

Union Budget 2020 Economic indicators



6 to 6.5%

Budgeted
GDP for FY21

GDP at 5% for FY20



CAD narrowed from

2.1 to 1.5%

H1 FY19

H1 FY20

Contraction of CAD
attributable primarily to
weaker imports



Monetary policy at

5.15%

with an
accommodative
stance



Net FDI inflows for
Apr-Nov 2019 at

\$24.4bn

Against \$21.2bn in
Apr-Nov 2018



Revised fiscal deficit
estimate for FY21 at

3.5%

Against earlier estimate
of 3%



Inflation pressures
continue Increase by

4.1%

in Apr-Dec 2019



INR expected to be
under pressure at

70.41

in Apr-Dec 2019



Average monthly exchange rate
stood at 69.92 in Apr-Dec 2018

Exports continue to
show weakness

Fall by

2%

in Apr-Dec 2019



Union Budget 2020 Top 10 highlights



The Dividend Distribution Tax on companies replaced by taxation in the hands of shareholders—allowing lower tax treaty rates on dividends to apply for foreign investors



Extension of the sunset date to 30 June 2023 for concessional

rate of tax withholding (i.e., 5 percent) under sections 194LC and 194LD; this will augment debt investments

New power generation businesses to be eligible for a reduced corporate tax rate of 15 percent—leading to tax certainty and growth impetus to the sector



To continue building a robust start-up ecosystem, eligible turnover threshold for profit-linked tax deduction quadrupled to INR 1 billion (INR 100 crores); eligibility also extended to 10 years



Exemption from filing income tax returns by non-residents now extended to other categories of income i.e., royalties and fee for technical services



Tax dispute resolution introduced for settlement of tax disputes to help de-clog the legacy litigation



Taxpayer Charter to be codified in the domestic tax law to provide statutory rights to taxpayers regarding the conduct of the tax administration



Procedures for administration of Rules of Origin under Free Trade Agreements introduced to prevent abuse



Health cess of 5 percent to be levied on specified imports of medical equipment to promote domestic manufacturing



Lower personal income tax rates for individual taxpayers who forgo certain tax deductions/exemptions; expected to relieve taxpayers in the lower income bracket