

'Budget may not be right time to restructure capital gains tax'

The new alternative tax regime should be incentivised to encourage more taxpayers to adopt it, says Revenue Secretary **TARUN BAJAJ** in an interview with Shrimi Choudhary. Bajaj, who superannuates today, suggests this could be done by raising the lower tax slab up to ₹7-7.5 lakh, from the current ₹2.5 lakh. He also stresses that restructuring the capital gains tax regime requires detailed consultation and the run-up to the Budget may not be the right time to do this. Edited excerpts:

Restructuring the capital gains tax regime is back on the table. What are the key issues that need to be revisited?

There's no need for having so many buckets under the capital gains tax structure, or so many different permutations

and combinations. We need to simplify that. The current tax structure creates a tax arbitrage between products (asset classes). So, investments are being made in an asset class on the basis of tax advantages, and not on the basis of how good that asset class is. I believe an asset class should sell

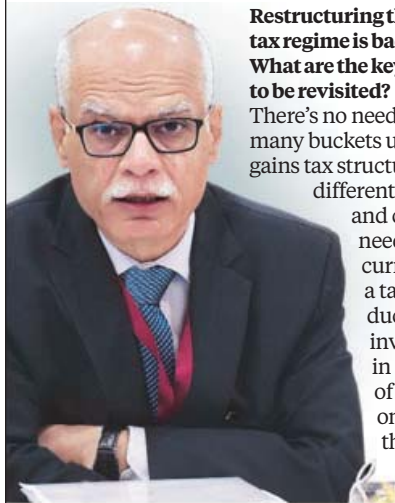
on its own strength, rather than only on the basis of tax advantage. That is the whole point one is trying to address.

In the past, whenever there were tweaks in tax-related policies, especially during Budget time, it did not go down well with stakeholders. Do you think we could see some changes in the upcoming Union Budget?

Whatever changes you make, some stakeholders will be adversely affected; even if 90 are positively affected, 10 will be adversely affected. So there will be some noise. But I think there needs to be a greater debate and more stakeholder discussions on this as to what should be done. Budget may not be the right time as industry expects a lot during the period. So, you're not able to have a very healthy discussion. That is why I had raked up this issue after the Budget, so that people didn't have so much emotional stake in the arguments.



TARUN BAJAJ
Revenue secretary



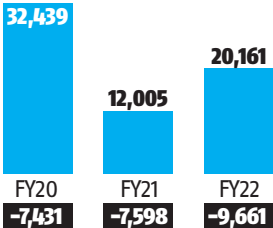
FINANCIAL PERFORMANCE OVER THE LAST 3 YEARS*

(in ₹ cr)

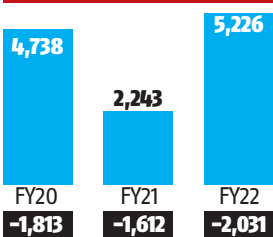
■ Consolidated revenue

■ Consolidated net loss

AIR INDIA



VISTARA



*The Tata Group took charge of Air India on January 27 from the Centre

Source: Companies

competition authorities. Therefore, we should not engage in sharing or discussing commercially sensitive information,” he wrote.

To allay employees’ anxiety in light of the move, Kannan wrote: “There will definitely be multiple opportunities — for growth, elevation and progress. Therefore I urge you not to worry and speculate about your future.”

According to aviation consultancy CAPA, the competitive dynamics in Indian aviation are moving towards a two-pillar system around the Air India group and IndiGo. “The two carriers combined in due course are expected to achieve a domestic market share of 75-80 per cent,” CAPA said.