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Interim Budget 2019-20

Economy updates

- Fiscal deficit has been brought down to 3.4% of GDP
- India attracted \$239 billion FDI in the past five years
- Close to 3 lakh crore already recovered in favour of banks and creditors, big defaulters too not spared by our government
- Will provide Rs 6,000 per annum to farmers holding land of up to 2 hectares - Around 12 crore farmers will directly benefit from this scheme
- Increased tax-free gratuity from Rs 10 lakh to Rs 20 lakh
- India is the fastest highway developer in the whole world with 27km of highways built each day
- Loans worth Rs 7.23 lakh cr have been given under Mudra Yojana
- A single window clearance for filmmaking to be made available to filmmakers, anti-camcording provision to also to be introduced to Cinematography Act to fight piracy
- 3 lakh shell companies have been deregistered
- India poised to become a \$5 trillion economy in the next 5 years
- Announced 10 most important dimensions that will guide the government in Vision 2030

Income tax

- Individual taxpayers having taxable annual income up to ` 5 lakhs will get full tax rebate and therefore will not be required to pay any income tax. As a result, even persons having gross income up to ` 6.50 lakhs may not be required to pay any income tax
- For salaried persons, Standard Deduction is being raised from the current Rs. 40,000 to Rs. 50,000.
- Currently, income tax on notional rent is payable if one has more than one self-occupied house. Considering the difficulty of the middle class having to maintain families at two locations on account of their job, children's education, care of parents etc. It is exempt levy of income tax on notional rent on a second self-occupied house.
- TDS threshold on interest earned on bank/post office deposits is being raised from Rs. 10,000 to Rs. 40,000. This will benefit small depositors and non-working spouses.
- the TDS threshold for deduction of tax on rent is proposed to be increased from Rs. 1,80,000 to Rs. 2,40,000 for providing relief to small taxpayers.
- The benefit of rollover of capital gains under section 54 of the Income Tax Act will be increased from investment in one residential house to two residential houses for a tax

payer having capital gains up to Rs. 2 crore. This benefit can be availed once in a life time.

- For making more homes available under affordable housing, the benefits under Section 80-IBA of the Income Tax Act is being extended for one more year, i.e. to the housing projects approved till 31st March, 2020.
- Also, for giving impetus to the real estate sector, proposed to extend the period of exemption from levy of tax on notional rent, on unsold inventories, from one year to two years, from the end of the year in which the project is completed.
- 99.54% returns accepted as it without any inquiry
- All returns to be processed within 24 hours and refund simultaneously
- Due to note ban, over 1 crore people have filed tax returns
- Tax collection increased to Rs 12 lakh crore this year
- Computerize selection of assess for scrutiny so no information of officer to assessee
- GST council will take steps to reduce tax burden on home-buyers
- Anti-black money measures taken by us in the last year have brought undisclosed income of Rs 1.3 lakh crore back in circulation

Goods and Service Tax (GST)

- Small businesses having turnover up to Rs. 1.5 crore have been given an attractive composition scheme wherein they pay only 1% flat rate and have to file one annual return only.
- GST aims to benefit small traders, manufacturers and service providers. Exemptions from GST for small businesses has been doubled from Rs. 20 lakh to Rs. 40 lakh
- Businesses with less than Rs. 5 crore annual turnover will be allowed to return quarterly returns
- Small service providers with turnover upto Rs. 50 lakhs can now opt for composition scheme and pay GST at 6% instead of 18%
- Indian Customs to fully digitised exim transactions and leveraging RFID for logistic. Govt abolishes duties on 36 capital goods

Amendments to take effect under GST from 1st Feb 2019

1. Upper limit of turnover for opting of composition scheme shall be raised from Rs. 1 Cr to Rs. 1.5 Cr.
2. A Composite dealer(in goods) shall be allowed to supply services (other than restaurant services), for a value not exceeding - Higher of 10% of turnover in the preceding financial year, or Rs. 5 lakh.

3. The threshold limit of Turnover for exemption from registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand shall be increased to Rs. Twenty Lakh from Rs. Ten Lakh.
4. In case of purchase of notified goods from unregistered suppliers, Reverse charge mechanism shall be applicable to notified registered persons.
5. Taxpayers may opt for multiple registrations within a State/U.T in respect of multiple places of business located within the same State/U.T on the same PAN.
6. Mandatory registration is required for only those e-commerce operators who are required to collect tax at source.
7. Registration shall be remain temporarily suspended while cancellation of registration is under process, so that the taxpayer could get relief of further continued compliance under the law.(i.e Taxpayers will not be required to file returns).
8. The following transactions shall not treated as supply (i.e no tax payable under GST) under Schedule III:-
 - a. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India;
 - b. Supply of goods in case of high sea sales.
9. Input tax credit would now be available in respect of thefollowing:-
 - a. Motor vehicles for transportation of persons having seating capacity of more than thirteen (including driver), vessels and aircraft;
 - b. Services of general insurance, repair and maintenance in respect of motor vehicles, vessels and aircraft on which credit is available; and
 - c. Goods or services which are obligatory for an employer to provide to its employees, under any law for the time being in force.
10. Registered persons may issue consolidated credit/debit notes to a party in respect of multiple invoices issued in a Financial Year to that party.
11. Commissioner may extend the time limit for return of inputs and capital sent on job work, upto a period of 1 year and 2 years, respectively.
12. If RBI would permit, Supply of services outside India shall be regarded as exports, even if payment is received in Indian Rupees.
13. RCM applicable without any exemption limit wef 01-02-2019 for a class of registered persons in respect of supply of specified categories of goods or services or both received from an unregistered supplier as per Notification No.01/2019 – Central Tax (Rate) and amended section 9(4) of CGST Act.

Till the date neither class of registered persons nor specified categories of goods prescribed by the Govt. **so until and unless notified RCM will not applicable.**

Now scope of section 9(4) reduced to specified dealers or specified goods or services

Though section 9(4) is effective from 1st Feb it would be ineffective.

We will update you as soon as **specified categories of goods or services or both** would be notified by the govt.

For compliance and advisory services AIPMA members may contact directly to CA Pathik Shah on Email: shahpathik123@gmail.com or Tel: 9870148084