

EXECUTIVE SUMMARY OF FINANCE BILL,2019 - DIRECT TAXES (**)

Clause(S) Of Finance Bill, 2019	Particulars Of Amendments	Section	Amendment / Newly Inserted	Applicable W.E.F.	Brief Of Amendment
3	Amendment in Section 16	16 (ia)	Substitution	01/04/2020	The Standard deduction has been increased from Rs.40,000/- to Rs 50,000/-.
4	Amendment in Section 23(4)	23(4)	Substitution	01/04/2020	<p>Notional Income of <i>two self occupied property will Now be taken to be Nil. Para 91 of the Budget Speech throws light on this amendment and is as under: -</i></p> <p><i>“91. 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. I am proposing to exempt levy of income tax on notional rent on a second self-occupied house.”</i></p> <p>The above amendment upholds the decision of Hon’ble High Court of Delhi in CIT v. Mr. Justice Avadh Behari Rohtagi [1986] 157 ITR 441 wherein it was held that where a person owns a house property in a city and resides at another house in the same city by virtue of his employment, exemption u/s 23(2) of the Income Tax Act, 1961 shall be available in respect of the house owned too.</p>

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4	Amendment in Section 23(5)	23 (5)	Substitution	01/04/2020	<p>Presently the property consisting of any building or land appurtenant thereto which is held as stock in trade and such property is not let out then the annual value of such property for the period upto one year from the end of the F.Y in which certificate of completion of construction of the property is obtained is not taken to be deemed to be let out. The relevant provisions were inserted by Finance act 2017 w.e.f A .Y 2018-19.</p> <p>The reference of the period of one year is sought to be substituted/ extended by two years which means that hence forth the unsold stock in trade consisting of building or land appurtenant thereto and which is not let out for the period upto two year from the end of the F.Y in which certificate of completion of construction of the property is obtained shall not taken be deemed to be let out.</p>
5	Amendment in Section 24	2nd Proviso to Sec 24(b)	Substitution	01/04/2020	<p>Interest on capital borrowed for acquisition / construction of two self occupied House properties(earlier the same was available only as regards to one self occupied property) shall now be admissible as deduction, subject to the existing overall ceiling of Rs 2,00,000 p.a.</p>

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6	Amendment in Section 54(1)(ii)	Insertion of proviso	New Insertion	01/04/2020	<p>Presently an assessee being an individual or a HUF is entitled to claim of deduction as regards Long term capital gains arising from transfer of a residential house property provided such capital gains are invested in 'One residential House property'.</p> <p>The above restriction of one residential house property is proposed to be extended to two residential properties, subject to the following conditions: -</p> <ol style="list-style-type: none"> a. The overall long term capital gains do not exceed Rs. 2 crores & b. This deduction shall not be available to the assessee subsequently for the same or any other assessment year [ie this option shall be once in a life time deduction]. <p>Thus the benefit of the above amendment shall not be available in the following cases: -</p> <ol style="list-style-type: none"> a. Where the long term capital gains exceed Rs.2 crore. In that case, an assessee can still claim deduction by making investment in only one residential HP exceeding Rs. 2 crores. b. Where the long term capital gains exceeds Rs.2 crore and the assessee has invested such LTCG in Two properties then in such a case, an assessee cannot claim deduction upto Rs.2 crores.
7	Amendment in Section 80-IBA	Sub Clause 2(a)	Substitution	01/04/2020	<p>The deadline for specified housing projects for exemption u/s 80-IBA is proposed to be extended to 31st March 2020 from the existing deadline of 31st March 2019.</p>

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8	Amendment in Section 87A	-	Substitution	01/04/2020	<p>Rebate of 12500 is proposed to be allowed provided the total income after deduction under chapter VI-A doesnot exceed Rs 5,00,000/-.</p> <p style="text-align: center;"><i>It is pertinent to note that the persons to whom this rebate is inadmissible will be liable to pay advance tax u/s 208 of the IT Act 1961 as NOW his minimum tax liability will come to Rs 13001/- [ie Rs.12501/- + 4% as Cess].</i></p> <p>It may be noted that there is no change in the existing tax slab rates as would as be evident from para 88 of the Speech of the Finance Minister [refer infra] as well as the Finance Bill.</p> <p style="text-align: center;"><i>“88. Hence, while for the present the existing rates of income tax will continue for FY 2019-20, I propose the following:”</i></p>
9	Amendment in sec 194A	Sub clause 194A(3)(i)(a)/(b)/(c)	Substitution	01/04/2019	No requirement of deduction of TDS on income paid / credited in the nature of interest from banks, banking cooperative society, deposit with post office upto Rs Rs.40,000/-. Earlier this limit was Rs 10,000/- .
10	Amendment in sec 194-I	Proviso to sec 194-I(b)	Substitution	01/04/2019	No tax shall be required to be deducted on Rent payments made for use of any land or building or furniture or fittings incase the aggregate of such rental income donot exceed Rs 2,40,000/- pa. Earlier this limit was Rs 1,80,000/- p.a.

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