property will not be eligible to get the same.
- Capital Gains upto Rs. 2 Crores on sale of residential house can be exempted by acquiring or constructing two (2) residential houses instead of earlier one residential house. However this exemption can be claimed only once in lifetime of an assessee.
- Threshold Limit for TDS on interest from banks, co-operative society and Post office is increased from Rs. 10,000/- to Rs. 40,000/-
- Threshold Limit for TDS on Rent on machinery, plant, equipment, land, building increased from Rs. 1,80,000/- to Rs. 2,40,000/-.

**Incentives to Real Estate Sector**

- No tax on notional rent on unsold inventory of real estate held as stock in trade up to two years from the end of the financial year in which certificate of completion(CC) is obtained.
- Benefits of section 80- IBA (incentive for housing projects) is extended to projects approved upto 31.03.2020.

**THANK YOU**

**JAIN SARAOGI & CO.**  
CHARTERED ACCOUNTANTS

1 Crooked Lane, 1<sup>st</sup> Floor, Kolkata (West Bengal) 700069

Ph : +91-33-2248-4130 | Mobile : +91-9836184131

Branches : Ranchi (Jharkhand) & Guwahati (Assam)

Email : [info@jainsaraogi.com](mailto:info@jainsaraogi.com) | Website : [www.jainsaraogi.com](http://www.jainsaraogi.com)

**Disclaimer:**

This document has been prepared solely for information purposes and does not constitute a solicitation to any class of persons to act on the basis of opinions expressed in this publication. The information contained herein is subject to change without prior notice with the change in regulations. While every effort has been made to ensure the accuracy and completeness of information contained in this document, we assume no responsibility for any errors or omissions of information. This document is for private circulation only intended for clients of Jain Saraogi & Co.