

# 'GST rate rationalisation requires consultation; there shouldn't be hurry'

## **Does it (changes in capital gains tax structure) lead to significant rate hikes under the regime?**

Even if you keep it revenue neutral, there are key changes that need to be made in the existing structure. The key point is to make it simple for taxpayers and avoid arbitrage.

## **The new income tax regime introduced in 2020 did not find many takers? Do we see any tweaking in the Budget to make it attractive?**

Under the old regime, you don't need to pay any tax until ₹5 lakh of income.

Plus, if you take ₹1.5 lakh of exemptions, so your income of ₹6.5 lakh is not taxed. But that is after exemptions. I can always have a regime where I'll say income of ₹6.5 lakh is not taxed and there are no exemptions. You should be indifferent to the two positions. So one can work around that. The only

advantage of the old regime is that one can do a lot of planning around it, while there is somebody who doesn't have the money to invest and end up paying more taxes (under the new regime). So, that is also not correct in a sense. Discussions have been going on and I'm sure my successor this year or next year will take it up. The point is how to make the new regime more beneficial for taxpayers, and that can be done if the lower tax slab of the new regime (which is ₹2.5 lakh) is raised to ₹7 lakh. So, one needs to work out a simple tax structure by doing some arithmetic on the impact on the revenue and accordingly tweak it.

## **Have you received any comment on the proposed new common income tax return (ITR) form? And when that**



**Q&A**

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## **may come into force?**

We have asked for comments; people will give their comments and based on those comments, some changes will be made. And then these will be notified. And then we also have to prepare the technology utility. So then that utility will be released. It's a long process; it may not happen next fiscal year. It may happen sometime in the following financial year.

## **When do we see the GST rate rationalisation happen?**

It requires consultation and consensus; we are a democracy. There should be no hurry to introduce the changes, because you don't want to retract. One should be careful in what he/she is doing. Now revenues are going up, so that stress is a little less.

**Even though revenues are buoyant,**

## **states are demanding a 60:40 GST sharing arrangement. What's your take?**

States also need more resources. So they're asking for more resources. States today also have this issue where they feel that they cannot raise resources on their own, because those have to come to the GST Council. I think, in a democracy, we should live with these demands and noises, you should answer them and then take a view on that.

## **Do we see any rise in the capex target for the next fiscal year?**

I can't have a categorical answer to it. I would say we have to balance both capex and fiscal deficit together.

## **Any consensus on taxing online gaming?**

A group of ministers set up by the GST Council has been working on it and may present the report in the Council meeting. There should be certainty on the matter of whether the tax levy be on the full value of the bet placed or on gross gaming revenue. So that industry should know how it needs to proceed.

## **Despite having multiple dispute resolution forums under direct taxation, the pendency is still high. Are any measures in the works?**

The pendency of cases in both direct and indirect taxation is an area of concern for the tax department. Some efforts have been made and some measures are also in the works. The respective department is ensuring that the existing dispute resolution system should work efficiently. For GST-related matters, the legal framework for the GST appellate tribunal will be implemented soon which can also help in reducing pendency to an extent.