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An Analysis of Interim Budget 2019

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Abstract

The Interim Budget was presented in the Parliament on February, 2019. Due to the election year it is also known as the electoral budget, after the election over, whatever government will be selected will present its full budget in the Parliament. An interim budget was tried to attract farmers, labor and small tax payer. Government has launch PM KisansammanNidhi to support the farmers and Pm ShramyogiMaanDhanYojna to support the worker of unorganized sector. This study aims to study the impact of interim budget 2019 on tax payers. To the study Secondary data has been used which is collected from various sources i.e. Financial budget 2018, Interim budget 2019, Books, Article, Journal and website.

Key word: Assesse, Assessment year, Standard deduction, Pre -budget, post- budget.

Introduction

The financial bill 2019 (Interim) has presented by the Union Cabinet Minister Mr. Piyushgoyal on 1st Feb, 2019 for the assessment year 2020-2021 and previous year 2019-2020 which will be start from 1st April, 2019 till 31st March 2020. In this budget union government launch a scheme to provide an assured income support to the small and marginal farmers support namely PM-KISHAN (Pradhan Mantri Kisan Samman Nidhi). Under this scheme, vulnerable, landholding farmer families having cultivated land upto 2 hectares will be provided direct income support direct to the bank account of beneficiary farmer @ Rs. 6,000 per year, in the three equal installment. This program will entail an annual expenditure of Rs 75,000 crore.

Individual assessee taxable annual income upto Rs. 5 lakh in P.Y. 2019-2020 will get full rebate and therefore he will be exempted from tax. Assessee having gross income Rs 6.50 lakh in P.Y. they can also manage the income tax.

Objectives

Following are the objectives of the study:

- ❖ Highlight the salient features of the interim bill 2019
- ❖ Analysis the impact of budget (income tax) on the every types of individual.

Methodology

This paper is explanatory and based on Secondary data collected from financial bill 2019, books, website, article, journal and other published sources.



Analysis

Salient features of the budget {1};

- ❖ For the support of small and marginal farmers PM-KISHAN Scheme (PradhanMantriKisanSammanNidhi) has launched.
- ❖ Exemptions, from GST for small businesses have been doubled from 20 lakh to 40lakh.
- ❖ Small business having turnover upto Rs.1.5 crore have been given attractive composition scheme wherein they have to pay 1% flat rate and have to file one annual return only.
- ❖ Small service providers with turnover uptoRs. 50 lakh can now opt for composition scheme and pay GST at6 % instead of 18%.
- ❖ A substantial increased is proposed in the allocation for welfare of the SC/ST. The allocation of Rs.56,619crore made in BE of 208-19 for SC, further increased to Rs.62,474 crore in RE is proposed to be enhance to Rs.76,801 crore in BE for Rs.2019-20, an increase of 35.6% over BE of 2018-19. For the ST also proposal allocation in 2019-20 BE is Rs.50,086 crore as againstRs.39,135 crore in BE 2018-19 an increase of 28%
- ❖ Individual tax payer having taxable income in PY uptoRs. 5Lakh will get full tax rebate and therefore will not be required pay any income tax.
- ❖ Individual having Gross annual income Rs 6.50 lakh may also exempted from tax if they planning the tax and get deduction under section 80C to 80U.
- ❖ Standard deduction has raised from Rs 40,000 to Rs.50,000.
- ❖ Exempt levy of income tax on notional rent on a second self- occupied house.
- ❖ Interest on bank or post office deposited is being raise Rs.10,000 toRs.40,000.
- ❖ Deduction of tax on rent is proposed to be increased from Rs.1,80,000 to Rs.2,40,000.
- ❖ Capital gains under section 54 proposed to increase from investment in one residential house to two residential houses for a tax payer having capital gains uptoRs. 2 crore.
- ❖ Under affordable housing Scheme, the benefit under section 80-IBA of the income tax Act.1961is being extending for one more FY,i.e.to the housing projects approved till March 31st,2020.

Income tax rates for assesment year 2020-2021 and impact of tax on various assessees

Tax slabs for various assesses:

No tax liability would be arise if total taxable income does not exceed Rs. 5 lakh

Table-1

Tax rate	Less than 60 years	more than 60 years but less than 80 years	Above 80 years
%			
0%	2.50,000	3.50,000	5,00,000
5%	2,50,000	1,50,000	-----
20%	5,00,000	5,00,000	5,00,000
30%	above 10lakh	above 10lakh	above 10lakh

Sources: on the basis of secondary data



Note- Standard deduction Rs. 50,000 , Surcharge applicable 4%

Table 1 shows the tax slab for the assessment year 2020-2021. No changes have been made in the Interim budget 2019 and the tax slab was the same as it was earlier. Only taxpayers are exempted from income tax whose total taxable income is upto Rs.5,00,000.

Impact of Budget 2019:

Impact has been analysis on the basis of pre-budget 2019 and Post budget 2019.

A. When total income does not exceed Rs. 5 lakh, impact would be;

Table -2

Taxable Income	Less than 60 years		more than 60 years but less than 80 years		Above 80 years	
	Pre-budget	Post-budget	Pre-budget	Post-budget	Pre-budget	Post-budget
5,00,000	5,20	Exempt	Exempt	Exempt	Exempt	Exempt

Note: It is assumed that assessee has claimed maximum deduction under section 80 C Rs.1,50,000 ,standard deduction 40,000 and 50,000. Rebate under section 87A.

Sources: Analysis made by the researcher on the basis of financial bill 2018 and 2019

The Impact of interim budget 2019 in table -2 has been shown in which the effect has been shown according to age, whose age upto 60 years he used to make up Rs.520, but now there is no tax to pay. He used to do such a person who is between the ages of 60 to 80 years, did not pay any income taxes before and even now there is no tax to pay, same situation is also for the above 80 years age called super senior citizen.

B. When total taxable income exceed Rs. 5 lakh, impact would be;

Table -2

Gross total income but before standard deduction	Less than 60 years		more than 60 years but less than 80 years		Above 80 years	
	Pre-budget	Post-budget	Pre-budget	Post-budget	Pre-budget	Post-budget
7,50,000	25,480	23,400	20,280	18,200	22,880	20,800
10,00,000	77,480	75,400	72,280	70,200	64,480	62,400
12,50,000	1,35,720	1,32,600	1,30,520	1,27,400	1,22,720	1,19,600
15,00,000	2,13,720	2,10,600	2,08,520	2,05,400	2,00,720	1,97,600

Note: It is assumed that assessee has claimed maximum deduction under section 80 C Rs.1,50,000 ,standard deduction 40,000 and 50,000.

Sources: Analysis made by the researcher on the basis of financial bill 2018 and 2019



Researcher has also analysis the tax impact on the tax payers on the basis of different income group which is depicted in table -2. Analysis has been made on the assumption of that assessee has avail maximum deduction of 80C to 80CCC and standard deduction as per budget 2018 and 2019. It is clear from the analysis of table-2 that minimum impact of tax is Rs.2080 and Maximum impact is Rs,3120. Tax payers who is having annual income after deduction of 80 C and standard deduction Rs. 7,50,000 to 10,00,000, he has save Rs,2080. Tax payers who is having annual income after deduction of 80 C and standard deduction Rs.12,50,000 to 15,00,000, he has save Rs 3,120.

Conclusion

Interim budget 2019 has focused on Kissan, Worker and small tax payers, If we talk about the impact of tax liability on income tax payers, they have not been affected much because the tax payers whose total income does not exceed Rs.5 lakh did not have too much tax in budget 2018 and they are also exempt from tax in budget 2019. In such a case, whose income is more than Rs 5 lakh, no tax relief has been given other than standard deduction and bank interest.

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