

**An overview of  
Interim Finance Bill, 2019 – Direct Taxes  
[as introduced in Lok Sabha on 01-02-2019]**

- **No change in slab rate of Income Tax. Whereas, Income Tax for individual taxpayers having total taxable income up to Rs 5 lakh is proposed to be Nil** i.e. Tax rebate u/s 87 of Income Tax Act, 1961 ('the Act') is proposed to be of Rs.12,500/- (For A.Y. 2019-20, Rs.2,500/-) for individual taxpayers whose total income is up to Rs 5 lakh (for A.Y. 2019-20, Rs.3.5 lakh). **Further, no such benefit to individual Taxpayers having total income more than Rs 5 lakh** and income tax will be continued to levy under the category of 5% slab on income above Rs.2,50,000/- to Rs.5,00,000/-.
- **Standard deduction from salaries** under section 16 of Income Tax Act, 1961 ('the Act') is proposed to be increased from Rs. 40,000/- to Rs. 50,000/-.
- Amendment is proposed under section 23(4) of the Act that **Notional rental income from second house property shall not be charged to income tax.**
- Amendment is proposed under section 23(5) of the Act that the **period of exemption from levy of tax on notional rent on unsold inventories from one year to two year.** The period would be counted from the end of the year in which project gets completed.
- **Under section 24 of the Act, aggregate deduction** for the amount of interest payable on borrowed capital taken for acquisition, construction, repair, renewal or reconstruction **cannot exceeds Rs. 2 lakh.** (at present, deduction in case of renovation, is of Rs.30,000/- and in case of construction/purchase, is of Rs.2 lakh)
- **Under section 54 of the Act, the amendment is proposed to extend the deduction on purchase/construction of two residential houses in India,** if the capital gain does not exceed Rs 2 crore, however, this benefit can be availed once in lifetime.
- Benefit under section 80-IBA of the Act, is proposed to be extended to one more year for housing projects under affordable housing scheme.
- **Under section 194A of the Act, TDS threshold on bank interests is proposed to be increased from Rs. 10,000 to Rs 40,000.**
- **Under section 194-I of the Act, TDS threshold on rental income is proposed to be increased from Rs. 1.8 lakh to Rs 2.4 lakh.**
- Income Tax Assessments to be 100% automated in two years.
- IT Return processing in just 24 hours.