

Analysis of Key Changes in the Finance Bill 2019



By CA Vedant K. Parikh

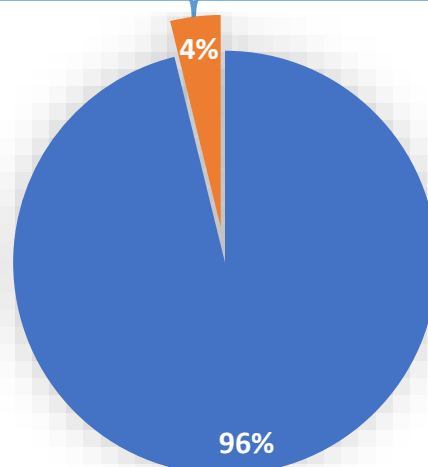
Statistics

Status wise distribution of returns and key values

The status wise distribution of returns selected (after applying consistency rules) for statistical analysis is as under:

Individual	46,675,114.00	93.60%
HUF	1,070,688.00	2.15%
Firm	1,104,509.00	2.21%
AOP/BOI	69,727.00	0.14%
Companies	792,268.00	1.59%
Others	156,074.00	0.31%
Total	49,868,380.00	100.00%

Note: Others include Trusts, Cooperative Society, LLP, Local Authority and Artificial Judicial Person.



■ Total Population ■ Income Tax Return Filed

Key Highlights



Roles and Objectives of the Government



Digital and Cashless Economy

Step Towards a Green Environment



Building Infrastructure

Roles and Objectives of the Government

The Hon'ble FM Ms Nirmala Sitharaman who has presented her MAIDEN BUDGET of MODI 2.0 Government has appreciated the honest tax payers and responsible citizens due to whom government was successful in increasing their DIRECT TAX REVENUE to 11.37 lakh crores.





Key changes proposed by Finance Bill 2019

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Tax Slabs for AY 2020 - 21

No revision in tax slab rates has been proposed.



The old slab prevails.



Income Tax Slab	Individuals below the age of 60 Years
Upto 2,50,000	Nil
2,50,001 to 5,00,000	5% of total income exceeding 2,50,000
5,00,001 to 10,00,000	12,500 + 20% of total income exceeding 5,00,000.
Above 10,00,000	1,12,500 + 30% of total income exceeding 10,00,000.

- On the other hand, government has also proposed to enhance surcharge on taxable income of Rs. 2 to 5 cr.
- The crucial change which was proposed in the previous budget was Deduction available u/s 87A

Benefit of rebate u/s 87A

An important section providing benefit to the assessee.



Net Income*	Tax	Rebate
Upto 5 Lakh	12,500 (5%)	12,500
Above 5 Lakh (Eg. 5.5 Lakh)	12,500 (5%) + 10,000 (20%)	-

***after considering deductions**

Tax Benefits to Corporates

There is different slabs for different nature of assessee and the same remains the same, except in case of corporates , where the current finance bill has proposed tax benefit to the corporates

Tax	Previous Companies with T/O	Proposed Companies with T/O
25%	Upto Rs. 250 Cr.	Upto Rs. 400 Cr.
30%	Above Rs. 250 Cr.	Above Rs. 400 Cr.

- Government has stated that, this initiative has lead to cover 99.3 % companies registered with MCA.

CRUCIAL CHANGE PROPOSED

Interchangeability of Aadhar Card



- This proposal clearly indicates the importance being given to the Aadhar Card.
- Expected that government will come with a quote **ONE PERSON ONE IDENTITY** and that will be Aadhar Card.

Roles and Objectives of the Government



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Digital and Cashless Economy



No charges for customer on Digital modes of payment.

TDS of 2% on cash withdrawal exceeding Rs. 1 cr. from a Bank account per year.



The aim of the government towards this proposal clearly indicates the whereby government is promoting digital payment and striving to achieve a cashless economy.

Step Towards a Green Environment

- Reduction on GST Rates on electric vehicle from
12%  5%.



- Tax deduction on loan taken for purchase of electric vehicle
- Additional Income tax deduction of Rs. 1.5 lakh of interest on loan taken for purchase of electric vehicle.

Building Infrastructure

- Additional deduction of **Rs. 1.5 lakh for interest** on loans borrowed for housing.



- This can be viewed as a biggest advantage for the home owners who have borrowed fund for building the house.
- The home owners can claim upto Rs. 3.5 lakhs as deduction on their home loan interest.

Thank You...

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