

'No extension of concessional corporation tax rate for new manufacturing units'

Central Board of Direct Taxes (CBDT) Chairman **NITIN GUPTA** tells Indivjal Dhasmana in New Delhi that 60 per cent of taxpayers are likely to shift to the new tax regime during 2023-24. He also spoke about the rationale behind the projections for corporation and personal income tax, withdrawal of petty tax disputes and BEPS. Edited excerpts:

You have set a conservative target for corporation tax receipts in revised estimates for FY24. Figures released by the Controller General of Accounts showed that you have already received ₹7.2 trillion till December 2023, which is only ₹2 trillion less than BE for FY24. Don't you think the BE could be easily overshot?

Normally, the demand for refunds is more in corporation tax. We are focusing on appeals to be decided by CIT (Commission of Income Tax) appeals. We have to give appeal effect orders. We have to issue refunds to them. Several companies file returns in December. Refunds are not issued to them because of pending assessments. So, I have to factor in the likely higher outgo of refunds in case of corporate tax than that in the personal income tax.

The personal income tax in RE is pegged higher by 13.5 per cent over BE for FY24. Even then, BE for FY25 was just 13 per cent higher over RE of FY24. Don't you think the projection for personal income tax is modest?

Personal income tax is growing by 27 per cent and most refunds have already been issued. As of now, I believe projections are okay. If need be, we will work it out at the

time of the regular Budget.

While you have kept the direct tax-GDP ratio high at 6.7 per cent, buoyancy is only 1.24 for FY25. At a time when the economy is recovering and private investments are expected to come in, buoyancy could have been kept higher. Your take.

Yes, companies will be paying more taxes but the rate has gone down. The growth of corporate tax collections has fallen because of the concessions. The average annual growth in corporation tax receipts fell to 8.5 per cent between 2018-19 and 2022-23, from around 11 per cent earlier.

The Interim Budget is silent on the sun set date of March 31, 2024 for the manufacturing companies to avail 15 per cent corporation tax rate. Is it being extended?

No, it is not being extended. It will end on March 31, 2024 for those who comply with the conditions.

The government will withdraw petty demands of up to ₹10,000 and ₹25,000 for specific periods. Don't you think this is an insult to the honest tax payers? They could have also waited for such



withdrawal of demands and not paid the taxes?

One has to understand the perspective. Suppose you are a taxpayer and you have been filing returns and there is some demand in our registers. But when I approach you, you say you have already paid the demand and have the challan with you. But the department does not have it. There could be several such instances. We can't go to each taxpayer, given that the number is huge and the involved resources are disproportionate to the outcome.

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In the previous Budget, you had made the new tax regime more attractive. Has it found any takers?

We think 60 per cent of the taxpayers will shift to the new tax regime during 2023-24 financial year (assessment year 2024-25). It is a default regime now.

The Interim Budget did not give any statement on pillar 2 of framework on the base erosion and profit shifting (BEPS). Wait till next month. That is when the global deliberations are expected to conclude. After that a decision will be made.