

SALIENT FEATURES OF THE FINANCE ACT, 2019

The amendments are applicable *w.e.f.* Assessment Year 2020-21. If any amendment is applicable otherwise than Assessment Year 2020-21, it is mentioned specifically with the amendment.

1. Rates of the Tax for deducting income-tax from income chargeable under the head 'Salaries' and computing Advance tax during Financial Year 2019-20.

Rates of Income-tax :

(1) *In the case of an individual or HUF or AOP or BOI*—No change.

Surcharge—No change.

(2) In case of a domestic company where total turnover or the gross receipt in the Previous Year 2017-18 does not exceeds ₹ 250 crore—Tax shall be charged @ 25% instead of @ 30%.

(3) In case of other assessee—No change.

Cess : Health and education cess—No change.

2. **Income from Salaries :**

Amendment of Sec. 16 : Standard deduction shall be allowed upto ₹ 50,000 instead of ₹ 40,000.

3. **Income from House Property :**

(A) **Amendment of Sec. 23(4)** : The benefit of Nil annual value shall be allowed for two self-occupied houses instead of one.

However, the aggregate of amounts of interest deduction shall not exceed ₹ 2,00,000.

(B) **Amendment of Sec. 23(5)** : If property held as stock in trade and it could not be let during the whole or any part of previous year, the annual value shall be taken as nil for two years instead of one year from the end of the financial year in which the certificate of completion of construction obtained.

4. **Capital Gains :**

Amendment of Sec. 54 : If long-term capital gain does not exceed two crore rupees on sale of property used for residence, the assessee may at his option, purchase or construct two residential houses in India instead of one.

5. **Deductions from Gross Total Income :**

Amendment of Sec. 80IBA : Deduction in respect of profits and gains from housing project shall be allowed provided the project is approved before 1.4.2020 instead of before 1.4.2019. It means the period of approval has been extended by one year.

6. **Rebate of Income Tax :**

Amendment of Sec. 87A : (a) For rebate total income has been increased from ₹ 3,50,000 to ₹ 5,00,000. (b) The amount of rebate has been increased from upto ₹ 2,500 to upto ₹ 12,500.

It means if an individual, resident in India, does not have total income exceeding ₹ 5,00,000 he shall not be liable to pay income-tax.

7. **Tax Deduction at Source (*w.e.f.* 1.4.2019) :**

(A) **Amendment of Sec. 194A** : Interest other than 'Interest on Securities'. If a banking company or a cooperative society engaged in business of banking or a Post Office pays or credits interest exceeding ₹ 40,000 (instead of ₹ 10,000) in a financial year to a person resident in India, shall deduct tax at source @ 10%.

(B) **Amendment of Sec. 194I** : **Rent**. Tax shall be deducted at source, if the amount of rent during the financial year exceeds ₹ 2,40,000 instead of ₹ 1,80,000.

