

# Surcharge on some FPIs to stay, says Sitharaman

## ‘Option Exists To Restructure Ops To Lower Tax Burden’

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### **New Delhi:**

The government on Thursday stuck to its stand on levying a surcharge on some foreign portfolio investors (FPIs), with FM Nirmala Sitharaman making it clear that this class of overseas investors had the option to restructure their operations to lower the tax burden.

Replying to the debate on the finance bill in Lok Sabha, Sitharaman said FPIs functioning as trusts could consider being registered as companies.

In her maiden Budget presented to Parliament on July 5, Sitharaman had levied a surcharge on the super rich — those earning between Rs 2 crore and Rs 5 crore. The move had hurt FPIs who are faced with the prospect of a rising tax burden. The financial markets had also reacted negatively to the move.

“There is also issue of FPI where you are trying to include tax deduction from HUF on TDS. It has an impact on those FPIs who are registered as a trust. There is an option for FPIs to register as company. But when you are registered as company, you don’t have problem of tax which we are talking about,” she said.

Sitharaman also rejected the opposition demand to drop the cess on petroldiesel and scrap the 2% TDS on cash withdrawal, asserting that the Budget was aimed at improving the ease of living.

The FM also said that a task force on the new Direct Tax Code (DTC) will submit its report by the month-end. The new DTC is set to replace the existing Income Tax Act. The aim is to reform the complex income tax laws into simpler tax codes with reduced rates, fewer exemptions, and tax slabs.

“Task force is already working on finalising the report on a new Direct Tax Code which is required to be submitted by July 31. The government will receive the report and we shall take a call on it,” she said, while replying to a question by NCP MP Supriya Sule, during the debate on the Finance Bill 2019.

Earlier, the task force was supposed to submit its report by May 31, but the then finance minister Arun Jaitley gave a twomonth extension to complete the exercise.

Sitharaman said seven legislations under indirect taxation are being amended to ensure greater simplicity, as she moved the Finance Bill in the Lok Sabha. She told the Lower House that amendments to laws are being made through the Finance Bill in five major categories, including in GST.

## WHAT THE FM SAID



Apart from seven acts related to indirect taxation being amended, the government will also bring changes to seven laws related to direct taxation.

Changes will ensure indirect taxation-related matter will have greater simplicity and be effective

Proposed amendments to tax-related laws, are being done for furthering Make in India agenda.

The country needs a lot more manufacturing activities

GST has five different amendments that will make compliance easier for MSME (Micro, Small and Medium Enterprises) sector

Eight Acts pertaining to financial markets, including Sebi Act, are being amended

