

Industry Seeks Fewer GST Slabs, Lifting of Long-term Cap Gains Tax

Pre-Budget Consultations Different sectors come up with their wish lists

Our Bureau

New Delhi:

Industry has sought simplified and more convergent GST rates with fewer slabs and lifting of long-term capital gains tax to boost disposable incomes that would help revive consumption.

The suggestions came up on Tuesday during finance minister Nirmala Sitharaman's pre-budget consultations with industry, trade and services sectors amid discussions on regulatory environment impacting private investment, measures to promote exports, industrial production, logistics, media and entertainment services and IT and IT-enabled services.

"With a view to give boost to Indian economy, the representatives of industry, services and trade sectors submitted several suggestions," the finance ministry said in a statement.

There were discussions on ease of doing business by lowering compliance burden, reducing tax litigations, allowing self-certification in low-risk industries, decriminalising tax and company laws, and cutting down cost of equity capital.

Industry also called for simplification and rationalisation in duties and labour laws, adoption of international standards of alternative dispute resolution, creation of export development fund for MSMEs, and easing of investment flow into manufacturing. Confederation of Indian Industry (CII) urged the government to lift long-term capital gains tax and address tax litigations worth ₹5.71 lakh crore.

It has suggested the government to leverage the goods and services tax (GST) compliance data and use big data analytics to widen the base for corporate tax and income tax.

CII has sought an expansionary fiscal policy with around 0.5-0.75% deviation from the fiscal deficit target, the proceeds from which could be spent on asset creation, especially in rural infrastructure. It also asked for an integrated e-portal to capture all pending payments by the central and state governments and public sector enterprises to all industries. "Decriminalising taxation laws and procedures on the lines of what is being done for the Companies Act would address this trust deficit greatly," it said.

The Federation of Indian Export Organisations (FIEO) has demanded an export development fund and a scheme to help MSMEs through a double tax deduction scheme to help explore wider markets. It has also sought GST refunds to foreign tourists.

CII pushed for a trade agreement with the EU, citing a complete loss of benefits under the generalised system of preferences (GSP) in the US and partial loss in the EU. “The GSP loss could be restored in EU markets if we sign EU-India BTIA (bilateral trade and investment agreement),” it said in a statement.

