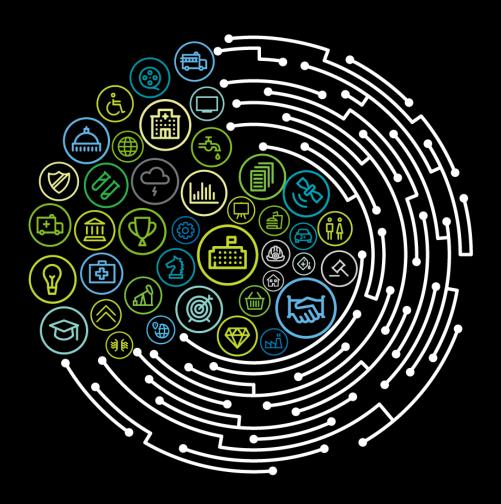
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Direct Tax



Regulatory Landscape



Vision 2030



Glossary

Direct Tax



- Individual Taxation
- Corporate Tax
- Procedural







Individual taxation-Tax rates



Chatrie of individual	Slabs (INR)				
Status of individual —	Nil	5%	20%	30%	
General category	250,000	250,001 – 500,000	500,001 - 1,000,000	1,000,001 & above	
Resident – Senior Citizen (60 to 79 years)	300,000	300,001 - 500,000	500,001 - 1,000,000	1,000,001 & above	
Resident – Very Senior Citizen (80 years and above)	500,000	-	500,001 - 1,000,000	1,000,001 & above	

- Surcharge @ 10% of total tax if the total income exceeds INR 5 million but up to INR 10 Million.
- Surcharge @ 15% of total tax if the total income exceeds INR 10 Million.
- Health and Education Cess payable at the rate of 4% of total tax including surcharge.
- Rebate under Section 87A is proposed to be increased to INR 12,500 for resident individuals whose total income does not exceed INR 5,00,000.



Top maximum marginal tax rate – 35.88%







Individual taxation-Tax rates



Tax Rates

- No change in income-tax slabs, tax rates or surcharge.
- Earlier, the rebate under section 87A of the ITA was INR 2,500 for resident individuals whose total income did not exceed INR 350,000 per annum. It is proposed to increase the rebate to INR 12,500 for resident individuals whose total income does not exceed INR 500,000 per annum. Accordingly, in case of resident individuals having total income upto INR 500,000, no tax will be payable.

Standard Deduction

• It is proposed to increase the standard deduction for salaried individuals from INR 40,000 to INR 50,000 per annum.





Individual taxation-House property



Relief on second self occupied property

- Earlier, an individual owning more than one self occupied property was required to offer to tax the notional rent in respect of such additional property/properties. It is now proposed to exempt the notional rent on a second self-occupied / vacant property.
- The limit to claim house property loss in respect of interest on loan taken for both the properties in aggregate will continue to be INR 200,000. Hence, maximum INR 200,000 loss can be claimed in respect of such properties in one financial year.

Individual taxation-Exemption on Long term Capital gains



Exemption under section 54 extended to investment in two house properties

- Currently, exemption under section 54 of the ITA in respect of long-term capital gains arising on sale of residential property is available where the individual invests such capital gains to purchase/construct one residential property in India (subject to other conditions).
- It is proposed that the said exemption will be available even if such capital gain is invested to purchase/ construct two residential properties provided the capital gains do not exceed INR 20,000,000.
- This exemption can be claimed by the individual taxpayer once in a lifetime.





Corporate Tax-Tax rates



Type of companies	Income up to INR 10 million			Above INR 10 million up to INR 100 million		Above INR 100 million	
	Surcharge rate	Effective tax rate	Surcharge rate	Effective tax rate	Surcharge rate	Effective tax rate	
Domestic with turnover (or gross receipts) not exceeding INR 2,500 million in the FY 2017-18	Nil	26%	7%	27.82%	12%	29.12%	
New domestic manufacturing*	Nil	26%	7%	27.82%	12%	29.12%	
Other domestic	Nil	31.20%	7%	33.38%	12%	34.94%	
Foreign Companies	Nil	41.60%	2%	42.43%	5%	43.68%	

The corporate tax rates have been kept the same as last year with no changes. *Compliant with prescribed conditions under section 115BA

Note:

Health and education cess of 4% has been considered for determining the tax rates above.







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Corporate Tax-Minimum Alternate Tax rates



Type of companies	Income up to 10 million	Income up to INR 10 million		Above INR 10 million up to INR 100 million		Above INR 100 million	
	Surcharge rate	Effective tax rate	Surcharge rate	Effective tax rate	Surcharge rate	Effective tax rate	
Domestic	Nil	19.24%	7%	20.59%	12%	21.55%	
Foreign	Nil	19.24%	2%	19.62%	5%	20.2%	
IFSC	Nil	9.36%	7%	10.02%	12%	10.48%	

The Minimum Alternate Tax rates have been kept the same as last year with no changes.

Note:

Health and education cess of 4% has been considered for determining the tax rates above.







Corporate Tax-LLP Tax rates



Income up to INR 10 million		Above INR 10 million	Above INR 10 million		
Surcharge rate	Effective tax rate	Surcharge	Effective tax rate		
Nil	31.20%	12%	34.94%		

AMT

Location of LLP	Income up to INR 10 million		Above INR 10 million	
	Surcharge rate	Effective tax rate	Surcharge rate	Effective tax rate
Other than in IFSC	Nil	19.24%	12%	21.55%
In IFSC	Nil	9.36%	12%	10.48%

The LLP tax rates have been kept the same as last year with no changes.

Note:

Health and education cess of 4% has been considered for determining the tax rates above.







Corporate Tax



Property held as stock-in-trade

• The period of exemption from tax on notional rent on unsold inventory of land and building is proposed to be extended from one year to two years from the end of the financial year in which the certificate of completion of construction of the property is obtained from the competent authority. This amendment will provide relief to real estate developers.

Extension of sunset clause for affordable housing projects

• The sunset clause for 100% profit linked deduction available to developers for qualified affordable housing projects under Section 80-IBA of the ITA is proposed to be extended by one year upto March 31, 2020. This will allow developers more headroom to complete ongoing projects which are otherwise qualified.





Procedural



Tax Deduction at Source (TDS)

Increase in the threshold limit for TDS on interest

- Under section 194A of the ITA, the existing threshold limit of INR 10,000 per year for application of TDS on interest earned from banks, post office and other qualified institutions is proposed to be increased to INR 40,000 per year.
- The amendment will ease the TDS compliance burden of banks, co-operative society, post office as there would be significant decrease in such transaction volumes.
- The amendment will also benefit small depositors who do not have taxable income but were subjected to withholding tax on such income and had to file return of income to claim tax refund.

Increase in the threshold limit for TDS on rent

 Under section 194I of the ITA, the existing threshold limit for TDS from rental income is proposed to be increased from INR 180,000 per year to INR 240,000 per year.











Reforms in Indian Stamp Act, 1899 (Stamp Act)

- Finance Bill 2019 seeks to amend the Stamp Act 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, and for appropriately sharing the same with respective State Governments based on State of domicile of the
 ultimate buying client.
- In order to implement the amendments to the Stamp Act, it is proposed to create an Inter-State Council for Stamp duty related matters under the Constitution of India. The amendments shall come into force from the date to be notified in the official Gazette by the Government.
- Stamp duty proposed to be levied on transfer of securities in dematerialize form.
- Finance Bill 2019 *inter alia* seeks to insert certain definitions viz. "allotment list", "debenture", "market value", "securities", and amend the definition of "marketable security" in the Stamp Act.
- Definition of "instrument" broadened to provide for documents in electronic form or otherwise created for transactions in stock exchange / depository.
- Stamp duty is payable only on principle instrument for issue, sale or transfer of securities on stock exchange/depository and no stamp-duty is charged on any other instruments relating to any such transaction.





- Mechanism provided for disbursal of stamp duty collected on issue, sale or transfer of securities through stock exchanges or clearing corporation or depositories to respective State Governments based on State of domicile of the buying client as mentioned below:
 - a) Either where the residence of the buyer is located; or
 - b) in case the buyer is located outside India, to the State Government having the registered office of the trading member or broker of such buyer; or
 - c) in case where there is no such trading member of the buyer, to the State Government having the registered office of the participant.
- In case of issue of securities otherwise than through stock exchange or depository, the stamp duty is payable in the State where registered office of the issuer is located on the total "market value" of the securities so issued at the specified rates.
- "Market value", in relation to an instrument through which—
 - (a) any security is traded in a stock exchange, means the price at which it is so traded;
 - (b) any security which is transferred through a depository but not traded in the stock exchange, means the price or the consideration mentioned in such instrument;
 - (c) any security is dealt otherwise than in the stock exchange or depository, means the price or consideration mentioned in such instrument.





Onus of payment of stamp duty provided:

Particulars	Duty by whom payable
In case of sale of security through stock exchange	By the buyer of such security
In case of sale of security otherwise than through stock exchange	By the seller of such security
In the case of transfer of security through a depository	By the transferor of such security
In the case of transfer of security otherwise than through a stock exchange or depository	By the transferor of such security
In the case of issue of security, whether through a stock exchange or a depository or otherwise	By the issuer of such security
In the case of any other instrument not specified	By the person making, drawing or executing such instrument

• **Impact:** The amendments proposed are expected to usher in a very streamlined system. Stamp duties would be levied on one instrument relating to one transaction and get collected at one place through the Stock Exchanges.









• Proposed rates of stamp duty:

Stamp duty on debentures	Rate
Issue	0.005%
Transfer and re-issue	0.0001%
Stamp duty on securities other than debentures	Rate
Issue of security	0.005%
Transfer of security on delivery basis	0.015%
Transfer of security on non-delivery basis	0.003%
Derivatives-	
 futures (equity and commodity) 	0.002%
 options (equity and commodity) 	0.003%
currency and interest rate derivatives	0.0001%
other derivatives	0.002%
Government securities	0%
Repo on corporate bonds	0.00001%









Amendment to the Prevention of Money Laundering Act, 2002

Period for which attachment or retention of property involved in money-laundering or record seized or frozen shall continue during the investigation proposed to be extended from 90 days to 365 days.



Vision 2030







19



Vision 2030



The government has set out its vision for India in 2030. It is a comprehensive ten-dimensional vision to create an India where poverty, malnutrition, littering and illiteracy would be a matter of the past. India would be a modern, technology driven, high growth, equitable and transparent society.

Sr. No.	Dimension	Description
1	Physical and social infrastructure for ten trillion dollar economy	 next generation infrastructure of roads, railways, seaports, airports, urban transport, gas and electric transmission, and inland waterways a house for every family a quality, science oriented educational system with Institutes of Excellence
2	Digital India	 Digital Infrastructure and digital economy Digitisation of Government processes and private transactions Innumerable start-ups creating millions of jobs in this eco-system.
3	Green Mother Earth and blue skies	 Electric Vehicles Renewables as a major source of energy supply. Transport revolution through electric vehicles and energy storage devices energy security
4	Rural industrialisation and employment generation	 Usage of modern digital technologies Development of grass-roots level clusters, structures and mechanisms encompassing the MSMEs, village industries and start-ups Global manufacturing hub in various sectors including automobiles and electronics, defence, medical devices.







Vision 2030



Sr. No.	Dimension	Description
5	Clean Rivers	 Safe drinking water to all Indians Efficient use of water in irrigation using micro-irrigation techniques.
6	Blue economy	Efficient usage of India's long coastline and inland waterways
7	Outer skies	 Space programme – Gaganyaan, India as a launch-pad of satellites for the World Placement of an Indian astronaut into space by 2022
8	Food security	 Food self-sufficiency and exports Organic methods modern agricultural practices An integrated approach towards agro and food processing, preservation, packaging and maintenance of the cold chain
9	Healthy India	 Health infrastructure Distress free health care and a comprehensive wellness system for all Equal rights to women for their safety and empowerment.
10	Minimum Government Maximum Governance	Proactive, responsible and people friendly bureaucracy.



Glossary





Glossary



AMT	Alternate Minimum Tax
IFSC	International Financial Services Centre
INR	Indian Rupee
ITA	Income-tax Act, 1961
LLP	Limited Liability Partnership
TDS	Tax Deducted at Source

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Delhi

22nd floor, DLP Epitome, Building No. 5, Tower A, DLF Cyber City, DLP Phase III, Gurgaon-122 002 Haryana



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