

Union Budget 2019

Highlights



Building a better
working world

Macro-fiscal

- ▶ The Government's initiative to access external savings in external currency will ease pressure on domestic savings and interest rates. This will facilitate better transmission of the repo rate reduction to the lending rates and boost credit growth.
- ▶ The Government shows substantial **reliance on off-budget resources and public-private partnerships (PPPs) to enhance infrastructure investment.**
- ▶ Concrete plans for enabling the ambitious 5-years infrastructure program with an investment volume of INR100 lakh crores will await recommendations from an Expert Committee that will examine long-term development financing options. **There may be underachievement of the annual target of INR20 lakh crores for FY20.**
- ▶ The **disinvestment program targeting INR1.05 lakh crores is ambitious**, given that a part of it may depend on finding a buyer for Air India.
- ▶ The Budget assumes a nominal GDP growth of 12%. The Economic Survey and the RBI have projected a real GDP growth of 7%, implying an inflation assumption of 5%. Indications are that the inflation rate would remain below 4% and **the nominal growth of 12% may be optimistic.**
- ▶ **Achieving the fiscal deficit target of 3.3% of GDP for 2019-20 is contingent upon targets of disinvestment, tax buoyancy assumptions and nominal growth assumption of 12%**
- ▶ The CGA numbers show that there was a significant shortfall in actual revenues relative to the revised estimate in the interim budget. Tax revenue growth assumptions may eventually need a downward revision.

Highlights



**INR100
lakh crore**
infrastructure
investment

5
years



3.3%
*fiscal deficit
target for
FY20*

Corporate tax

- ▶ Domestic companies to be taxed at 25% if the turnover/gross receipt is upto INR4 billion, as against earlier threshold of INR2.5 billion
 - ▶ Increased threshold to now cover 99.3% of domestic companies
- ▶ SEBI to mull increase in minimum public shareholding for listed entities from 25% to 35%
- ▶ TDS rate of 2% to be applicable on aggregate cash withdrawals exceeding INR10 million from bank accounts in a financial year
 - ▶ Measure introduced to support digitalization and discourage cash transactions
- ▶ Buyback tax to be applied on buyback by listed companies post 5 July 2019
 - ▶ Corresponding exemption provided to shareholder
- ▶ Investment-linked income tax deduction likely to be introduced for mega-manufacturing plants set up in sunrise and advanced technology areas producing:
 - ▶ Semi-conductor fabrication (FAB), solar photo voltaic cells, lithium storage batteries, solar electric charging infrastructure, computer servers, laptops
- ▶ Demerger provisions relaxed to exempt Ind-AS-resulting company from recording assets and liabilities of demerged undertaking at book value in hands of demerged company

Highlights

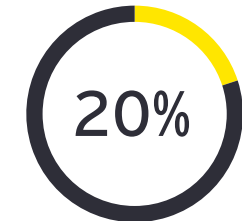
**25% and
INR 4 billion**

25% → 35%

public shareholding in listed companies



**TDS at the
rate of 2%
on cash
withdrawals**






Tax on listed share buyback

- ▶ E-assessment regime to bring paradigm shift:
 - ▶ Emphasis on faceless scrutiny assessments (i.e., without human interface) – scheme to be launched in a phased manner
 - ▶ Central cell to be central point of contact for taxpayer
 - ▶ E-notices to be issued without disclosure of name, designation and location of assessing officers
- ▶ TDS at the rate of 5% to be applied on contractual work or professional fees payments (for the purpose of business or profession) made by an individual/HUF, not subject to tax audit where annual aggregate of payments exceeds INR50 lakh in a year
 - ▶ No requirement to obtain TAN for deposit of such TDS; PAN only to facilitate the compliance process
- ▶ Deduction of aggregate of unabsorbed depreciation and brought forward losses while computing book profits for Minimum Alternate Tax (MAT) provided for following companies, its subsidiaries and step-down subsidiaries:
 - ▶ Companies wherein NLCT has appointed new directors (as nominated by Central Government) in the said company
 - ▶ Companies where change in shareholding is pursuant to a resolution plan approved by NCLT

Companies mentioned above also permitted to carry forward the losses even if there is a change in their shareholding

Highlights

	Faceless assessment
	TDS at the rate of 5% by individuals/HUF
	Relief for distressed companies

Customs

- ▶ Scope of prosecution under Customs enlarged, empowering the officer to arrest a person committing offence outside India or Indian customs waters
- ▶ General penalty for any contravention of customs provisions increased from INR1 lakh to INR4 lakh
- ▶ Following offences under Customs have been made cognizable/non-bailable:
 - ▶ Fraudulently availing drawback or any exemption from duty for amount exceeding INR50 lakhs
 - ▶ Fraudulently obtaining and utilising FTP benefits, such as scrips and authorizations, where amount exceeds INR50 lakhs
 - ▶ Penalty imposed in such cases to mount up to the face value of instrument
- ▶ Proposal to increase Customs duty on products, such as tiles, vinyl floorings, CC TV cameras, auto parts and other goods in order to provide level playing field to domestic manufacturers and encourage Make in India initiative
- ▶ Customs duty rationalisation/exemption for certain products, including parts of electric vehicles/defence equipment not manufactured in India

Highlights



Customs
duty
rationalization

1 → **4**
lakh → lakh

General penalty

- ▶ **Key amendments:**
 - ▶ Certain class of suppliers to mandatorily provide facility for electronic payment by recipient
 - ▶ Provision to transfer balance in electronic cash ledger from one head to another head
 - ▶ Interest on delayed payment of tax to be charged only on liability payable in cash
 - ▶ Proposal to empower the Central Government to grant refund also in respect of state taxes as a single disbursement authority
 - ▶ Creation of National Appellate Authority for Advance Ruling under GST
 - ▶ Penalty of 10% imposed on profiteered amount not deposited within 30 days from the date of order passed by Anti-profiteering Authority
- ▶ Amendments to give legal force to notifications and orders already issued earlier, as per GST Council decisions

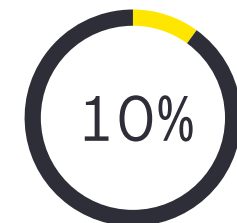
Highlights



Interest chargeable on
net tax liability



Creation of
**National
AAAR**



Penalty on profiteered amount

Other indirect tax

- ▶ A resolution cum amnesty scheme “Sabka Vishwas (Legacy Dispute Resolution) Scheme” to resolve and settle huge overload of pending litigations under Excise and Service Tax law
 - ▶ Also covers various repealed cesses under indirect tax
- ▶ Special additional excise duty and road and infrastructure cess increased by INR1 each on petrol and diesel

Highlights



Amnesty scheme
for pre-GST litigations



Duty and
cess
on petrol and
diesel

Personal tax

- ▶ For ease of taxpayers, PAN and Aadhaar will be made interchangeable, and taxpayers without PAN can file the tax returns quoting Aadhaar.
- ▶ In the case of an individual, an enhanced surcharge of 25% is leviable on taxable income exceeding INR2 crore till INR5 crore and 37% on taxable income exceeding INR5 crore.
- ▶ Additional income tax deduction of up to INR1.5 lakh will be available for loans taken by individuals from any financial institution for purchase of electric vehicles between 1 April 2019 and 31 March 2023.
- ▶ An additional income tax deduction up to INR1.5 lakh will be provided for purchase of first residential property:
 - ▶ If the loan has been sanctioned between 1 April 2019 and 31 March 2020
 - ▶ Stamp duty value of the property does not exceed INR45 lakh
- ▶ Prefilled tax returns forms enumerating salary, bank interest, capital gain from securities and dividends, etc., will be made available for taxpayers.
- ▶ Additional steps will be undertaken for e-assessment proceedings and reducing human intervention through random allocation of scrutiny assessments.
- ▶ With a view to enable the pensioner to have more disposable funds, the exemption will now be increased for any payment from the NPS Trust to a taxpayer, from 40% to 60% of the total amount payable at the time of closure/opting out of the scheme.
- ▶ New category of taxpayers are mandatorily required to file tax returns if during the previous year:
 - ▶ Expenditure incurred is more than INR2 lakh for foreign travel
 - ▶ Electricity expenditure exceeding INR1 lakh
 - ▶ Deposits in current account exceeding INR1 crore
 - ▶ Satisfying other prescribed conditions

Highlights



- ▶ Prefilled tax returns
- ▶ Quoting of Aadhaar
- ▶ E-assessments – new steps

Aadhaar

Interchangeable

PAN



Increase in surcharge rate

25% and 37%

Based on the taxable income

International tax

- ▶ The scope of “income deemed to accrue or arise” in India in case of nonresidents will be expanded to include “any gift of money or property situated in India by resident to nonresident.” However, existing exemptions under the income tax law and tax treaty benefits will continue to apply.
- ▶ Relaxation in conditions of special taxation regime for offshore funds:
 - ▶ The cutoff date for determining monthly average of corpus of fund (i.e., INR1 billion) would be either (A) six months from end of month of its establishment or (B) at the end of such financial year, whichever is later.
 - ▶ The remuneration paid by fund to an eligible fund manager would not be less than the amount calculated in the prescribed manner – replacing the requirement to have arm’s-length remuneration.

- ▶ Process for seeking determination of tax to be deducted at source on payment to nonresidents will be made fully online in an effort to improve effectiveness of tax administration and to reduce time.

Highlights



Scope of taxing nonresident expanded to include any gifts by resident



Relaxation in conditions for special tax regime for offshore funds



E-filing procedure for withholding tax

Transfer pricing

▶ Clarifications on secondary adjustment:

- ▶ The condition of threshold of INR10 million and of primary adjustment made up to assessment year 2016-17 are alternate conditions – this amendment will take effect retrospectively from financial year 2017-18.
- ▶ Option given to the taxpayer to make onetime payment in case of excess money or part thereof is not repatriated on time into India – this amendment will be effective from 1 September 2019.
 - ▶ Taxes will be paid 18% plus 12% surcharge on excess money or part thereof in addition to payment of interest till date of payment of additional tax. The tax so paid is final payment of tax and no corresponding tax credit will be allowed.
 - ▶ There is no deduction under any other provision of the Income-tax Act, 1961, in respect of amount on which such additional tax is paid.

- ▶ The excess money may be repatriated from any of the associated enterprises of the taxpayer which is not resident in India – this amendment will take effect retrospectively from FY 2017-18.
 - ▶ The secondary adjustment provisions will apply to advance pricing agreements (APAs) signed on or after 1 April 2017. However, there is no refund of prior paid taxes – this amendment will take effect retrospectively from FY 2017-18.
- ▶ Clarification on assessing officer's power to assess or reassess post modified return pursuant to APA
- ▶ Clarificatory amendment to master file compliance requirement – applicable even if no transfer pricing documentation is required to be maintained; this amendment will be effective from financial year 2019-20
- ▶ Clarificatory amendment to alternate reporting requirement of country-by-country reporting – the accounting year in case of an alternate reporting entity of the multinational group (where the parent entity is outside India) will be the reporting accounting year of such parent entity; this amendment will take effect retrospectively from FY 2016-17

Highlights



Clarifications
on secondary
adjustment



Clarifications
on APA
regime



Changes to
master file



Changes to
CbCR
provisions

Sector Highlights

Financial services

Policy proposals

- ▶ Regulatory road map to be implemented for making India a hub for aircraft financing and leasing activities
- ▶ Action plan to deepen the market for long-term bonds, including deepening markets for corporate bond repos and credit default swaps, with specific focus on infrastructure sector
- ▶ Investments made by FPIs to be allowed in listed debt securities issued by REITs and InvITs
- ▶ Existing KYC norms for foreign portfolio investors to be rationalized for promoting investor-friendly environment
- ▶ NRI Portfolio Investment Scheme to be merged with the Foreign Portfolio Investment Route to boost investment in Indian equities
- ▶ Regulatory authority and supervision of RBI over NBFCs to be strengthened
- ▶ Regulation authority over the housing finance sector to move back to RBI from NHB

- ▶ Statutory limit for foreign portfolio investment in a company to be increased from 24% to sectoral foreign investment limit (with an option given to the concerned corporates to limit it to a lower threshold)
- ▶ 100% FDI to be permitted for insurance intermediaries and to examine suggestions of further opening up of FDI in the insurance sector
- ▶ Reduction in net owned fund requirement from INR5,000 crore to INR1,000 crore for units of foreign reinsurance company in IFSC
- ▶ Public sector banks to be further provided INR70,000 crore capital to boost credit for a strong impetus to the economy
- ▶ Government to provide onetime six months' partial credit guarantee to public sector banks for first loss of up to 10% arising on purchase of high-rated pooled assets of financially sound NBFCs

Highlights

Foreign re-insurance



Aircraft financing and leasing



100% FDI in insurance intermediaries



70,000 crores

Tax proposals

- ▶ Interest on bad or doubtful debts in the case of deposit-taking NBFC and systemically important non-deposit-taking NBFC to be charged to tax on receipt basis
 - ▶ Also, deduction of such interest to the payer on actual payment
- ▶ Tax to be withheld at the rate of 5% on income component (after deducting insurance premium) at the time of life insurance payouts as against withholding tax at the rate of 1% on gross amount of payouts
- ▶ Relaxation in certain conditions for onshore management of offshore funds
- ▶ With the view to rationalize STT provisions, in case of exercise of options, STT to be levied on the difference between settlement price and strike price

- ▶ To further incentivize IFSC, following direct tax incentives to be introduced:
 - ▶ 100% profit-linked deduction in any 10-year block within a 15-year period to a unit in IFSC
 - ▶ Exemption from dividend distribution tax from current and accumulated income to companies and mutual funds located in IFSC
 - ▶ Exemption for capital gain arising on securities traded in IFSC to Category III AIF
 - ▶ Interest payment by a company/unit in IFSC on loans taken from nonresidents to be exempt from tax

Highlights



100%
profit-linked
deduction in
any 10-year
block



**TDS on
insurance
payouts**



**Reduced
STT**

Tax proposals

- ▶ Amendments to the penalty provisions so as to ensure correct furnishing of information in the Statement of Financial Transactions and widen the scope of penalty to cover all the reporting entities
- ▶ Rationalization of provisions relating to carryforward and setoff of loss between Category I AIF and Category II AIF and their unit holders
- ▶ Buyback tax to be applicable with immediate effect on incomes distributed to shareholders in listed companies
- ▶ Exemption in respect of consideration paid to a venture capital undertaking for issue of shares in excess of face value of shares, currently available *inter-alia* to Category I AIF and to be extended to Category II AIF

Highlights



Enhanced reporting requirement



Category I and II AIF

Automotive

- ▶ Deduction up to INR1.5 lakh introduced for interest paid on loan taken to purchase an electric vehicle
- ▶ Scheme to be announced for incentivizing the setup of mega manufacturing plants for lithium batteries and solar PV cells, etc., to make India the global hub for manufacturing electric vehicles
- ▶ Suggestion to GST council to reduce GST rate from 12% to 5% for electric vehicles
- ▶ Basic custom duty will be increased on certain auto parts to promote Make in India initiative
- ▶ Custom duty exemption on import of certain electric vehicle parts

Highlights



25% tax rate
for companies up to
INR400 crore turnover



10%/15%
Custom duty on
certain auto parts



1.5
lakh deduction of
interest to buy
EV



Custom duty
exemption on
certain EV parts

Defence

- ▶ The Government emphasized on an immediate requirement to modernize and upgrade the sector, secure national borders and reduce defence imports.
- ▶ Exemption from basic Customs duty will be provided to military equipment and parts not being manufactured in India, on import by Ministry of Defence (MoD) or armed forces of specified military.

Highlights

Basic Customs duty



Nil



Modernization and upgradation



Focus on securing national borders

Oil and gas

- ▶ Blueprint to be announced for increasing infrastructure connectivity including development of gas grids
- ▶ Recommendation of High Level Empowered Committee (HLEC) to be implemented for retirement of old and inefficient thermal plants and addressing of low utilization of gas plant capacity due to paucity of natural gas
- ▶ Effective increase of special additional excise duty and road and infrastructure cess by INR1 for every litre of petrol and diesel with effect from 6 July 2019
- ▶ Basic customs duty to be payable on 7.5% of the transaction value for specified goods (imported duty free for petroleum or coal-bed methane operations) disposed off in India in unserviceable and mutilated conditions

Highlights

Special additional excise duty and road and infrastructure cess increased

by INR1 /ltr



on petrol and diesel

Implementation of HLEC to evaluate continuation of old thermal plants

HLEC to address low utilization of gas plant capacity due to paucity of natural gas



Real estate

- ▶ Tax incentives for affordable housing:
 - ▶ Additional deduction of INR1.5 lakhs to individuals, for interest paid on loan, subject to fulfillment of following conditions:
 - ▶ Loan sanctioned by a financial institution between 1 April 2019 and 31 March 2020
 - ▶ Stamp duty value of property not exceeding INR45 lakhs
 - ▶ Individual not owning any other residential property on date of sanction of loan
 - ▶ Definition of “Affordable Housing” as provided under Income tax law aligned with GST law
- ▶ Definition of “consideration for immovable property” for purpose of TDS on transfer of immovable property, has been expanded (such as club membership fee, car parking fee), which are incidental to transfer of immovable property
- ▶ Other policy measures:
 - ▶ Model tenancy law to be introduced to encourage rental housing
 - ▶ Joint development and concession mechanism to be utilized for releasing land from Central Government (including public sector enterprises) for undertaking affordable housing projects
 - ▶ FPIs permitted to invest in debt instruments issued by real estate investment trusts

Highlights

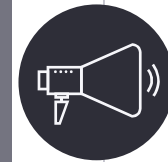


Additional
interest
deduction on
affordable
housing

Consumer products and retail

- ▶ The “local sourcing norms” in “Single Brand Retail” sector to be relaxed
- ▶ Pension benefit to be extended to ~30 million retail traders and small shopkeepers with annual turnover less than INR15 million
- ▶ Business enterprises with annual turnover exceeding INR0.5 billion to provide low-cost electronic modes of payment - also no charges or merchant discount rate to be imposed on customers as well as merchants
- ▶ MSMEs to have easy access of credit for loans up to INR10 million by providing loans through a dedicated online portal within 59 minutes

Highlights



Relaxation of
“local sourcing
norms”



Cashless
economy

Start-up

- ▶ Conditions to claim exemption from long-term capital gain on transfer of residential property have been relaxed:
 - ▶ Sunset date for investment in eligible start-up extended from 31 March 2019 to 31 March 2021
 - ▶ Minimum limit of shareholding or voting rights in eligible start-up reduced from 50% to 25%
 - ▶ Period to transfer new computer or computer software purchased by eligible start-up reduced from five years to three years
- ▶ Investment by Category II Alternative Investment Funds (AIF) is also exempt from provisions of income tax law.
- ▶ Conditions for carry forward and setoff of losses for eligible start-up have been relaxed (i.e., loss allowed to be carried forward even where shareholders continue to beneficially hold 51% voting power).
- ▶ Consideration in excess of face value of shares to be taxed in the year of failure will comply with specified conditions given under income tax law.
- ▶ Other highlights from the FM speech:
 - ▶ Subject to the following, eligible start-up not to be scrutinized for “angel tax” issue by tax authorities:
 - ▶ Filing of requisite declaration and information in returns
 - ▶ Identity of investor and source of investment to be resolved by e-verification mechanism
 - ▶ For pending assessments of eligible start-up and redressal of grievances, special administrative arrangements will be introduced by CBDT. Any inquiry or verification in such cases will be done by assessing officer only after approval of supervisory officer.
 - ▶ Exclusive TV channel will be launched to promote start-ups, and discuss issues affecting their growth, matchmaking with venture capitalist, funding and tax planning.
 - ▶ Alternate composition scheme introduced for supplier of services and mixed suppliers with an annual turnover upto INR50 lakhs.
 - ▶ Specified suppliers will mandatorily give the option of digital payment to their customers.

Highlights

50% 25%
▶
Shareholding/voting rights

31 31
March March
2019 2021
Sunset date for investment

 Investment by Category II Alternative Investment Funds (AIF) exempt

Technology

- ▶ The Government's vision to reach US\$5 trillion economy coinciding with the development of digital economy
- ▶ Following measures to be introduced:
 - ▶ First indigenously developed payment ecosystem for transportation
 - ▶ Dedicated online portal for providing loans to MSMEs
 - ▶ Dedicated payment platform for the MSMEs
 - ▶ Twenty technology business incubators to facilitate development of skilled entrepreneurs in agro-rural industries
 - ▶ Focus on new-age skills such as artificial intelligence, internet of things, big data, 3D printing, virtual reality and robotics
- ▶ Technology to enable customers of one public sector bank to access services across all public sector banks
- ▶ Business establishments with annual turnover of INR500 million to offer low-cost digital mode of payments to customers, and no charges or merchant discount rates to be imposed on customers and merchants
- ▶ Electronic fund-raising platform – a social stock exchange to be set up to list social and voluntary organizations
- ▶ Migration to e-invoicing system for comprehensively capturing GST invoices in a centralized system, at the time of issuance

Highlights

Reach
US\$5 trillion
by 2024-25

 **20**
technology
business
incubators



Encourage
digital
payments

Chemical

- ▶ The Indian Government's vision will double farmers' income along with announcement of 10,000 farmer producer organizations (FPOs) formation to boost **agro-chemical companies**.
- ▶ The growing **Indian construction and water chemical companies will further strengthen** because of continued focus on India's infrastructure (the Indian Government will invest Rs 100 lakh crores in next 5 years) and policies announced in this Budget (e.g., second phase of Bharatmala, public private partnership to build railway infrastructure, affordable housing under Pradhan Mantri Awas Yojana, upgradation of roads connecting villages to rural markets under PMGSY-III, Jal Marg Vikas Project for capacity augmentation of navigation on National Waterways).
- ▶ Income tax exemptions and indirect tax benefits are likely to be introduced to manufacturers of semi-conductor fabrication, solar photo voltaic cells, lithium storage batteries, solar electric charging infrastructure for making India a global hub of electric vehicles. This is expected to increase demand for silicon and lithium-ion batteries, and encourage **Greenfield/Brownfield investments in India by companies manufacturing lithium and silicon**.
- ▶ Reduction of Basic Customs Duty on:
 - ▶ Naphtha falling under HSN 2710 reduced from 5% to 4%
 - ▶ Ethylene dichloride under HSN 29031500 reduced from 2% to 0%
 - ▶ Methyloxirane (propylene oxide) under HSN 29102000 reduced from 7.5% to 5%

Highlights



INR100
lakh crore
infrastructure
investment



10,000
FPOs and
doubling farmer
income



EV



Chemical sector

Telecom

- ▶ Increase in the rate of Basic Customs Duty (BCD) on optical fibres, optical fibre bundle and cables from 10% to 15%
- ▶ Import of capital goods used for the manufacture of populated printed circuit board assembly (PCBA), camera modules of cellular mobile phones, chargers/adapters of cellular mobile phones, etc., exempted from BCD
- ▶ Withdrawal of exemption of BCD on certain inputs used in manufacture of cellular mobile phones
- ▶ Scheme to be introduced to invite global companies to set up mega-manufacturing plants in advanced technology areas, such as semi-conductor fabricator (FAB), lithium storage batteries, etc.

Highlights



**Thrust on
Make in
India**

10% → 15%

BCD on optical fibre cables

**BCD
exemption
for import of
specific
capital goods
for "Make in
India"**

Infrastructure

- ▶ The Government plans to invest INR100 lakh crore in infrastructure sector over the next five years.
 - ▶ There are plans to make India a hub for aircraft financing and leasing activities utilizing existing International Financial Service Centres and SEZs.
 - ▶ The Government will come out with a policy to promote Maintenance, Repair and Overhaul (MRO) industry.
 - ▶ The Government will examine suggestions of further opening up of FDI in aviation sector in consultation with all stakeholders.
 - ▶ PPP model will be introduced to unleash faster development and delivery of passenger freight services. There is a proposal to increase more PPP initiative for metro-rail.
- ▶ FPIs will be permitted to subscribe to listed debt securities issued by REITs and InvITs.
 - ▶ Inland waterways for cargo transportation are planned to be developed, which in turn will help to decongest roads and railways.
 - ▶ Around 1,25,000km of road length will be upgraded over the next five years, with an estimated cost of INR80,250 crore.
 - ▶ Gas grids, water grids, i-ways and regional airports blueprints will be made available.
 - ▶ In order to promote Make in India, basic customs duty is being increased on various items.

Highlights

100 lakh crores

Proposed investment in infrastructure sector



Tax technology

- ▶ The Government has laid considerable emphasis on technology to enable **ease of compliance, eliminate taxpayer department human interface and improve enforcement.**
- ▶ **Interchangeability of PAN and Aadhaar** would mean individual taxpayers need not keep multiple identifiers.
- ▶ The introduction of **pre-populated tax returns** is consistent with global trends. In the initial stages, there may be a need for allowing taxpayers to correct auto-populated data, but this is a step toward reduction of errors and burden on the taxpayer.
- ▶ The introduction of **e-assessment shall further** reduce the human interface and the avoidable drawbacks associated with it.
- ▶ The Government has made it mandatory for establishments with a turnover of INR50 crore and above to provide digital payment option to customers and elimination of transaction fee.
- ▶ An e-invoicing system addressing the possibility of fraudulent invoices being issued for claiming input tax credit as well as under-reporting and/or non-payment of tax liability in indirect tax has been introduced.
- ▶ Invoices would need to include a quick response (QR) code, a requirement already notified by the Government.
- ▶ While the Government has indicated that the e-invoicing would make E-Way Bill redundant, it may not happen at the very outset as E-Way Bills carry transport details that invoices do not. Hence, at least for some time, both e-invoicing and E-Way Bills may co-exist.
- ▶ Further, it is also expected that certain exceptions to e-invoicing would be under consideration of the Government, in areas such as B2C, banking, telecom and hotels.
- ▶ The announcement of **starting e-invoicing from 1 January 2020** is commendable as it gives time to industry to change their ERPs.

Highlights

Interchangeability of PAN and Aadhaar

Pre-populated tax returns

E-assessment

E-invoicing system



Digital payments

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