Budget Walks The Tightrope With Fewer Changes To Tax Structure

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In the third Budget of the NDA, the Government has walked a tightrope by seeking to balance populist measures with fewer changes in the current corporate and tax structure. At the same time, the Budget indeed has made some commitments towards strengthening the demonetization drive and bringing transparency to political funding.

The significant reduction in the tax rate (from 10% to 5%) for those with income up to 5 lakh is sure to appease the masses, however, the unchanged corporate tax rates and absence of any significant benefits/ exemptions to businesses seems to be a dampener at a time when industry at large is struggling with low economic growth coupled with the effects of demonetization - except if the proposal to reduce the tax rate by 5% for smaller corporates with turnover less than 50 crore is taken as a relaxation. In effect, there is no reduction in the corporate tax rate.

Industry was hopeful that the Government would abolish MAT or at the very least, substantially revisit the current MAT provisions, including the rate of almost 20%, which was viewed as being unreasonably high. This view was also supported by the recent withdrawal of MAT for FPIs and foreign companies not having a permanent establishment in India. However, the Government merely indicated in this Budget that MAT would be phased out eventually, and proposed to increase the carry forward of MAT credit from 10 to 15 years.

One of the proposals of some rejoice has been the curtailment of the scope of scrutiny in relation to domestic transfer pricing to limit it to cases where one party enjoys profit-linked exemption, as in the recent past domestic transfer pricing disputes had arisen manifold. The amendment will certainly help in containing litigation going forward.

Further, the clarification on non-taxability of redemption of shares by FPIs will also be assuaging to foreign investors. On the foreign investment policy front, the Finance Minister by announcing the abolition of the Foreign Investment Promotion Board (FIPB) has brought much relief to foreign investors. In any event, the continuation of the Board did not make sense as more than 90% of FDI today is already through the automatic route where the approval of FIPB is not needed. The step is in line with the Government's commitment to 'ease of doing business' in India and also showcases India as more FDI-friendly. The FM also stated that further liberalization of the FDI Policy is under consideration and may be announced in the coming months.

http://www.businessworld.in/article/Budget-Walks-The-Tightrope-With-Fewer-Changes-To-Tax-Structure/02-02-2017-112304/
The announcement that affordable housing being given Infrastructure status is a welcome move and will act as a catalyst to meet the objectives of Housing to all by 2022, but will also result in increased participation from private players.

In terms of the existing provisions and precedents, there was significant ambiguity in relation to whether under Joint Development Agreements (JDAs), the landowner would be liable to pay tax at the time when the legal possession of the land was handed over to the builder/developer, or at the subsequent point in time when the revenue from the construction (either monetary or in terms of built-up area) accrued to him.

The move in this Budget to provide clarity that the point of taxability would only be upon the completion of the project, would serve to not only reduce litigation but also provide much needed relief to landowners.

In the parallel, with a view to encouraging the mobility of assets, the Budget has also proposed to reduce the holding period for long-term capital gains tax period from 3 to 2 years. This, coupled with the grant of one year tax exemption from notional rental income in respect of unsold inventory will definitely provide significant respite to the sector.

After this Budget, in the coming months, the most awaited policy change is the introduction of GST, which, incidentally, was given a miss in the Budget speech of the FM. Hopefully, the implementation of GST shall provide the much needed impetus to industry, which this Budget did not.

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Budget Walks The Tightrope With Fewer Changes To Tax Structure-Kumar Visalaksh, Nishant Shah - BW Businessworld

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Macquarie University Launches Online MBA Program To Build Capabilities Of The Futu

The Macquarie Graduate School of Management Global MBA is the first degree offered on Coursera in the Asia-Pacific region

CIC Asks FinMin, RBI, MOSPI To Disclose Information Regarding Wilful Defaulters Ove Cr Loans.

The Commission points out to public defamation of small defaulters while the big willful dodgers are given a long rope in terms of one time settlements, interest waivers and other
Chidambaram Tweets Displeasure As RBI Says 99.3 Per Cent Demonetised Notes Returned To Banking System

The Congress Leader in a series of tweets says that only Rs. 13,000 crore were demonetised, slams Government for loss to economy, livelihood, lives and jobs.

Indian Oil Corporation (IOC) To Invest Rs 286 Cr To Expand LPG Bottling Output In North India By 2020

The company shall also set up two greenfield plants in Agartala and Barapani to the tune of Rs. 217.46 crore on account of increased demand.

Gold Loses Its Lustre On Account Of Muted Demand, Weak Global Cues

The yellow metal slips by Rs. 70 to Rs. 31,080 per 10 gram owing to sluggish slack demand from local jewellers and retailers.

Cabinet Ratifies Additional 2 Per Cent Hike In DA; To Benefit 1.1 Cr Employees, Pensioners

The hike in Dearness Allowance (DA) and Dearness Relief (DR) will be effective from July 1, 2018 and is expected to benefit about 48.41 lakh central government employees and 62 pensioners

Congress Peddling Untruth On Rafale, Seriously Compromising National Security: Arun

Stating that the Rafale controversy was based on “complete falsehood”, he said it was expected from national political parties and their responsible leaders to keep themselves inf basic facts before they enter a public discourse on defence transactions

TDP Founder NTR’s Son Nandamuri Harikrishna Passes Away In Road Accident In Telangana Nalgonda District

The 62-year-old was going to Kavali in Nellore district of Andhra Pradesh to attend a wedding when his car rammed into the divider on the Nalgonda Highway and flipped on the official said
'10 Lakh People Join Indian Workforce Every Month Without Future Job Skills'

People will need to reinvent their careers at least once or twice throughout their lifetime, says Jeff Maggioncalda, Chief Executive Officer, Coursera