



## Direct Tax proposals for real estate sector in Budget 2019

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Niyati (Student) 02 February 2019

### Income-tax proposals with regard to real estate sector announced in the Interim Budget for financial year 2019-20

Today in the Lok Sabha, the Finance Minister presented the Interim Budget proposals for the financial year 2019-20. The amendments proposed pertaining to the real estate sector are as follows:

1. Notional rental income for any building or land appurtenant thereto held as stock in trade, not taxable for two years (earlier one year) from the end of the financial year in which the construction completion certificate is obtained.
2. 100% profit-linked deduction from the business of developing qualifying affordable housing project will now be available for such projects approved on or before 31 March, 2020.
3. No tax on notional rental income for any two self-occupied properties, instead of one.
4. Interest deduction up to INR 200,000 paid on capital borrowed for construction or acquisition of a house property to apply in aggregate for such properties referred in point 3 above.
5. Long-term capital gains (not exceeding INR 20 million) on sale of a residential house can now be utilised to acquire or construct two residential houses, instead of one. However, the taxpayer can exercise this option only once in a lifetime.
6. The threshold for tax deduction at source on rental payments increased from INR 180,000 to INR 240,000.
7. A lower corporate tax rate of 25% (excluding surcharge and cess) extended to domestic companies with total turnover or gross receipts up to INR 2,500 million during financial year 2017-18; the tax rate for other companies remains unchanged.

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