



Grant Thornton

An instinct for growth™



UNION BUDGET 2019

Key policy and tax announcements

Key policy announcements

- The government lowered the fiscal deficit target for FY20 to 3.3% of the GDP from 3.4%, which was set in the Interim Budget
- It has been proposed to streamline multiple labour laws into a set of four labour codes
- It is proposed to raise sovereign debt from overseas markets
- An outlay of INR 10,000 crore is proposed for a programme to encourage faster adoption of electric vehicles
- The FM has proposed to open FDI in aviation, media (animation, AVGC) and insurance sectors. Further, local sourcing norms to be eased for FDI in the single brand retail sector
- The Union Budget addresses liquidity concerns in the NBFC sector by providing a one-time partial government guarantee of up to 10% to public sector banks for purchase of high-rated pooled assets of financially sound NBFCs up to INR 1 trillion

“
The Budget lays down a roadmap for growing the economy in a sustained manner with a focus on both urban and rural sectors.”

Key tax announcements

Direct tax rates



Corporate tax rate of 25% extended to companies with a turnover of up to INR 400 crore



Increase in surcharge on the “super rich” - 25% on taxable income of INR 2 to 5 crore, and 37% on taxable income of more than INR 5 crore

Key tax announcements

Provisions for curbing tax evasion

- TDS of 2% on cash withdrawals of more than INR 1 crore
- Gifts to non-residents taxable in India subject to relevant treaty protection
- Pre-filled tax returns to be provided based on the data sourced from banks, stock exchanges, mutual funds, state authorities, etc.
- Buyback tax to be imposed on listed securities
- Mandatory filing of tax returns by persons entering into high-value transactions, foreign travel, or electricity consumption beyond prescribed thresholds



Key tax announcements

Direct tax incentives

- Additional interest deduction of INR 1.5 lakh on loan taken for affordable housing
- Interest deduction of INR 1.5 lakh on loan taken for purchase of electric vehicles by individuals
- Announcement of investment-linked tax incentive for mega investment in sunrise and advanced technology areas
- Profit-linked deduction up to 100% of income of an IFSC unit for any 10 consecutive years out of a block of 15 years
- Beneficial changes suggested for start-ups to facilitate carry forward of losses, as well as roll-over of exemption on capital gains tax on sale of residential property reinvested into equity of a start-up



Key tax announcements

Customs

- Benefits for mega investment in manufacturing in the area of advanced technology like laptops, servers, lithium batteries, solar cells, etc.
- Verification of identity and compliance for better controls
- Ambit of power to arrest offenders sitting outside India, or those who attempt to avail drawback or exemption by fraudulent means widened
- Increase in BCD for gold, precious metal, automobile, marble slabs, HSD, motor spirit, and petroleum and crude oil



Key tax announcements

Excise and service tax: Legacy Dispute Resolution

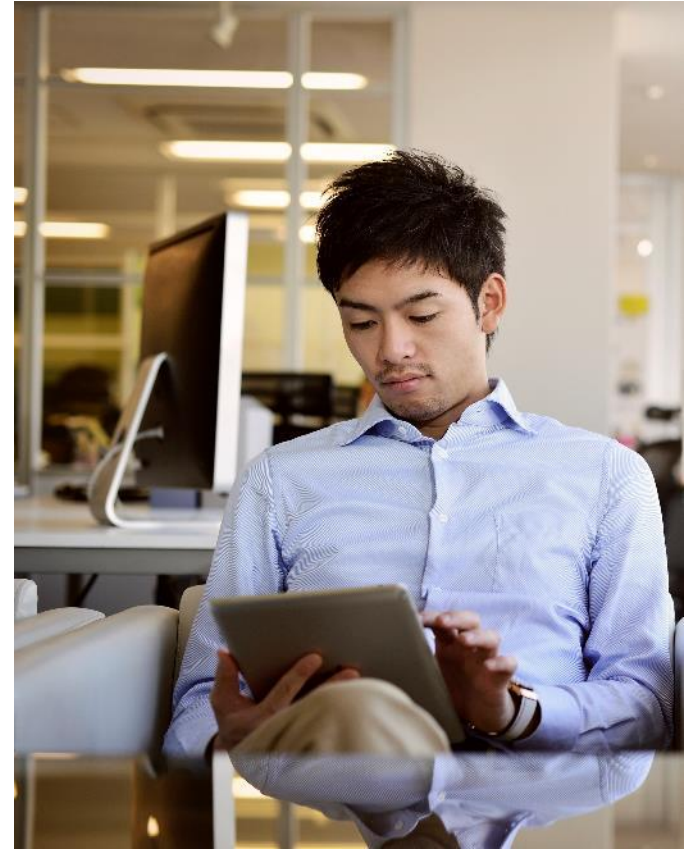
Sabka Vishwas (Legacy Dispute Resolution) Scheme introduced for central excise and service tax pending as on 30 June 2019

S no	Description	Tax dues	Relief available
1	SCN/ appeals - Involving duty	INR 50 lakh or less	70%
		More than INR 50 lakh	50%
2	SCN/ appeals - Involving late fee/penalty only	-	Full amount
3	Arrears	INR 50 lakh or less	60%
		More than INR 50 lakh	40%
4	Enquiry/investigation/ audit	INR 50 lakh or less	70%
		More than INR 50 lakh	50%

Key tax announcements

Goods and Services Tax

- Provisions introduced for interest being charged only on the net cash liability, i.e. post adjusting the input tax credit available, except in specific cases
- Electronic invoice system to do away with the e-way bill from January 2020
- Refunds to get largely automated by January 2020
- Transfer of GST amount from one head to another in the electronic cash ledger permitted



Contact us

NEW DELHI

National Office
Outer Circle, L 41 Connaught Circus
New Delhi 110001
T +91 11 4278 7070

NEW DELHI

6th floor, Worldmark 2,
Aerocity
New Delhi - 110037
T +91 11 4952 7400

AHMEDABAD

7th Floor, Heritage Chambers,
Nr. Azad Society,
Nehru Nagar,
Ahmedabad - 380015

BENGALURU

5th Floor, 65/2, Block A, Bagmane Tridib,
Bagmane Tech Park, C V Raman Nagar,
Bengaluru – 560093
T+91 80 4243 0700

CHANDIGARH

B-406A, 4th Floor, L&T Elante Office
Building, Industrial Area Phase I
Chandigarh 160002
T +91 172 4338 000

CHENNAI

7th Floor, Prestige Polygon
471, Anna Salai, Teynampet
Chennai 600018
T +91 44 4294 0000

DEHRADUN

Suite no. 2211, 2nd floor
Building 2000, Michigan Avenue
Doon Express Business Park
Subhash Nagar, Dehradun – 248002
T +91 135 2646 500

GURGAON

21st Floor, DLF Square
Jacaranda Marg, DLF Phase II
Gurgaon 122002
T +91 124 462 8000

HYDERABAD

7th Floor, Block III, White House
Kundan Bagh, Begumpet
Hyderabad 500016
T +91 40 6630 8200

KOCHI

6th Floor, Modayil Centre point
Warriam road junction, M.G.Road
Kochi 682016
T +91 484 406 4541

KOLKATA

10C Hungerford Street
5th Floor
Kolkata 700017
T +91 33 4050 8000

MUMBAI

16th Floor, Tower II, Indiabulls Finance
Centre, SB Marg,
Elphinstone (W)
Mumbai 400013
T +91 22 6626 2600

MUMBAI

9th Floor, Classic Pentagon
Nr Bisleri factory, Western
Express Highway, Andheri (E),
Mumbai 400099
T +91 22 6176 7800

NOIDA

Plot No. 19A, 7th Floor
Sector – 16A
Noida 201301
T +91 120 485 5900

PUNE

3rd Floor, Unit No 309 to 312,
West Wing, Nyati Unitree, Nagar
Road, Yerwada
Pune- 411006
T +91 20 6744 8800

For more information or for any queries, write to us at contact@in.gt.com



Follow us @GrantThorntonIN

© 2019 Grant Thornton India LLP. All rights reserved.

“Grant Thornton in India” means Grant Thornton India LLP, a member firm within Grant Thornton International Ltd, and those legal entities which are its related parties as defined by the Companies Act, 2013.

Grant Thornton India LLP is registered with limited liability with identity number AAA-7677 and has its registered office at L-41 Connaught Circus, New Delhi, 110001.

References to Grant Thornton are to Grant Thornton International Ltd. or its member firms. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.