UNION BUDGET 2019 – 20

Income Tax & Investment Viewpoint

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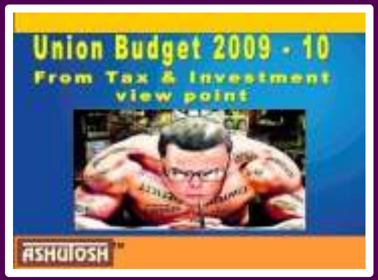
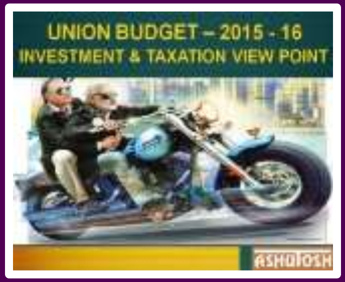
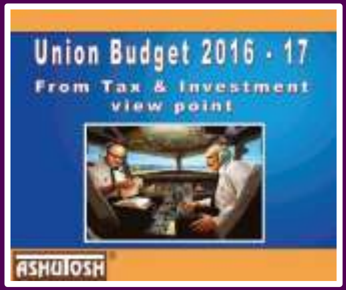
Welcome to the 14th Budget Presentation







State of the Global Economy

State of the Global Economy

Growth of the top 20 economies of the world

Rank	Country	GDP Growth
1	India	7.1
2	China	6.6
3	Indonesia	5.2
4	Australia	2.8
5	Korea	2.7
6	USA	2.6
7	Turkey	2.6
8	Swizerland	2.5
9	Netherlands	2.5
10	Spain	2.4

Rank	Country	GDP Growth
11	Russia	2.3
12	Saudi Arabia	2.2
13	Canada	2.1
14	Mexico	2.0
15	United Kingdom	1.7
16	Brazil	1.1
17	France	0.9
18	Germany	0.9
19	Italy	0.6
20	Japan	0.4

GDP for the year 2018

Source : www.imf.org

State of the Global Economy

Inflation of the top 20 economies of the world

Rank	Country	Inflation %
1	Turkey	15.72
2	Russia	5.1
3	Brazil	4.66
4	Mexico	4.28
5	Indonesia	3.28
6	India	3.05
7	China	2.7
8	Netherlands	2.7
9	Canada	2.4
10	United Kingdom	2

Rank	Country	Inflation %
11	United States	1.8
12	Germany	1.6
13	Australia	1.3
14	France	1.2
15	Italy	0.8
16	Japan	0.7
17	South Korea	0.7
18	Switzerland	0.6
19	Spain	0.4
20	Saudi Arabia	-1.5

State of the Global Economy

Interest Rates in the top 20 economies of the world

Rank	Country	Interest %
1	Turkey	24
2	Mexico	8.25
3	Russia	7.5
4	Brazil	6.5
5	Indonesia	6
6	India	5.75
7	China	4.35
8	Saudi Arabia	3
9	United States	2.5
10	Canada	1.75

Rank	Country	Interest %
11	South Korea	1.75
12	Australia	1
13	United Kingdom	0.75
14	Spain	0
15	France	0
16	Germany	0
17	Italy	0
18	Netherlands	0
19	Japan	-0.1
20	Switzerland	-0.75

State of the Global Economy

Global Commodity Prices (Year End)

Crude Oil :

2014	2015	2016	2017	2018	As on 30-06-2019
106.40	52.99	34.74	55.70	57.36	63.7

Price of Brent crude in US $

State of the Global Economy

Stock Market Performance in last 1 year

Rank	Country	Change in %
1	Brazil – Bovespa	38.62
2	Russia - MCEX	19.25
3	Switzerland - SMI	16.05
4	India - Sensex	11.71
5	Indonesia - IDX	10.65
6	Australia - S&P/ASX 200	8.19
7	China - Shanghai Composite	7.33
8	Saudi Arabia - Tadawul All Share	6.30
9	USA Nasdaq	5.80
10	France - CAC 40	4.97

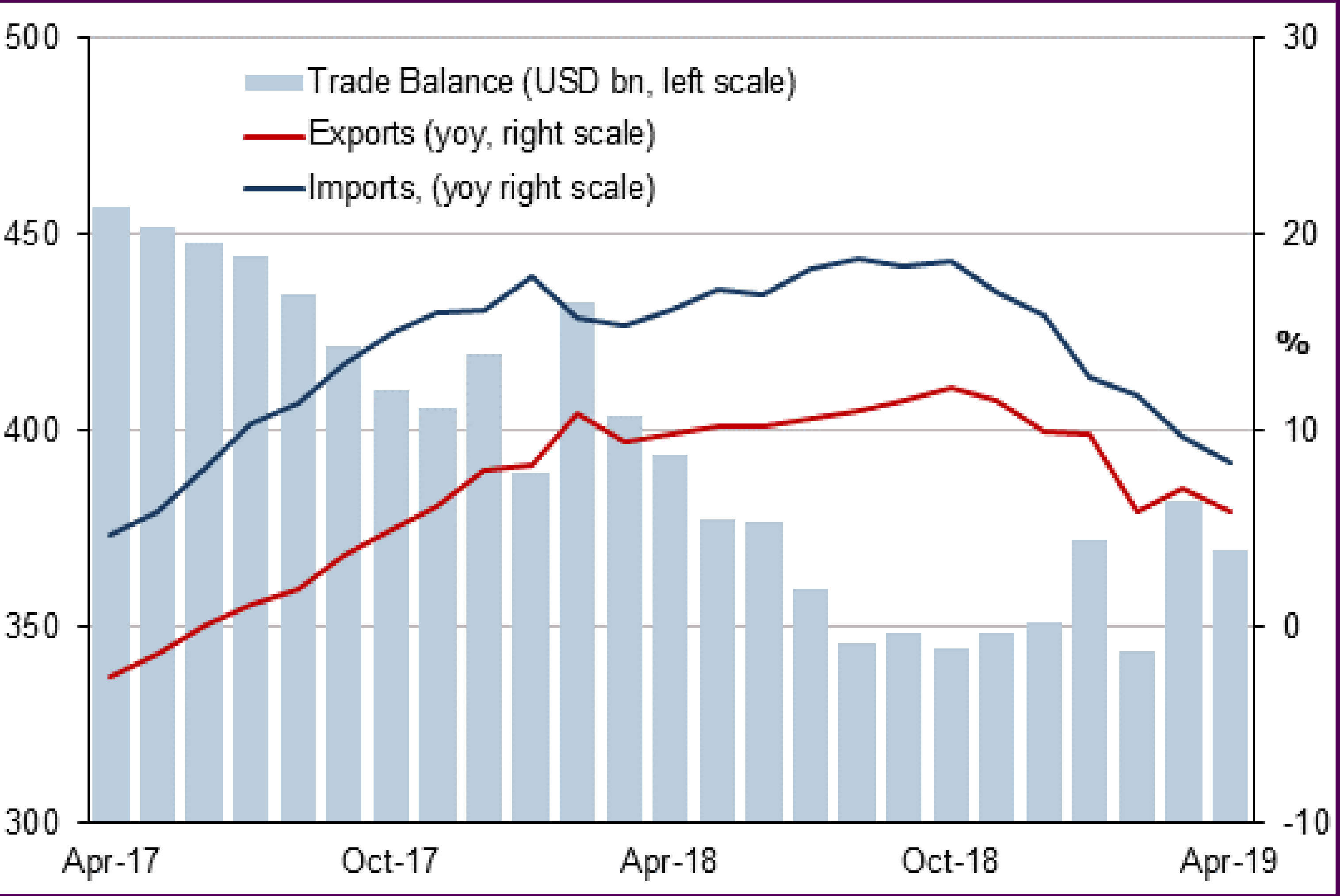
Rank	Country	Change in %
11	Netherlands - AEX	2.79
12	Germany - DAX	1.31
13	Canada - S&P/TSX Composite	0.73
14	Turkey - BIST 100	-0.30
15	Italy - FTSE MIB	-0.90
16	U K - FTSE 100	-1.62
17	Japan - NIKKEI 225	-2.46
18	Spain - IBEX	-3.76
19	Korea - KOSPI	-6.20
20	Mexico -IPC	-7.49

01-07-2018 to 30-06-2019

Source : Business India & www.investing.com

State of the Global Economy

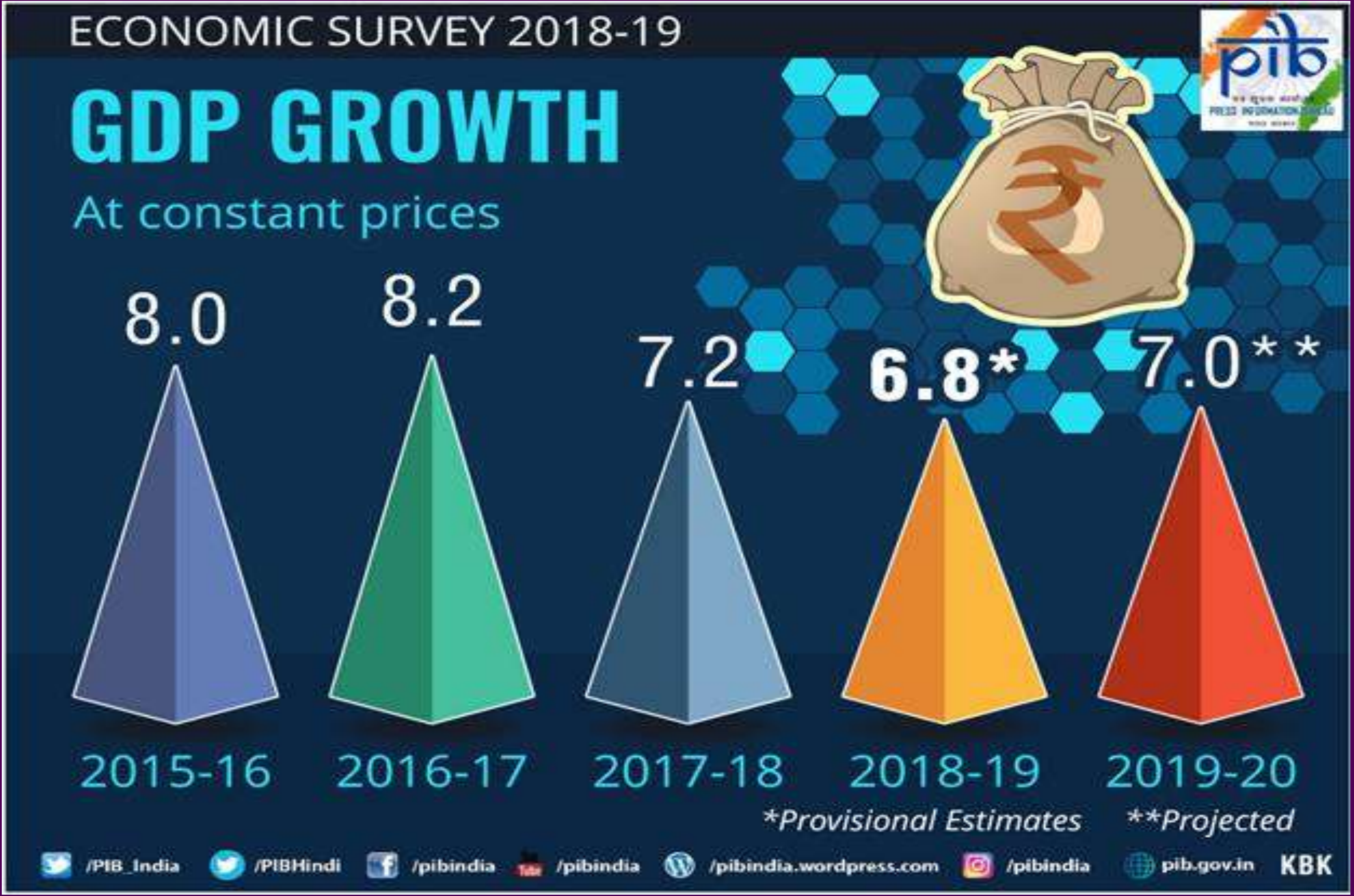
Trade tariff by US on China



State of the Indian Economy

State of the Indian Economy

Decline in India's GDP growth



State of the Indian Economy

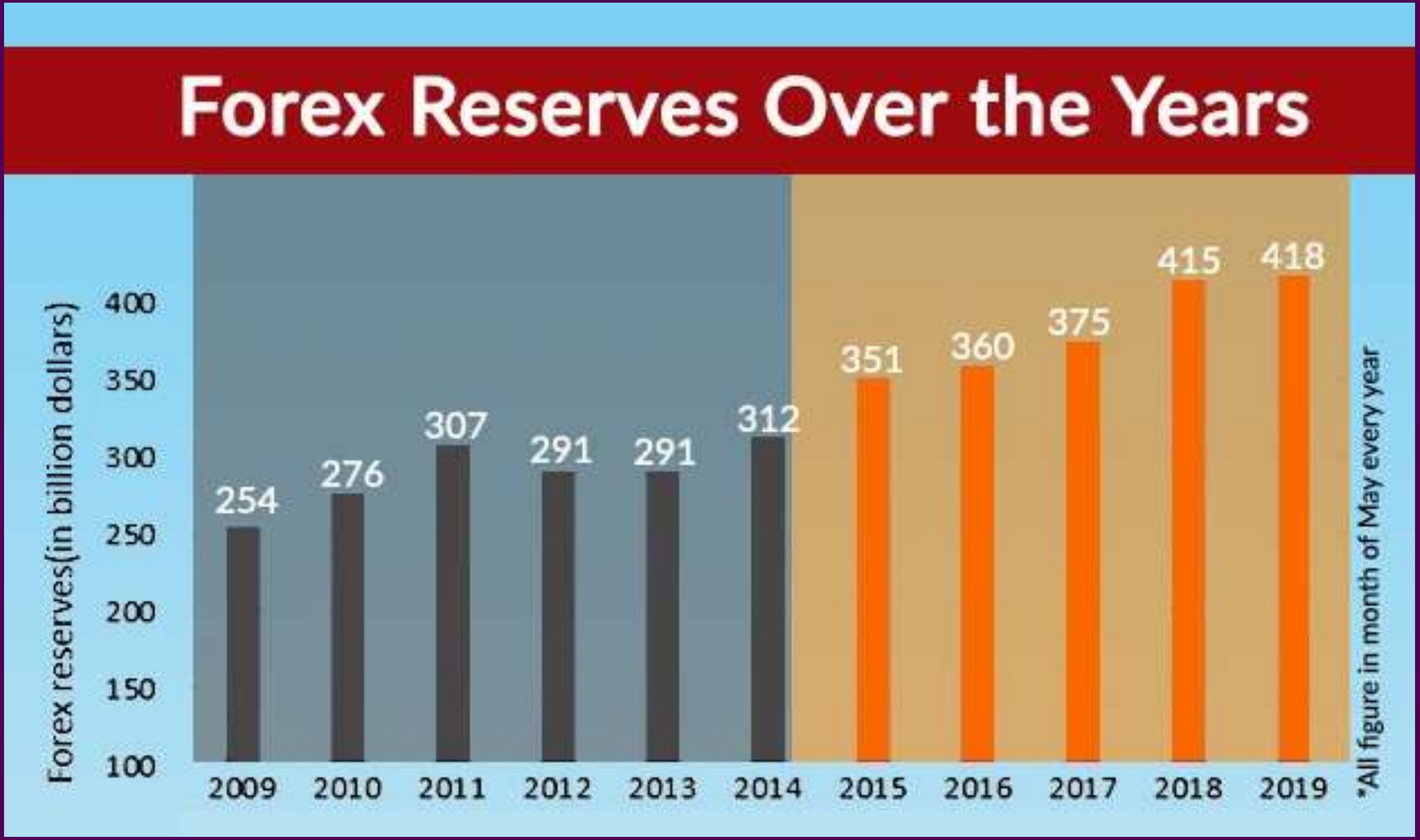
Consumer Price Index (CPI) Inflation

Year	2014 – 15	2015 – 16	2016 – 17	2017 – 18	2018 – 19
Change	5.9 %	4.9 %	4.5 %	3.6 %	3.4 %

Inflation on a decline

State of the Indian Economy

Forex Reserves



Healthy Forex Reserves

State of the Indian Economy

Exchange Ratio – Stable

2014 – 15	2015 – 16	2016 – 17	2017 – 18	2018 – 19	5th July 2019
61.14	65.50	67.10	64.50	69.90	68.50

Rs. 7.36 depreciation.

12 % depreciation over 5 years time.

State of the Indian Economy

Foreign Institutional Investment (FII)

V/s.

Domestic Institutional Investments (DII)

Amount in Cr

Year	2014	2015	2016	2017	2018
FII	67423	- 20373	- 10582	- 44108	- 73212
DII	- 28557	67586	35362	90738	109661

Source : www.moneycontrol.com

State of the Indian Economy

Assured flows from Domestic Investors

Month	Mutual Funds SIP flows / Month (Rs. Cr.)
March 2016	2,719
March 2017	4,335
March 2018	7,119
March 2019	8,055

That is Rs. 96,660 (8,055 X 12) Crores annually.

State of the Indian Economy

Total NPA of Banks

As on	Amount (Rs. Cr)
31st March 2017	6,41,100
31st March 2018	8,45,500
31st March 2019	8,06,412

Cases pending before NCLT Rs. 2 Lakh Crores.

State of the Indian Economy

Fall in Demand

Company	Honda	Tata Motors	Toyota	Maruti	Hyundai	Mahindra	Royal Enfield	HMSI	Hero Moto
Growth % in sales	- 41 %	- 27 %	- 19 %	- 17 %	- 7 %	+ 4 %	- 24 %	- 16 %	- 12 %

Automobile sales in Reverse Gear.

01-06-2018 to 30-06-2019

Source : Times of India

Expectations

- ✓ Revival of demand
- ✓ Providing liquidity in the economy
- ✓ Fiscal discipline.

Budget at a glance

	2017-2018 Actuals	2019-2020 Budget Estimates
1. Revenue Receipts	1435233	1962761
2. Tax Revenue (Net to Centre)	1242488	1649582
3. Non Tax Revenue	192745	313179
4. Capital Receipts	706740	823588
5. Recovery of Loans	15633	14828
6. Other Receipts	100045	105000
7. Borrowings and Other Liabilities[2]	591062	703760
8. Total Receipts (1+4)	2141973	2786349
9. Total Expenditure (10+13)	2141973	2786349
10. On Revenue Account of which	1878833	2447780
11. Interest Payments	528952	660471
12. Grants in Aid for creation of capital assests	191034	207333
13. On Capital Account	263140	338569
14. Revenue Deficit (10-1)	443600 (2.6)	485019 (2.3)
15. Effective Revenue Deficit (14-12)	252566 (1.5)	277686 (1.3)
16. Fiscal Deficit [9-(1+5+6)]	591062 (3.5)	703760 (3.3)
17. Primary Deficit (16-11)	62110 (0.4)	43289 (0.2)

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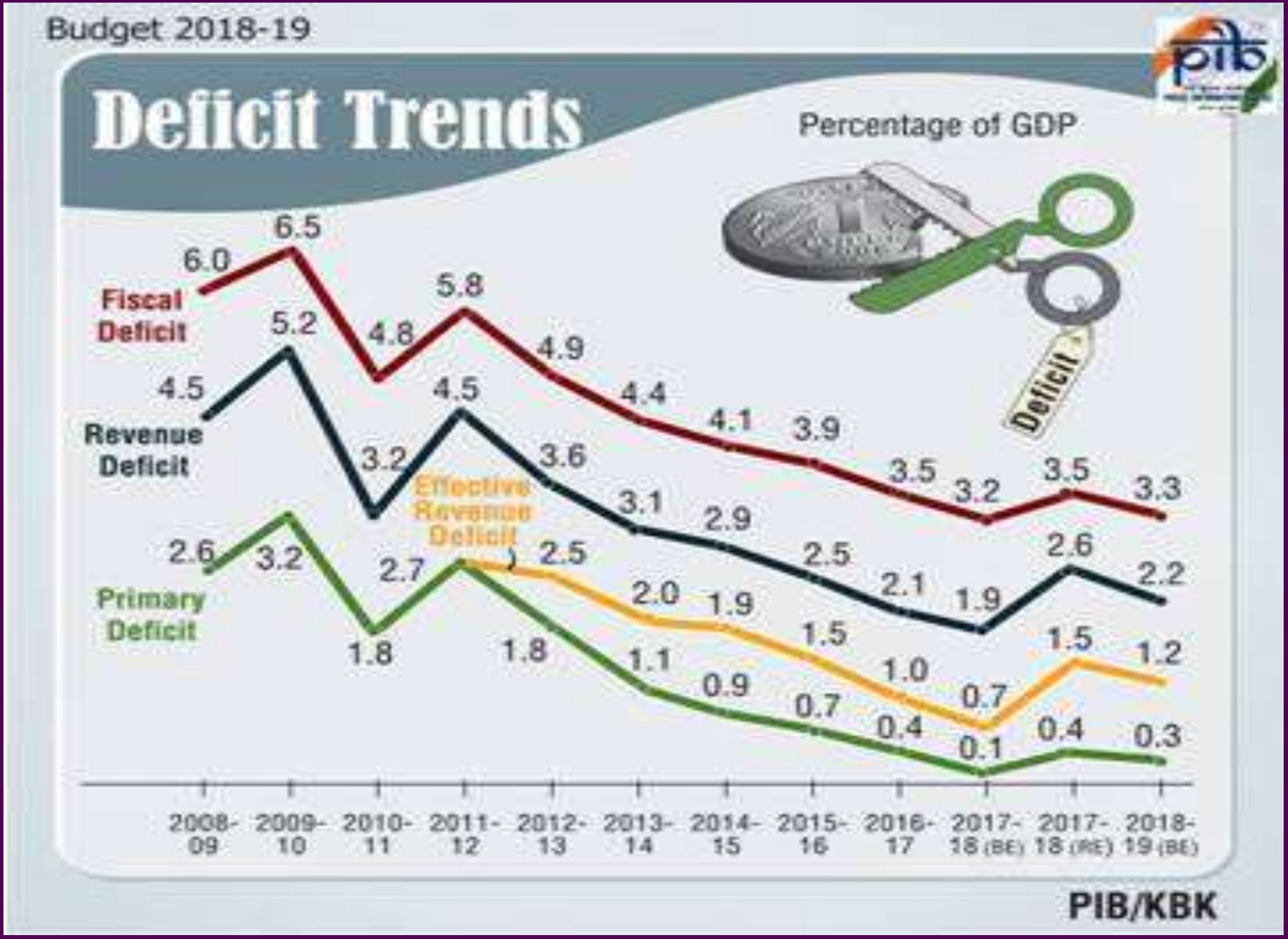
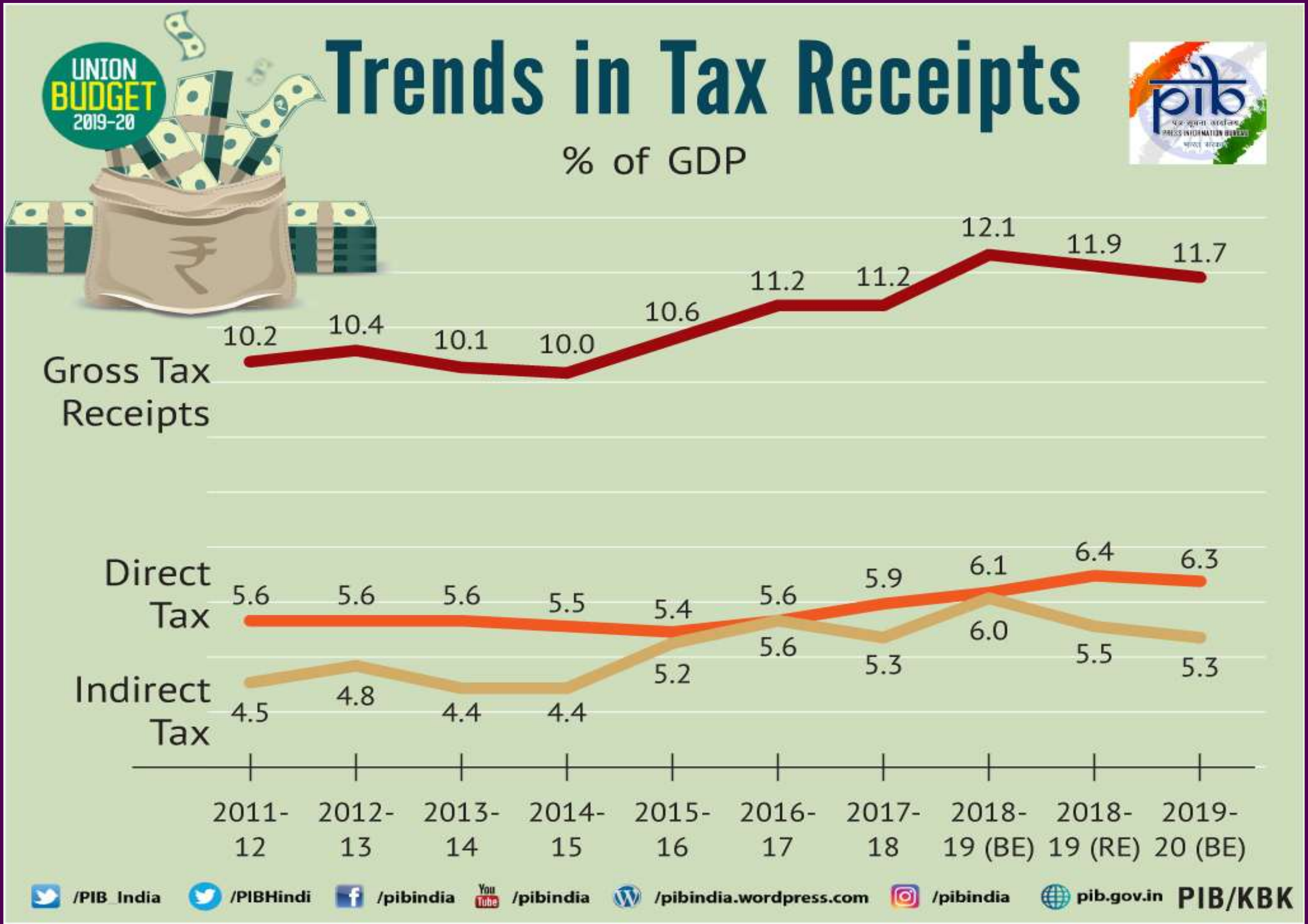
Fiscal Deficit



Indian Tax to GDP Ratio



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Some Important Announcement

- ✓ Government to borrow from international debt market (issuance of Sovereign Bonds) for funding its fiscal deficit. India's sovereign Debt to GDP ratio is low. Low cost funds can be availed. Can reduce domestic Interest Rates.

- ✓ Public Sectors Banks will get fresh capital of Rs. 70,000 Crores.

- ✓ Public Sector disinvestments planned at Rs. 1.05 lakh Crores.

Some Important Announcement

- ✓ 44 Labour Laws to be merged in four (4) Labour Codes (Laws). These Codes (Laws) will be under four categories : Wages, Social Securities, Industrial Safety & Welfare and Industrial Relations.

- ✓ Public Sector Banks to be guaranteed for a loss of 10% on NBFC assets (loan portfolio) purchased in 6 months for maximum Rs. 1,00,000 Corers.

Some Important Announcement

✓ Deductions of Promoter holdings in listed companies from 75% to 65% (public holding from 25% to 35%). Effects –

- MNCs and some other companies may delist.
- Companies will not be managed unilaterally. Special resolution require 75% majority.
- Better price discovery, on account of more floating stock.

Some Important Announcement

Stocks	Market Capitalization (in ₹ Cr)	Promoter holding (%)	Need to off-load (%)	Quantum of sale (in ₹ Cr)
TCS	8,40,450	72.1	7.1	59,672
HUL	3,91,694	67.2	2.2	8,617
Wipro Ltd.	1,70,099	73.9	8.9	15,139
Coal India Ltd.	1,52,928	71	6	9,176
Bharti Airtel Ltd.	1,45,605	67.1	2.1	3,058
HDFC Life Insurance	98,166	76.1	11.1	10,896
Avenue Supermarts Ltd.	88,491	81.2	16.2	14,336
SBI Life Insurance	75,250	69.8	4.8	3,612
Dabur India Ltd.	71,906	67.9	2.9	2,085
Bandhan Bank Ltd.	66,312	82.3	17.3	11,472
InterGlobe Aviation	63,033	74.9	9.9	6,240
Pidilite Industries	62,705	69.8	4.8	3,010
ICICI Prudential	57,654	75	10	5,765
Bosch Ltd.	49,733	70.5	5.5	2,735

Source: Centrum Wealth Research

Reduction in Promoter holding valued at Rs. 3,87,000 Cr. across 1174 companies.

Some Important Announcement

- ✓ Rs. 100 Corers expenditure to be made on infrastructure in coming 5 years.
- ✓ The present provision of obtaining Aadhar Card requires that a person has to be in India for 182 days in the past 12 months.

  The above requirement has been removed for Indian passport holders returning to India.
- ✓ NRI Portfolio investment (PIS) route to be merged with Foreign Portfolio Investment (FPI). NRI will, now, invest in Stock Market through FPI route.

Some Important Announcement

- ✓ Government will launch Exchange Traded Fund (ETF) of Public Sectors shares which will qualify for deduction U/s 80C at par with ELSS.

- ✓ Interest subvention scheme for MSME at The rate of 2% on all fresh and incremental loans.

- ✓ Small retailers with annual turnover of less than Rs. 1.5 cr. will get pension.

Changes
in
Income Tax Act

Changes in Income Tax Act

New Rates of Income Tax For Resident Individual below the age of 60 Years and HUF				
Net Income	**Income Tax**	**Surcharge**	**Cess**	**Effective Rate**
Upto 2,50,000	0%	0%	0%	0%
2,50,001 to 5,00,000	5%	0%	4%	5.20%
5,00,001 to 10,00,000	20%	0%	4%	20.80%
10,00,001 to 50,00,000	30%	0%	4%	31.20%
50,00,001 to 1,00,00,000	30%	10%	4%	34.32%
1,00,00,001 to 2,00,00,000	30%	15%	4%	35.88%
2,00,00,001 to 5,00,00,000	30%	25%	4%	39.00%
Above 5,00,00,000	30%	37%	4%	42.74%

Increased Surcharge in lieu of Wealth Tax or Inheritance Tax !

Changes in Income Tax Act

Net Income	Income Tax	Surcharge	Cess	Effective Rate
Domestic Companies whose Turnover is less than 400 Cr.				
Upto Rs. 1 Cr.	25%	---	4%	26%
Between Rs. 1 Cr. to 10 Cr.	25%	7%	4%	27.82%
Above Rs. 10 Cr.	25%	12%	4%	29.12%
Domestic Companies whose Turnover is more than 400 Cr.				
Upto Rs. 1 Cr.	30%	---	4%	31.20%
Between Rs. 1 Cr. to 10 Cr.	30%	7%	4%	33.38%
Above Rs. 10 Cr.	30%	12%	4%	34.94%

99.30 % companies, shall, now pay 25 % Corporate Tax

Changes in Income Tax Act

- ✓ <u>Faceless E – Assessment</u> to be started in a <u>Phased manner</u>, where <u>no interface</u> between <u>Tax Payer and Tax officer.</u>

- ✓ <u>Prefilled IT Returns</u> – a new concept. On the <u>basis of information received</u> by Income Tax Department. Certain incomes will be prefilled. Presently it is expected to <u>start with ITR Form 1.</u>

Changes in Income Tax Act

✓ **Mandatory Return filing, even when income below minimum chargeable to tax for :**

- **Aggregate deposit (cash + cheque + RTGS etc) for more than Rs. 1 Cr. in one or more current accounts.**
- **Expenditure above Rs. 2 lakh on foreign travel.**
- **Expenditure above Rs. 1 lakh on Electricity.**
- **Income before exemption U/s. 54, 54B, 54D, 54EC, 54F, 54G and 54GB is liable to Income Tax.**

Changes in Income Tax Act

- ✓ **Buyback of shares of listed companies now taxed @ 20% from the distributed income. Buyback proceeds received thereafter are tax free U/s. 10(34A).**

- ✓ **Charitable Trust have to be compliant with other material laws (Gujarat Public Trust Act). Any violation would disqualify the trust from initial registration and even deregistration.**

Changes in Income Tax Act

- All PAN non linked with Aadhar shall become invalid. "Non Resident" under the Income Tax not liable.
- Where PAN is required to be quoted and PAN not available, quote Aadhar, PAN will be issued.

  If you have Aadhar linked with PAN, then Aadhar can be quoted.
- Information to be provided for certain transactions U/s. 285BA. Basic threshold of Rs. 50,000 thousand removed.

Changes in Income Tax Act

- ✓ TDS on payment by Individual / HUF to Contractor and Professional, above Rs. 5 lakhs , No TAN required. Sec. 194M.

- ✓ TDS on Immovable Property Sec 194IA. Value for TDS purpose would include cost of Property + Car Parking + Club Membership + Maintenance etc.

Changes in Income Tax Act

- ✓ TDS @ 2% on withdrawal of cash from an account aggregating to Rs. 1 crore in a year. Sec 194N. Details to be notified.

- ✓ Interest paid on purchase of Electric vehicle exempted U/s. 80EEB. Limit Rs. 1,50,000. Should not own any Electric Vehicle. Interest not allowable under other provisions.

Changes in Income Tax Act

- ✓ Interest on loan to purchase house valued at Rs. 45 lakhs, Purchased before 31-03-2020, does not own any other house, exempted to the extent of Rs. 1,50,000/-. Interest not deductible, if allowed under other provisions.

- ✓ On closure / opting out of NPS, will now be exempted to the extent of 60% instead of 40% earlier.

- ✓ Non Resident Indians (NRI) can obtain certificate on the Lower Tax Deduction at Source(TDS), online. Sec. 195(2).

Changes in Income Tax Act

- ✓ TDS on Life Insurance policies not covered U/s. 10 (10D) is liable to TDS @ 1% on gross payout. Now TDS @ 5% on net excess received over premiums paid. U/s. 194DA.

- ✓ Return of Income is not filed before the end of the Assessment year. Prosecution U/s. 276CC.

  Under new provision tax payable after all prepaid taxes below Rs. 10,000/=. Prosecution can be avoided.

Changes in Income Tax Act

Some noteworthy changes in the Income Tax Returns applicable for FY 2018 – 19 (Asst. Yr 2019 – 20)

- ✓ **Residential status of the assessee, whether Resident or Non Resident, but Not Ordinary Resident or Non Resident with number of days stay in India.**
- ✓ **If the assessee is a Non Resident, resident of which jurisdiction with its Tax Identification Number (TIN).**

Changes in Income Tax Act

Some noteworthy changes in the Income Tax Returns applicable for FY 2018 – 19 (Asst. Yr 2019 – 20)

✓ **Details of Agricultural Income to be provided like :**

- Gross Agricultural Receipts.
- Expenditure on agriculture.
- If agriculture income exceeds Rs. 5 lakh.

A) Name of district with PIN Code where agriculture land is located.

B) Measurement of land in acres.

C) Agriculture land is irrigated or rain-fed.

Changes in Income Tax Act

Some noteworthy changes in the Income Tax Returns applicable for FY 2018 – 19 (Asst. Yr 2019 – 20)

- ✓ **Details of any foreign assets & foreign income held by Resident and Ordinary Resident (R & OR).**
- ✓ **Information regarding Turnover / Gross Receipts reported for GST.**
- ✓ **Details of unlisted shares held in Companies.**
- ✓ **Details of all the companies where aseessee is a Director.**

Message in these lines…

" It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change. "

Charles Darwin.

Thanks to...

- ✓ **Press & Media.**
- ✓ **All who have participated in the budget presentation.**
- ✓ **Team 'Ashutoshfinserv' who takes great pain to make this comprehensive presentation in short time.**

Disclaimer

This Presentation aims to tell the General Views and Laws related to Union Budget of India 2019.

This Presentation may contain references, website links, regulations or other policy materials. This Information provided, is only intended to be a general summary. All information in this presentation, including charts, examples and other website references, may be used for any purpose only after Professional advice.

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Portfolio Report Screen Shot


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Wealth Portfolio Report — Pg. 1 of 13
[illegible] & Family — 03-Jul-2019

Your Wealth Portfolio Summary

Fund Value of Mutual Fund Portfolio	(as on 02-Jul-2019)	5,18,11,263
PMS	(as on 31-May-2019)	24,66,268
Investments in FDs, Bonds etc	(Purchase value)	1,73,10,000
	Total	7,15,87,531

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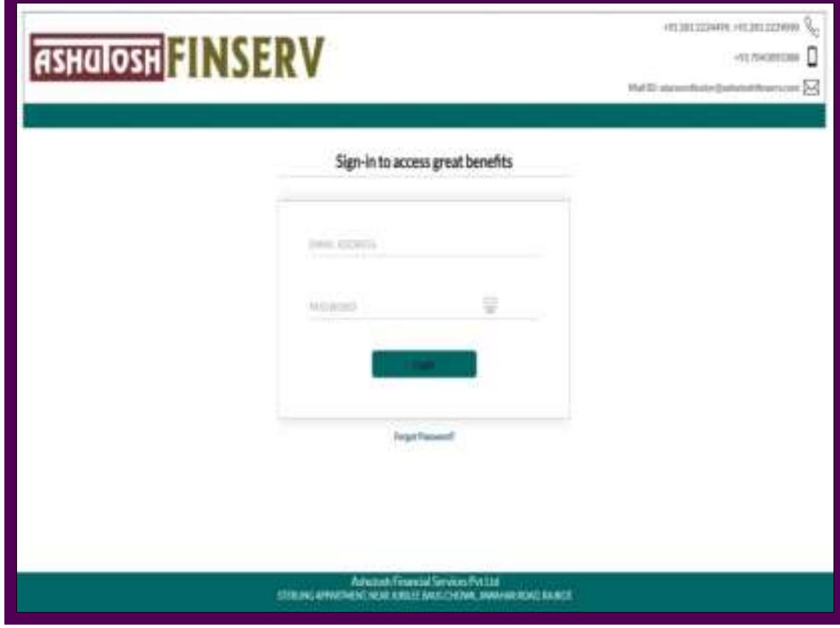
Portfolio Login Screen Shot



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