

Corporate India pitches for lower tax rates

PRESS TRUST OF INDIA
New Delhi, 29 January

Corporate India wants finance minister Arun Jaitley to slash corporate income tax rate, incentivise digital transactions, introduce radical steps to reduce litigation and strengthen dispute resolution mechanism in the forthcoming Budget to be unveiled on 1 February.

The industry also wants the government to focus on infrastructure, unveil measures to widen the tax base and lower personal income tax rates to boost consumption.

"Since last year, the government has started reducing the corporate tax rate with a view to bring it down to 25 per cent by 2020. However, the progress has been a little slow, and only a few companies have been cov-

ered under the new tax regime so far. We would like this process to gain traction in the Budget.

"The lending rates should also be brought down and easy financing should be made available for sectors such as housing. These steps can prove to be a confidence booster among the business fraternity and would encourage investment demand as well," Ficci president Pankaj Patel said.

He said it was critical to reduce the individual income tax rates to boost consumer spending and encourage tax compliance, especially as the country has witnessed some amount of disruption post demonetisation.

"Despite the tax revenue showing smart growth despite demonetisation, the biggest challenge before the government is to revive the

urban consumer demand and provide a huge stimulus to rural economy which had to bear the maximum impact of the note-ban.

"Inflation may be down, but it has to be seen in the context of glut in many crops, especially vegetables, resulting from excess output and cash withdrawal in November," *Assocham* said.

Industry body CII also believes that with more economic activity entering the tax net post demonetisation, the government should lower corporate tax rate to 18 per cent in the Budget.

"The government has no doubt taken commendable initiatives and made fair provisions to minimise and reduce unnecessary litigation. However, much more needs to be done to further strengthen the dispute resolution mechanism," it said.

India Inc pitches for lower tax rates in Budget

NEW DELHI: India Inc wants Finance Minister Arun Jaitley to slash corporate income tax rate, incentivise digital transactions, introduce radical steps to reduce litigation and strengthen dispute resolution mechanism in the forthcoming Budget to be unveiled on February 1.

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down to 25 per cent by 2020. However, the progress has been a little slow, and only a few companies have been covered under the new tax regime so far. We would like this process to gain traction in the Budget.

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He said it was critical to reduce the individual income tax rates to boost consumer spending and encourage tax compliance, especially as the country has witnessed some amount of disruption post demonetisation.

The current corporate tax rate works out to be 30 per cent plus cess and surcharge.

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"Government has no doubt taken commendable initiatives and made fair provisions to minimize and reduce unnecessary litigation. However, much more needs to be done to further

strengthen the dispute resolution mechanism in the area of both direct and indirect taxes," CII Director General Chandrajit Banerjee said.

The chamber wants the government to amend existing constitution of Dispute Resolution Panel, to include at least one member (retd.) from Income Tax Appellate Tribunal, so that the panel can make assessments or pass orders independent of the apprehensions regarding tax consequences.

Moreover, it said, government should ensure that the time limit prescribed for passing orders is adhered to by the Authority

for Advance rulings (AAR), which continues to have a significant backlog of cases.

It also recommends that government may introduce a clarification in the Budget to enable taxpayers from the countries like Germany, France, Singapore and Italy to file for bilateral Advance Pricing Agreements (APAs).

Finance Minister Arun Jaitley had announced in his 2015 Budget speech that the rate of corporate tax will be reduced from 30 per cent to 25 per cent over the next four years along with corresponding phasing out of exemptions and deductions, beginning from 2016-17.

Budget likely to hike service tax

AGE CORRESPONDENT
NEW DELHI, JAN. 29

The Union Budget, which is to be presented on Wednesday, is expected to increase exemptions on the personal income tax leaving more money in the hands of the people to counter the effects of demonetisation.

Finance minister Arun Jaitley could also announce tax incentives for buying new houses to give a boost to the realty sector. "Individual tax payers are expecting a big rise in the exemption limit and not a token amount of ₹10,000-20,000," Assocham said on Sunday.

It also said Mr Jaitley is faced with excessive hopes on 'solve-all' Budget. "Meeting excessive expectations riding on the forthcoming Union Budget, being seen as a 'solve-all' big mover in the aftermath of demonetisation, could be a challenging task for Mr Jaitley," pointed out Assocham.

However, Mr Jaitley

may also chose to hike service tax by 1 per cent till July when GST, which will subsume indirect taxes, is targeted to be rolled out.

The move will provide Mr Jaitley window of three months to raise additional revenue before GST comes in, but will push up the prices of most of the services including mobile calls, train and airfares, eating out at restaurants, insurance premiums, cost of under-construction flats and DTH bill among many others.

Meanwhile stock markets are also nervously waiting for the Budget to see whether the government will introduce long term capital gains tax on shares despite the finance minister's assurance on the matter.

Market participants have been jittery ever since Modi said that contribution of tax from those who make money on the markets has been low and "we should consider methods for increasing it."

GAAR to be implemented from April 1: CBDT

TRIBUNE NEWS SERVICE

NEW DELHI, JANUARY 27

Seeking to assuage investor concerns ahead of implementation of General Anti Avoidance Rules (GAAR) from April 1, the Tax Department today said the provisions of tax avoidance rules will not apply to a transaction that does not carry a tax benefit based on

the jurisdiction it is routed through.

The government today said that GAAR will be implemented from April 1, putting at rest speculative on whether it will be retrospective in nature.

Industry has welcomed the clarifications issued today, saying it will send a positive signal to global investors.

The tax department today said it will not interplay with their right to choose a method of transaction and won't apply if routing of funds through a jurisdiction is "based on non-tax commercial considerations".

The GAAR, which seek to prevent companies from routing transactions through other countries to

avoid taxes, can be invoked through a two-stage process involving a nod at the level of principal commissioner of income tax and a panel headed by a high court judge.

The CBDT said GAAR provisions shall be effective from assessment year 2018-19 onwards and "shall not be invoked merely on the ground that the entity is

located in a tax-efficient jurisdiction".

Assocham said implementation of GAAR from April is seen as a positive development as it also points out that the assessment year would be 2018-19. "This sets aside any possibility of retrospective applicability from the current financial year and it removes uncertainty," it said.

उद्योग जगत को बजट में कंपनी कर में कटौती की उम्मीद

नई दिल्ली, 29 जनवरी (भाषा)।

भारतीय उद्योग जगत आगामी आम बजट में कंपनी कर में कटौती और डिजिटल भुगतान को प्रोत्साहन दिए जाने सहित वित्त मंत्री अरुण जेटली से कई तरह के कदम उठाए जाने की उम्मीद कर रहा है।

उद्योग जगत चाहता है कि बजट में कारपोरेट आयकर दरों को कम और डिजिटल लेन-देन को प्रोत्साहन दिया जाना चाहिए। मुकदमेबाजी को कम करने के लिए मौलिक कदम उठाए जाएं और विवाद निपटान व्यवस्था को मजबूत किया जाए। उद्योग जगत चाहता है कि सरकार बुनियादी ढांचे पर ध्यान दे, कर आधार व्यापक बनाए और खपत बढ़ाने के लिए व्यक्तिगत आयकर की दरें कम करे। उद्योग मंडल फिक्की के अध्यक्ष पंकज पटेल ने यहां संवाददाताओं से कहा कि पिछले साल से सरकार ने कारपोरेट कर की दरों को कम करना शुरू किया है। इसे 2020 तक 25 फीसद पर लाया जाना है। लेकिन इसकी प्रगति काफी धीमी है। सिर्फ कुछ ही कंपनियां इस नई कर व्यवस्था में आ पाई हैं। हम चाहेंगे कि बजट में इस प्रक्रिया को तेज किया जाए। कर्ज पर ब्याज दरें कम होनी चाहिए, आवास जैसे क्षेत्रों के लिए वित्त पोषण को सरल बनाया जाना चाहिए। ऐसे कदमों से व्यावसायिक समुदाय में विश्वास बढ़ेगा। उपभोक्ता खर्च बढ़ाने और कर अनुपालन को प्रोत्साहन के लिए व्यक्तिगत आयकर की दरों में कमी लाई जानी चाहिए। खासतौर से नोटबंदी के बाद मांग व खपत में कुछ समय के लिए व्यावधान पैदा हुआ। उसे देखते हुए इस तरह के कदम अहम होंगे। वर्तमान में कंपनी कर की दर 30 फीसद है। इस पर उपकर और अधिभार भी लगते हैं जिसे मिलाकर यह 34 फीसद से अधिक बैठता है।

उद्योग मंडल एसोचेम ने कहा कि नोटबंदी के बावजूद कर राजस्व में अच्छी वृद्धि देखने को मिली है। सरकार के समक्ष प्रमुख चुनौती शहरी मांग को बढ़ाना और ग्रामीण अर्थव्यवस्था को बढ़ावा देने की होगी। एसोचेम ने कहा कि मुद्रास्फीति संभवतया कम है लेकिन इसे कई फसलों में प्रचुरता की नजर से देखा जाना चाहिए। खासकर सब्जियों के मामले में पैदावार अधिक रहने और नवंबर में नकद निकासी पर जारी प्रतिबंधों के परिप्रेक्ष्य में इसे देखा जाना चाहिए।

भारतीय उद्योग परिसंघ (सीआइआइ) ने कहा कि नोटबंदी के बाद अधिक आर्थिक गतिविधियां कर दायरे में आएंगी। ऐसे में सरकार को बजट में कारपोरेट कर की दर को कम कर 18 फीसद करना चाहिए। सीआइआइ के महानिदेशक चंद्रजीत बनर्जी ने कहा- इस बात में संदेह नहीं कि सरकार ने अनावश्यक मुकदमेबाजी को कम करने के लिए सराहनीय पहल की हैं। लेकिन इस दिशा में अभी काफी कुछ करने की जरूरत है, जिससे प्रत्यक्ष और प्रत्यक्ष करों दोनों में विवाद निपटान प्रक्रिया को मजबूत किया जा सके। वित्त मंत्री अरुण जेटली ने 2015 के बजट में कारपोरेट कर दर को चार साल में 30 से घटाकर 25 फीसद करने की घोषणा की थी। इसके साथ ही उन्होंने कंपनियों को दिए जाने वाले विभिन्न तरह की छूट और कटौतियों को भी खत्म करने की बात की है।

