

India Inc seeks norms to ease paying taxes

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Rationalising the capital gains tax structure, stability in tax rates, and liberalising exemption from the angel tax provisions for strategic foreign direct investment (FDI) are among the key demands of India Inc from the upcoming Interim Budget.

According to a document titled 'EY's point of view on Budget', the industry also wants the government to give incentives to new manufacturing companies, extend sunset dates, and facilitate business restructuring by expanding the definition of demerger to cover investment or shares of operating subsidiaries.

The companies also demand an extension of the benefit under Section 72A to service and trading organisations.

Section 72A of the Income Tax Act allows taxpayers to carry forward and set off the business loss incurred in a previous year against the profits earned in subsequent years.

EY's document said the government would continue its focus on the ease of paying Taxes, while legislative reforms would stay work-in-progress.

According to the document, no major tax amendments or reforms are expected in the upcoming Budget as evidenced from the previous Interim Budgets of 2009, 2014, and 2019. Finance Minister Nirmala Sitharaman has said the Interim Budget would solely be a 'vote-on-account' due to the impending general elections, with the full-fledged Budget anticipated in July 2024.

However, EY's list of India



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- ▶ Stability in tax rates, incentive to newly established manufacturing companies
- ▶ Rationalise capital gains tax structure
- ▶ Encourage foreign direct investment
- ▶ Simplify procedural compliance
- ▶ Facilitate business restructuring

Inc's demands includes the simplification of procedural compliances, such as extension of the time limit for filing a revised return, improving the interface with the Central Processing Centre, and relief from the compliance burden to explain the 'source of source' of bona fide borrowings. Firms also wants targeted incentives for research and development and a liberalised patent box regime to boost innovation.

"For further relief to taxpayers from persistent delays in refunds, tax deducted at source (TDS) credit etc., the government may examine the interface with the Central Processing Centre," EY's point of view on Budget said.

It expects that the government will announce steps to reduce the pendency of disputed cases with measures such as monthly disposal targets by the CBDT.

Other measures could include setting up a separate technical unit for faceless appeals and rationalising safe harbour rules to make them attractive.

RUN-UP
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2024-25