

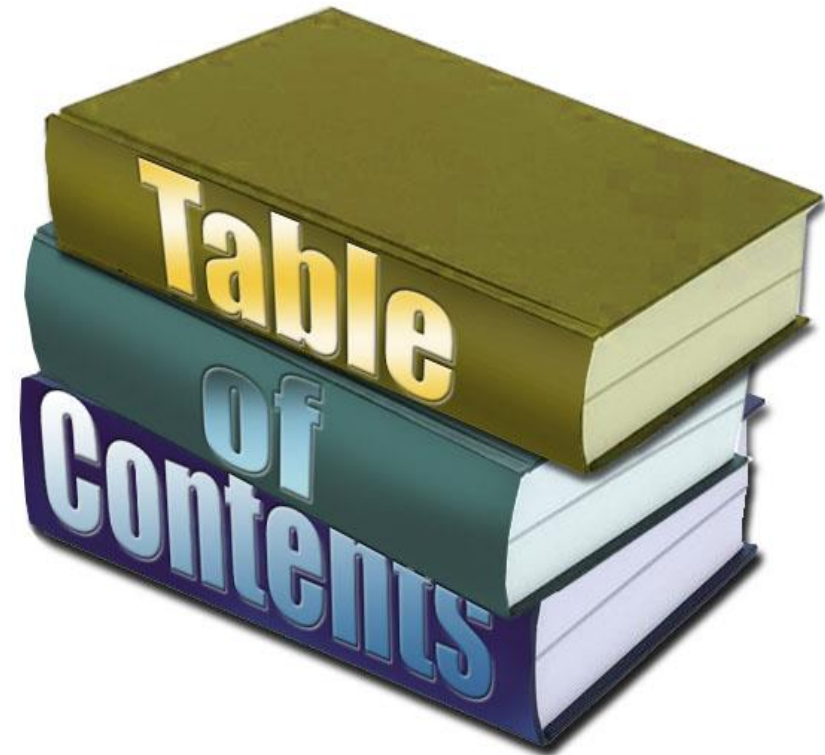


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Glimpse of Union Budget 2019

Contents

DIRECT TAX PROPOSALS.....	3
-Personal Taxation	3
-Corporate Taxation	3
-Deductions & Exemptions	5
-Transfer Pricing.....	7
-Tax Incentive to Financial Sector.....	8
-Startups.....	11
-Regulatory.....	11
INDIRECT TAX PROPOSALS.....	14
-Excise Duty.....	14
-Service Tax.....	16
-Goods & Services Tax.....	17
-Customs Duty.....	18



DIRECT TAX PROPOSALS



Personal Taxation

- Effective tax rate to go up for individuals after **increase of Surcharge:**

Taxable Income (In Rs)	Rate of Surcharge	Effective Tax Rate
2 Crores – 5 Crores	25%	39.00%
5 Crores and above	37%	42.74%

- Rebate u/s 87A for resident Individual of Rs. 12500 for taxable income up to Rs. 5 Lakhs as compared to Rs. 2500 for income upto Rs. 3.5 lakhs in FY 2018-19.

Corporate Taxation

- Threshold Limit of Turnover increased to Rs 400 crores for reduced tax rate of 25% from Rs.250 crores
- Turnover exceeding Rs. 400 crores continue to be taxed @30%

TDS deduction by certain Individuals/HUF- Section 194M

- Payments / credit made by Individual/HUF (not liable for Tax Audit) to resident contractor and professionals liable to deduct TDS @ 5% in case of exceeding of Rs 50 lakhs in entire year.
- Tax can be deposited using PAN.
- TAN number need not be mandatorily obtained.
(Effective from 01st September,2019)

Consideration for TDS on immovable property Section 194 IA

- It is now clarified that “Sale Consideration” shall include club membership fees, car parking fee, electricity water facility fee, maintenance fee, advance fee or any other similar charges.
(Effective from 01st September,2019)

Gifs made to Non-Residents

- Any sum of money or property transferred by resident to Non-resident on or after **05.07.2019** will be deemed to accrue or arise in India and taxable in India.

Compulsory filing of return

- It is mandatory for a person to file Income Tax Return under following situations:
 - deposited more than Rs. 1 crore in current account in a year
 - expended more than Rs. 2 lakhs on foreign travel

- more than Rs.1 lakh on electricity consumption in a year
- such other prescribed conditions

Interchangeability of PAN and AADHAAR

- It is proposed to amend section 139A to provide every person who, has not been allotted PAN enters into specified transaction can quote Aadhaar number in lieu of PAN.
- Such person shall be allotted PAN in a prescribed manner.
- If PAN and Aadhaar have not been linked such person can quote Aadhaar number in lieu of PAN.
- It is also proposed to amend Section 139AA (2) to invalidate the PAN allotted to a person if it is not linked with Aadhaar on or before the notified date.
- In order to ensure proper compliance to the provisions of quoting and authentication of PAN and Aadhaar, it is proposed to levy penalty under section 272B for non-compliance.



(Effective from 01st September, 2019)

Widening scope of SFT –Section 285 BA

- Mandatory for certain more persons to file statement other than those existing
- Removal of current threshold of Rs. 50,000 or aggregate value of transactions to ensure pre-filing of information relating to small amount of transactions as well.
- Penalty in case of failure for default

(Effective from 01st September, 2019)

TDS on cash withdrawal from banks- Section 194 N

- TDS @ 2 % on cash withdrawal by a person in excess of Rs. 1crore from bank account

(Effective from 01st September, 2019)



Preventing tax abuse

- Section 115QA now covers Listed companies to pay additional DDT @ 20 % plus surcharge and cess on buyback of shares listed on recognised stock exchange.

(Effective from 05th July, 2019)

Securities Transaction Tax (STT)-Section 99(a)(ii)

- Intrinsic value means difference between strike price and settlement price

(Effective from 01st September, 2019)

DEDUCTIONS & EXEMPTIONS



Deductions under the Income Tax Act

Deduction for interest paid on loans for purchasing electric vehicles

- Additional income tax deduction of INR 1.5 lakh on the interest paid on loans taken to purchase electric vehicles; amounting to a benefit of about INR 2.5 lakh over the loan period to tax payers who take loans to purchase electric vehicles.
- The loan should be sanctioned by financial institution including a non-banking financial company during the period 01st April, 2019 to 31st March, 2023

(Effective date: 1st April, 2020 i.e. AY 2020-21)

Tax incentive for affordable housing

- An additional deduction of up to INR 1.5 lakh for interest paid on loans sanctioned between 1st April, 2019 to 31st March, 2020 for purchasing

an affordable house up to INR 45 lakh. Taxpayer should not own any residential property on loan sanction date

(Effective date: 1st April, 2020 i.e. AY 2020-21 onwards)

Exemptions under the Income Tax Act

Interest on rupee denominated bonds

- Interest payable to a non-resident or a foreign company, by any Indian company or business trust in respect of monies borrowed from a source outside India by way of issue of rupee denominated bond during the period 17th September, 2018 to 31st March, 2019 is exempt.

(Effective date: 1st April, 2019 i.e. AY 2019-20 onwards)

Miscellaneous

Set off or carry forwards and set off

- Section 79 of carry forward and set off of losses shall not apply to certain companies, their subsidiary and subsidiary of such subsidiary where:
 - Board of Directors are suspended by the NCLT on the application moved by the Central Government under Section 241 of the Companies Act, 2013.
 - A change in shareholding of such company, and its subsidiaries and the subsidiary of such subsidiary, has taken place in a previous year pursuant to a resolution plan approved by NCLT under Section 242 of the Companies Act, 2013.
 - Also in case of above mentioned Companies, the aggregate of brought forward losses and unabsorbed depreciation is allowed as deduction for the purpose of computation of MAT liability.

(Effective date: 1st April, 2020 i.e. AY 2020-21 onwards)

NATIONAL PENSION SYSTEM (NPS) SUBSCRIBERS



Contribution to National Pension System (NPS)

- Additional benefits for NPS subscribers is allowed by increasing the exemption from 40% to 60% of the total amount payable to the person at the time of closure or his opting out of the scheme.
- The Central Government employees will be allowed to claim deduction upto 14% of their salary in respect of any contribution made by the Central Government to the pension scheme.
- Any amount paid or deposited by a Central Government employee as a contribution to his Tier-II account of the pension scheme will be eligible for deduction u/s. 80C.

(Effective date: 1st April, 2020 i.e. AY 2020-21 onwards)

VALUE DETERMINATION

Valuation of property and liabilities in case of Demerger

- In order to comply with Ind-AS, the requirement of recording property and liabilities at book value by the resulting company **shall not be applicable** where the property and liabilities of the undertakings received by it are recorded at a value different from that appearing in the books of account of the demerged company immediately before the demerger.



Transfer Pricing

- The power of AO in case of a modified return filed pursuant to a signed APA for year(s) of completed assessment or reassessment restricted to merely modifying the total income in accordance with the terms of the APA. This amendment will take effect from 1 September 2019.
- The Secondary Adjustment (SA) provisions stand modified with effect from AY 2018-19 as under:
 - SA provisions to apply only in case of agreement signed on or after 1 April 2017
 - The existing two conditions made alternative to each other i.e. (a) primary adjustment not exceeding INR1 crore; or (b) primary adjustments made on or before AY 2016-17.
 - No refund to be given for taxes paid under the pre-amended section.
 - Excess money repatriation back to India can be from any of the Non-Resident AEs of the taxpayer.
- The SA provisions also stand amended with effect from 1 September 2019 to provide an option of payment of additional tax to stop its applicability as under:
 - If the excess money or part thereof has not been repatriated in time, the taxpayer granted an option to pay a one-time
 - additional tax at 20.16 per cent (18 percent tax plus a surcharge of 12 per cent) on such non-repatriated amount.
 - The tax on interest calculation for the excess money would continue to apply till the date of payment of such additional tax.
 - This additional tax paid would be final tax which will be non-deductible in nature.
- Once the taxpayer pays the additional tax and interest as above, there would not be any obligation on him to repatriate the excess money and SA provisions would not apply from that date.
- The provisions of filing Master File (MF) stand amended as under from 1 April 2020:
 - The MF to be filed by every constituent entity of an international group irrespective of whether the constituent entity has entered into an international transaction/s or not.
 - The powers of the Tax Officer and the Commissioner (Appeal) to call for MF is done away with.
- The CbCR of a Non-Resident Parent filed by an Indian Resident Alternate Reporting Entity would be as per the accounting year followed by the Non-Resident Parent in its jurisdiction and not as per the financial year followed by the Indian Reporting Entity.

TAX INCENTIVE TO FINANCIAL SECTOR



Incentives to International Financial Services Centres (IFSC)

- Amendments have been made in Section 47, 10, 115-O, 80LA and 115A.
- Under the existing Provisions of Section 47 any transfer of a Capital Asset being bonds or GDR's or Rupee denominated bond of an Indian Company or derivative, made by a non-resident located in IFSC through a recognised stock exchange and where the consideration for such transaction is paid or payable in foreign currency is not regarded as transfer. With a view to provide tax-neutral transfer of certain securities by Category III Alternative Investment Fund (AIF) in IFSC, this section is amended to provide that any transfer of a capital asset specified in the said clause by such AIF, of which all the unit holders are non-resident are not regarded as transfer subject to fulfilment of specified conditions. It is also proposed to widen the types of securities listed in the said clause by empowering the Central Government to notify other securities for the purpose of this clause. *(Effective date of amendment is 1st April, 2020)*
- Section 10- Amended to provide that any income by way of interest payable to a non-resident by a unit located in IFSC in respect of monies borrowed by it on or after 1st day of September, 2019, shall be exempt. *(Effective date of amendment is 1st April, 2020)*
- Section 115O- Dividend paid out of **accumulated income** derived from operations in IFSC, after 1st April 2017 shall also not be liable for tax on distributed profits. (As per existing provision no tax on distributed profits was charged if the amount declared, distributed or paid was out of **current income** of the unit of IFSC.) *Effective date of amendment is 1st September, 2019.*
- Section 80LA- Deduction shall be increased to 100% for any 10 consecutive years for units located in IFSC. The assessee i.e unit in IFSC, at his option, may claim the said deduction for any 10 consecutive assessment years out of 15 years beginning with the year in which the necessary permission was obtained. (As per existing provision deduction was allowed of an amount equal to 100% for First 5 consecutive assessment years and 50% for the next consecutive assessment years.) *Effective date of amendment is 1st April, 2020*
- Section 115A- Amendment of Section 80LA is extended to ensure that units located in IFSC claim deduction under section 80LA when computing tax liability under Section 115A. *(Effective date of amendment is 1st April, 2020)*

Incentive to Non-Banking Finance Companies (NBFCs)

- Section 43D is amended to include deposit-taking NBFCs and systemically important non deposit-taking NBFCs within the scope of the specified institutions. (Currently, interest income received in relation to prescribed categories of bad or doubtful debts by specified institution is chargeable to tax in the year in which the interest is credited to Profit and Loss Account or is actually received whichever is earlier. Specified Institutions did not include NBFC's.)
- In addition to above, it is proposed to amend section 43B of the Act to provide that any sum payable by the assessee as interest on any loan or advances from a deposit-taking NBFCs and systemically important non deposit-taking NBFCs shall be allowed as deduction if it is actually paid on or before the due date of furnishing the return of income of the relevant previous year.

(Effective date of amendment is 1st April, 2020)



Incentives for Venture Capital Undertakings

- As per Existing provisions of Section 56(2)(viib), shares issued by a company to a resident for excessive premium over fair market value, is considered as deemed income for the issuing company.
- This Section is amended to exclude issue of shares by Venture Capital to a Category II AIF.

(Effective date of amendment is 1st April, 2020)



Incentives to Mutual Funds

- Section 115R- No additional income-tax shall be chargeable in respect of any amount of income distributed, on or after the 1st day of September, 2019, by a Mutual Fund unit located in IFSC of which all the unit holders are non-residents and which fulfils certain other specified conditions. (As per existing provision, Dividend Distribution Tax shall be paid on any amount of income distributed by the specified company or a Mutual Fund to its unit holders.)

(Effective date of amendment is 1st September, 2019)



Offshore Funds

Incentives to Offshore Funds

- Section 9A provides for a safe harbour in respect of offshore funds.
- The section is amended to relax certain constraints in the implementation of regime of fund manager as mentioned below:-
 - The Corpus of the Fund \geq INR 100 Crore, at the end of a period of 6 months from the end of the month of its establishment or incorporation or
 - at the end of such previous year, whichever is later (Presently, if the fund is established during the year, the condition has to be met at the end of such a year); and
 - the remuneration paid by the fund to an eligible fund manager in respect of fund management activity undertaken by him on its behalf is not less than the amount calculated in such manner as may be prescribed.

(Effective date retrospectively from 1st April, 2019)



Incentives to Alternative Investment Fund (AIF)

- At present, income other than the business income of Category I and Category II AIFs is taxable in the hands of unitholders on a pass-through basis.
- Pass-through losses are allowed to be carried forward and set off only by the AIF. (Benefit is not available to unitholders.)
- The amendment is made to grant the unitholders to avail the benefit of pass through of losses other than business losses.
- Carry Forward of business losses of AIF will be carried forward only by AIF.
- Losses other than Business losses as on 31st March 2019 will be available for carry forward for set-off by unitholder for the unexpired period.
- From 1st April 2019, losses other than business losses will be available to unitholders only if the units are held for 12 or more months.
- Whether the losses other than business losses are available to the unitholder or not, such losses are not allowed to be carried forward by the AIF.

(Effective date of amendment is 1st April, 2020)

STARTUPS

Relaxation of condition for carry forward and set off losses to start-ups (Section 79)

- The benefit of carry forward and set off of losses incurred within 7 years of incorporation against income of the previous year only if,
 - all shareholders holding the shares in year of loss continue to hold shares in year of set off
 - the condition of continue shareholding is satisfied now even if the shareholders continue to hold atleast 51% of voting power in year of set off.

(Effective date: 1st April, 2020 i.e. AY 2020-21 onwards)

Extension of capital gain linked exemption for investment in startups and relaxation of some conditions (Section 54GB)

- The exemption on capital gain arising from sale of residential property invested in equity shares of start-ups is extended from 31st March 2019 to 31st March 2021
- The condition of minimum shareholding is change from 50% to 25% of share capital
- The lock in period for transfer of new asset being computer/computer software reduced from 5 years to 3 years

(Effective date : 1st April, 2020 i.e. AY 2020-21 onwards)

REGULATORY



Online application for obtaining lower/nil withholding tax certificate in case of non-residents [Section 195(2)]

- It is proposed to provide the online facility for person making payment to **non-resident** for determination of lower/ NIL tax to be deducted u/s 195 (Effective date : 1st November 2019)

Additional condition for cancellation of registration of trust (Section 12AA)

- The registration of the trust to be cancelled if it has not complied with requirements of any other law being in force which are material for the purpose of achieving its objects. *(Effective date : 1st September, 2019)*

Relaxation of condition of TDS in case of payment to non-residents

(Section 201 & Section 40)

- The deductor shall not be deemed to assessee in default in case of non-deduction/non-payment of TDS in respect of non-residents, if such non-residents has considered such income while filing their return in India and also paid tax thereon. *(Effective date : 1st September, 2019)*
- Accordingly, deductor will not liable for disallowance of expenses in the above case. *(Effective date : 1st April, 2020 i.e. AY 2020-21 onwards)*

Penalty for under reporting and misreporting of income (Section 270A)

- It is a proposed to amend the provisions of section 270A so as to cover the person who has under reported income and furnished the return of income for the first time u/s 148 and to determine quantum of penalty thereon.
(Effective date : Retrospectively from 1st April, 2017 i.e. AY 2017-18 onwards)

TDS in respect of Life Insurance Policy (Section 194DA)

- TDS to be deducted only on income portion of the amount received i.e excluding premiums paid.
- TDS rate increased from 1% to 5%
(Effective date : 1st September, 2019)

Failure to furnish returns of Income (Section 276CC)

- Threshold limit for launching prosecution for non-filing of return of income increased from tax payable of Rs. 3,000/- to Rs. 10,000/-

- Self assessment tax and TCS to be considered in determining tax payable.
(Effective date : 1st April, 2020 i.e. AY 2020-21 onwards)

Claim for refund (Section 239)

- Every claim for refund under Chapter XIX of the Act shall be made by furnishing return in accordance with the provisions of section 139 of the Act.
(Effective date : 1st September, 2019)

Time Limit for sale of attached immovable property (Rule 68B of Second Schedule of the Act)

- Limitation period enhanced from 3 years to 7 years for sale of immovable property attached towards the recovery of tax, penalty etc.
- The Board, may extend the limitation period by further period of 3 years, for reasons in writing.
(Effective date: 1st September, 2019)

Income Declaration Scheme, 2016

- Central Government may notify the class of persons who may make payment of tax, surcharge and penalty in respect of undisclosed income along with the interest @ 1 % for every month or part thereof.
- Central Government may notify the class of persons to whom the amount of tax, surcharge and penalty, paid in excess of the amount payable under the Scheme shall be refundable.
(Effective date : Retrospectively from 1st June, 2016)

Prohibition of Benami Property Transaction Act (the PBPT Act)

(Section 23 of PBPT Act)

- The provisional attachment of property and passing of an order to be done within 90 days from **the end of the month** in which notice is issued.
- Levy of penalty of Rs. 25,000 for failure to comply with summons issued or furnish information.

(Effective date : 1st September, 2019)

Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (the BM Act) (Section 2 of Black Money Act)

- The definition of the term “assessee” under the Black Money Act to include:
 - a person resident in India within (section 6 of the Income-tax Act)
 - a non-resident person
 - a person not ordinarily resident in India (Section 6(6) of the Income Tax Act)
- Section 144A of the Income Tax Act shall apply to the BM Act with necessary modifications.

(Effective date : Retrospectively from 1st July, 2015)

ACCEPTANCE OF ELECTRONIC MODE OF PAYMENT

- It is proposed that donation received by the political party parties through other prescribed electronic modes in excess of Rs.2000 will not violate their exemption.
- It is proposed that capital expenditure incurred through other prescribed electronic modes in excess of Rs10,000/- will be allowed as deduction u/s 35AD.
- It is proposed that payment of expenses through other prescribed electronic modes in excess of Rs10,000 will not be disallowed u/s 40A(3)
- It is proposed that acquisition of an asset through other prescribed electronic modes in excess of Rs10,000 will be included in determination of actual cost.
- It is proposed that the emoluments to the employees through other prescribed electronic modes will be allowed as deduction u/s 80JJAA
- It is proposed to provide that business with turnover or gross receipts exceeding INR 50 crore in immediately preceding previous year to provide facility for accepting payments through prescribes electronic modes. Penalty of INR 5,000 for every day if not complied.
- Also electronic mode of payment is prescribed under section 43CA, 44AD, 50C & 56(2)(x.)

(Effective date : 1st April, 2020 i.e. Ay 2020-21 onwards)

- It is proposed to permit receipt/ repayment of the amounts, loan or deposit through other prescribed electronic modes at par with the receipt/ repayment through account payee cheque/ draft/ ECS (Section 269SS , 269ST, 269T)

(Effective date : 1st September, 2019)

INDIRECT TAX PROPOSALS

Excise Duty

Rate changes *(Effective from 6 July, 2019)*

Sr. No.	Commodity Name	Existing Rate	Proposed Rate
1	Petroleum Crude	Nil	INR 1 per tonne
2	Other than filter cigarettes, of length not exceeding 65 millimeter	Nil	INR 5 per thousand
3	Other than filter cigarettes, of length exceeding 65 millimeters but not exceeding 70 millimeters	Nil	INR 5 per thousand
4	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) not exceeding 65 millimeters	Nil	INR 5 per thousand
5	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) exceeding 65 millimeters but not exceeding 70 millimeters	Nil	INR 5 per thousand
6	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) exceeding 70 millimeters but not exceeding 75 millimeters	Nil	INR 5 per thousand
7	Other (Cigarettes containing tobacco)	Nil	INR 10 per thousand
8	Cigarettes of tobacco substitutes	Nil	INR 5 per thousand
9	Hookah or gudaku tobacco	Nil	0.50%
10	Smoking mixtures for pipes and cigarettes	Nil	1%
11	Other than paper rolled biris, manufactured without the aid of machine	Nil	5 paisa per thousand
12	Other (Biris)	Nil	10 paisa per thousand
13	Other smoking tobacco	Nil	0.50%
14	"Homogenised" or "reconstituted" tobacco	Nil	0.50%

15	Chewing tobacco	Nil	0.50%
16	Preparations containing chewing tobacco	Nil	0.50%
17	Jarda scented tobacco	Nil	0.50%
18	Snuff	Nil	0.50%
19	Preparations containing snuff	Nil	0.50%
20	Tobacco extracts and essence	Nil	0.50%
21	Other (manufactured tobacco and substitutes)	Nil	0.50%
22	Crude Petroleum oil produced in specified oil fields under production sharing contracts or in the exploration blocks	INR 1 per tonne	Nil

Amendment in Scheduled Rate of Special Additional Excise Duty on Petrol and Diesel

Sr. No.	Description	Existing Rate	Proposed Rate
1	Motor spirit commonly known as petrol	INR 7 per litre	INR 10 per litre
2	High speed diesel oil	INR 1 per litre	INR 4 per litre

Amendment in Scheduled Rate of Road & Infrastructure Cess levied as Additional Duty of Excise on Petrol & Diesel

Sr. No.	Description	Existing Rate	Proposed Rate
1	Motor spirit commonly known as petrol	INR 8 per litre	INR 10 per litre
2	High speed diesel oil	INR 8 per litre	INR 10 per litre

Effective change in Rate of Special Additional Excise Duty and Road and Infrastructure Cess on Petrol and Diesel

Sr. No.	Description	Existing Rate	Proposed Rate
A	Increase in effective rate of Special Additional Duty on petrol and diesel		
1	Motor Spirit commonly known as petrol	INR 7 per litre	INR 8 per litre
2	High speed diesel oil	INR 1 per litre	INR 2 per litre
B	Increase in effective rate of Road and Infrastructure Cess levied as additional duty of excise, on petrol and diesel		
1	Motor Spirit commonly known as petrol	INR 8 per litre	INR 9 per litre
2	High speed diesel oil	INR 8 per litre	INR 9 per litre

Service Tax

- Service tax exemption is proposed on:
 - Grant of liquor licence by the state government, during the period from 1 April 2016 to 30 June 2017
 - Specified educational programmes, provided by Indian Institute of Management to their students, during the period 01 July 2003 to 31 March 2016
 - Upfront amount payable by developers to State Government Industrial Development Corporation or any entity having 50 per cent or more ownership of Central Government, State

Government, Union Territory, for grant of long-term lease of 30 years or more of plots, for development of infrastructure for financial business, in any industrial or financial business area, for the period from 01 October 2013 to 30 June 2017.

Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 (the scheme)

- The Scheme has been introduced for resolution and settlement of tax dues of Central Excise, Service Tax, Cess, other specified ancillary Indirect Tax Acts or any other Act that may be notified

Goods and Services Tax – Amendments in the CGST Act

- Provision inserted to make interest applicable on net cash liability of tax declared in the return (i.e. cash paid by debiting electronic cash ledger instead of gross liability), except in those cases where returns have been filed subsequent to initiation of any proceedings relating to short payment, non-payment of tax or wrong availment of ITC, etc.
- Increase in exemption threshold for registration to INR40 lakh (from INR20 lakh) in case of exclusive supplier of goods [to be decided at the request of State and on the recommendations of the Council]
- Central Government may disburse refund amount to the taxpayers in respect of state taxes as well
- Introduction of penalty of 10 per cent of profiteered amount, in case National Anti- profiteering Authority concludes that the taxpayer is guilty of profiteering. However, the said penalty is not payable where the profiteered amount is deposited within 30 days of the date of passing of the order by the Authority
- Facility introduced to transfer any amount from one head to another head in electronic cash ledger
- In order to bring consistency in tax positions under GST, NAAAR constituted, for resolution of diverse views of State specific Advance Ruling Authorities
- An alternative composition scheme for supplier of services or mixed suppliers, having an annual turnover in the preceding financial year up to INR50 lakh, has been introduced. The rate of tax payable under composition scheme, has been capped at 3 per cent
- Commissioner empowered to extend the due date for furnishing of monthly and annual statement by the person collecting tax at source, Annual Return (i.e. Form GSTR-9/9A) and reconciliation statement (i.e. Form GSTR-9C)
- Aadhaar authentication mandatory for specified class of new taxpayers. Manner, in which certain class of registered taxpayers are required to undergo Aadhaar authentication, to be prescribed
- specified suppliers (to be notified) shall have to mandatorily give the option of specified modes of electronic payment to their recipient

Customs Duty

- Amendments (*Effective from enactment of Finance Bill (No.2), 2019*)
- Customs Act, 1962 (Customs Act)
 - To ensure compliances under the Customs Act or any other act, the Customs authorities are empowered to verify the identity of the person through Aadhaar or other mechanisms. Non-compliance of the above provision may lead to suspension of import/export of goods, refunds, drawback, exemptions, licence/registrations or other benefits
 - Customs authorities are empowered to screen or scan person suspected to be secreted goods liable for confiscation in his body, subject to the specific procedure
 - Offence committed outside India may also be prosecuted by the Customs authorities
 - Fraudulently obtaining of an instrument of value exceeding INR50 lakh and utilisation thereof under Customs Act or
 - Foreign Trade (Development and Regulations) Act, 1992 is made a cognisable and non-bailable offence
 - Person obtaining any instrument (and utilisation thereof) by fraud, collusion, wilful mis-statement or suppression of facts will be liable for penalty (not exceeding face value of such instrument)
 - Specific provision introduced to empower seizure of goods where removal, transport, store or possession of goods is not practicable for Customs authorities
 - Scope of seizure provisions extended to the attachment of bank account for a period not exceeding six months, with a further extension of six months
 - Penalty for non-compliance of provisions of rules or regulations made under Customs Act, increased from INR50 thousand to INR2 lakh
 - General penalty i.e. where no specific penalty is provided under Customs Act, increased from INR1 lakh to INR4 lakh.

- Amendments in Basic Custom Duty (*Effective from 06th July, 2019*)

Sr. No.	Heading, sub-heading tariff item	Commodity	Effective duty rates (per cent)	
			From	To
Petroleum and Petrochemicals				
1	2709 00 00	Petroleum Crude	Nil	INR 1 per tonne
2	2710	Naphtha	5	4
3	2903 15 00	Ethylene dichloride (EDC)	2	Nil
4	2910 20 00	Methyloxirane (Propylene Oxide)	7.50	5
Plastic and Rubber				
5	3904	Poly Vinyl Chloride	7.50	10
6	3926 90 91, 3926 90 99	Articles of plastics	10	15
7	4002 31 00	All goods i.e. Butyl Rubber	5	10
8	4002 39 00	Chlorobutyl rubber or bromobutyl rubber	5	10
Construction Materials				
9	3918	Floor covering of plastics, Wall or ceiling cover- ings of plastics	10	15
10	6905, 6907	Ceramic roofing tiles and ceramic flags and pavings, hearth or wall tiles	10	15
11	8302	Base metal fittings, mountings and similar articles suitable for furniture, doors, staircases, windows, blinds, hinge for auto mobiles	10	15
Paper and Paper Products				
12	48	a. Newsprint b. Uncoated paper used for printing of newspapers c. Lightweight coated paper used for printing of magazines	Nil	10
13	4901 10 10, 4901 91 00, 4901 99 00	Printed books (including covers for printed books) and printed manuals, in bound form or in loose-leaf form with binder, executed on	Nil	5

		paper or any other material including transparencies		
Textiles				
14	5101	Wool Fibre	5	2.5
15	5105	Wool Tops	5	2.5
Flooring Materials				
16	2515 12 20, 6802 10 00, 6802 21 10, 6802 21 20, 6802 21 90, 6802 91 00, 6802 92 00	Marble Slabs	20	40
Iron and Steel, Other base metals				
17	7218	Stainless steel in ingots or other primary forms; semi-finished products of stainless less	5	7.50
18	7224	Other alloy steel in ingots or other primary forms; semi-finished products of other alloy steel	5	7.50
19	7225, 7225 19 90	Inputs for the manufacture of CRGO steel:- a. MgO coated cold rolled steel coils b. Hot rolled coils c. Cold-rolled MgO coated and annealed steel d. Hot rolled annealed and pickled coils e. Cold rolled full hard	5	2.50
20	7226 99 30	Amorphous alloy ribbon	10	5
21	7229	Wire of other alloy steel (other than INVAR)	5	7.50
22	8105 20 10	Cobalt mattes and other intermediate products of cobalt metallurgy	5	2.50
Capital Goods				

23	8474 20 10	Stone crushing (cone type) plants for the construction of roads	Nil	7.50
24	82, 84, 85 or 90	Capital goods used for manufacturing of following electronic items, namely: <ul style="list-style-type: none"> • Populated PCBA • Camera module of cellular mobile phones • Charger/Adapter of cellular mobile phone • Lithium Ion Cell • Display Module • Set Top Box • Compact Camera Module 	Applicable rate	Nil
25	84, 85 or 90	Capital goods used for manufacturing of specified electronic items, namely- <ul style="list-style-type: none"> • Cathode Ray tubes; • CD/CD-R/DVD/DVD-R; • Deflection components, CRT monitors/CTVs; • Plasma Display Panel 	Nil	Applicable
Automobile Parts				
26	6813	Friction material and articles thereof (for example, sheets, rolls, strips, segments, discs, washers, pads), not mounted, for brakes, for clutches or the like, with a basis of asbestos, of other mineral substances or of cellulose, whether or not combined with textile or other materials.	10	15
27	7009	Glass mirrors, whether or not framed, including rear-view mirrors	10	15
28	8301 20 00	Locks of a kind used in motor vehicles	10	15
29	8421 23 00	Oil or petrol filters for internal combustion engines	7.50	10
30	8421 31 00	Intake air-filters for internal combustion engines	7.50	10

31	8421 39 20, 8421 39 90 8421 39 90	Catalytic converters	5	10
32	8512 10 00, 8512 20 10, 8512 20 20, 8512 30 10	Lighting or visual signaling equipment of a kind used in bicycles or motor vehicles; Horn for vehicles	10	15
33	8512 20 90, 8512 30 90	Other visual or sound signaling equipment for bicycles or motor vehicles	7.50	15
34	8512 90 00	Parts of visual or sound signaling equipment for bicycles or motor vehicles	7.50	10
35	8512 40 00, 8539 10 00, 8539 21 20, 8539 29 40	Windscreen wipers, defrosters and demisters, Sealed beam lamp units and other lamps for automobiles	10	15
36	8702, 8704	Completely Built Unit (CBU) of vehicles falling under heading 8702, 8704	25	30
37	Any Chapter	Following parts of electric vehicles: - a. E-Drive assembly, b. On board charger, c. E-compressor and d. Charging gun	Applicable rate	Nil
38	8706, 8707	Chassis fitted with engines, for the motor vehicles of headings 8701 to 8705, Bodies (including cabs), for the motor vehicles of headings 8701 to 8705	10	15
Oil rigs and other goods used for oil exploration				
39	84 or any other chapter	Providing option to pay BCD at transaction value on the disposal of goods, imported without payment of customs duty for petroleum operations/coal bed methane operations where such disposal is made in unserviceable and mutilated condition	Applicable rate on depreciated value	7.5 on transaction value
Electronics and Electrical Equipment				
40	8504 40	Charger/Power adapter for CCTV camera/IP camera/DVR/NVR	Nil	15

41	8415 90 00	Indoor and outdoor unit of split –system air conditioner	10	20
42	8518 21 00, 8518 22 00	Loudspeaker	10	15
43	8521 90 90	Digital Video Recorder (DVR) and Network Video Recorder (NVR)	15	20
44	8525 80	CCTV camera and IP camera	15	20
45	9001 10 00	Optical Fibres, optical fibre bundles and cables	10	15