PRE-BUDGET CONSULTATIONS

India Inc's wishlist for Budget: Status quo on corporate tax, expansion of PLI

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FM Nirmala Sitharaman at a pre-Budget meeting with industry leaders and associations. PTI

AS PRIVATE investment continues to be a concern, the Indian industry has sought a status quo on corporate tax rates and expansion of the government's flagship Production Linked Incentive (PLI) scheme to labour-intensive sectors that bore the brunt of demand slowdown in the West following Covid-19 lockdowns.

Finance Minister Nirmala Sitharaman on Thursday chaired a pre-Budget consultation meeting with prominent players in the capital market and heads of industry lobby groups in the presence of senior officials of the Finance Ministry. They discussed a range of issues from challenges in green transition to addressing the sticky food inflation.

Industry representatives from the Federation of Indian Chambers of Commerce & Industry (FICCI) and the Confederation of Indian Industry (CII) sought an increase in the capital expenditure outlay for FY25 by 25 per cent to Rs 11.8 lakh crore and a status quo of corporate tax to improve investment climate in the country.

The pre-Budget meeting that comes ahead of the Goods and Services Tax (GST) Council meet on June 22 saw discussions on a fresh set of reforms in the tax structure. FICCI sought to reduce the GST to a maximum of three slabs and inclusion of excluded sectors. The industry lobby group in a statement stated there should be a revamp of GST law to have minimal friction in achieving pass through of all input tax credits in the entire value chain.

Amid concerns over imports of laptops, Vivek Jalan, chairman of National Fiscal Affairs and Taxation Committee, Bengal Chamber of Commerce, said that the government should not restrict import of electronics items like laptops until Indian production meets the demand.

Rakesh Nangia , founder and managing partner , Nangia & Co LLP said that the Assocham's Tax Council suggested making the default new tax regime for individuals more attractive for the salaried and middle-income groups by increasing the basic exemption limit, standard deduction, and rationalising the slab rates' income categories.

"The council also proposed extending the beneficial 15 per cent tax rate made available to new manufacturing units. This extension would enhance India's appeal for capital investments, push the "Make in India" agenda, and stimulate the domestic economy," Nangia said.

The PHD Chamber of Commerce and Industry (PHDCCI) suggested that more focus should be given on tier 2 and 3 cities to build state of the art infrastructure and smart villages with adequate facilitation of public utilities.

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Assocham seeks I-T rate tweak

INDUSTRY BODY ASSOCHAM'S tax council, in a pre-Budget meeting with revenue secretary Sanjay Malhotra, suggested tweaking the current personal income tax structure, extending the 15% corporate tax rate for new manufacturing units, and rationalisation of the capital gains tax structure, *FE* has learnt.

According to Atul Puri, managing partner, SW India, who attended the meeting, the matters discussed included adoption of a proactive approach on the implementation of Pillar-2 tax regime, simplification of TDS and TCS provisions, and addressing practical challenges in processing of tax returns.

Earlier this week, *FE* had reported that the Centre is likely to announce the adoption of "Pillar-2" tax regime anchored by the Organisation for Economic Cooperation and Development (OECD) in the coming Budget, as part of the country's efforts to support and benefit from the global system combating tax avoidance.

The Assocham council said that to bolster investor confidence, rationalisation of the capital gains taxation regime is needed. Key suggestions included streamlining the holding period, ensuring uniformity in tax rates across various asset classes, and updating the index years for long-term capital gains, a source said.

"These proposed reforms are in line with the government's vision of establishing a robust, transparent, and investor-friendly tax regime," said Rakesh Nangia, managing partner, Nangia & Co.

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