

Finance Bill 2019

(“Interim Budget”)

Direct Tax Proposals

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Income Tax – Finance Bill 2019

Clause	Section	Nature of Change	Analysis
3	Section 16(ia)	Substitution	Standard deduction from Rs.40k to Rs.50k
4	Section 23(4)	Substitution	Notional income of two self occupied properties will now be taken to be NIL
4	Section 23(5)	Substitution	Property consisting of any building or land appurtenant thereto held as stock in trade and such property

Income Tax – Finance Bill 2019

Clause	Section	Nature of Change	Analysis
5	Section 23(5)	Substitution	<p>Property consisting of any building or land appurtenant thereto held as stock in trade and such property and such property is not let out then annual value of such property for period upto one year from end of FY in which certificate of completion of construction of the property is obtained is not taken to be deemed to be let out. The relevant provisions were inserted by Finance act 2017 w.e.f A .Y 2018-19.</p> <p>The reference of the period of one year is sought to be substituted/ extended by two years which means henceforth the unsold stock in trade consisting of building or land appurtenant thereto and which is not let out for the period upto two year from the end of the F.Y in which certificate of completion of construction of the property is obtained shall not taken be deemed to be let out.</p>

Income Tax – Finance Bill 2019

Clause	Section	Nature of Change	Analysis
5	Section 54(1)(ii)	Insertion of proviso	<p>Presently an assessee being an individual or a HUF is entitled to claim of deduction as regards Long term capital gains arising from transfer of a residential house property provided such capital gains are invested in 'One residential House property'. The restriction of one residential house property is proposed to be extended to two residential properties, subject to the following conditions: –</p> <ul style="list-style-type: none">a. The overall long term capital gains do not exceed Rs. 2 crores &b. This deduction shall not be available to the assessee subsequently for the same or any other assessment year [ie this option shall be once in a life time deduction].

Income Tax - Finance Bill 2019 - S.54

'Provided that where the amount of the capital gain does not exceed two crore rupees, the assessee, may at his option, purchase or construct two residential houses in India, and where such an option has been exercised,-

(a) the provisions of this sub-section shall have effect as if for the words "one residential house in India", the words "two residential houses in India" had been substituted;

(b) any reference in this sub-section and sub-section (2) to "new asset" shall be construed as a reference to the two residential houses in India:

Provided further that where during any assessment year, the assessee has exercised the option referred to in the first proviso, he shall not be subsequently entitled to exercise the option for the same or any other assessment year.'

Income Tax – Finance Bill 2019

Clause	Section	Nature of Change	Analysis
7	Section 80-IBA(2a)	Substitution	The deadline for specified housing projects for exemption u/s 80-IBA is proposed to be extended to 31 st March 2020 from the existing deadline of 31 st March 2019.
8	Section 87A	Substitution	Rebate of 12500 is proposed to be allowed provided the total income after deduction under chapter VI-A doesnot exceed Rs 5,00,000/-. There is no change in the existing tax slab rates as would as be evident from para 88 of the Speech of the Finance Minister as well as the Finance Bill.

Income Tax – Finance Bill 2019

- CBDT Chairman:

“For those, he said, whose return of income or taxable return is more than Rs 5 lakh, the old slab of tax rates will continue.

There is no change in that because this is an interim budget and it has been targeted that the small taxpayers, middle-class and lower middle-class taxpayers should have a certainty of their tax liability on April 1.

I can tell you that this proposal (Rs 5 lakh income rebate) will be applicable from the coming financial year of April 1 after it is passed in this budget session of Parliament”

Income Tax – Finance Bill 2019

Clause	Section	Nature of Change	Analysis
9	Section 194A(3)(i)(a)/(b)/(c)	Substitution	No requirement of deduction of TDS on income paid / credited in the nature of interest from banks, banking cooperative society, deposit with post office upto Rs.40,000/-. (Earlier limit was Rs 10,000/-)
10	Section 194-I Proviso to 194-I(b)	Substitution	No tax shall be required to be deducted on Rent payments made for use of any land or building or furniture or fittings if aggregate of such rental income do not exceed Rs 2,40,000/- pa. (Earlier Rs 1,80,000/- p.a.)

Income Tax – Finance Bill 2019

- “Assessee-friendly” IT Department: all returns to be processed in 24 hrs and refunds issued simultaneously
 - !!!
- In two years, electronic verification and assessment of returns selected for scrutiny
- Number of returns filed up to 6.85crores: 80% growth in taxbase

Finance Bill 2019 – Indian Stamp Act & PMLA Changes

- Clauses 11 to 21 of the Bill seek to amend the Indian Stamp Act, 1899 for levy and administration of stamp duty on securities market instruments by the States at one place through one agency, viz., through Stock Exchanges or its Clearing Corporation or Depositories on one instrument, and for appropriately sharing the same with respective State Governments based on State of domicile of the ultimate buying client.
 - The move to have a single stamp duty rate would not have an impact on Securities Transaction Tax (STT) since the latter is levied on transaction value, excluding stamp duty
- Clause 22 of the Bill seeks to amend sub-section (3) of section 8 of the Prevention of Money-laundering Act, 2002 so as to extend the time limit of ninety days for which the **attachment shall remain valid during the period of investigation to three hundred and sixty-five days** and also to provide that in computing the period of three hundred and sixty-five days, the period during which the investigation is stayed by any court shall be excluded

Income Tax – Finance Bill 2019 :

References

- <https://www.incometaxindia.gov.in/budgets%20and%20bills/2019/budget-speech-2019.pdf>
- <https://www.incometaxindia.gov.in/budgets%20and%20bills/2019/finance-bill-2019.pdf>
- [Main content taken from : https://taxguru.in/income-tax/executive-summary-finance-bill-2019-direct-taxes.html](https://taxguru.in/income-tax/executive-summary-finance-bill-2019-direct-taxes.html)

Thank you!

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