

Budget 2013: It's time to give women more tax sops

It isn't just foreign investors who would have remembered the last Budget as a tough one. Even women lost out as the government withdrew tax benefits that were introduced in the form of higher tax exemption limit in 2000-2001.

In 2000-01, Yashwant Sinha, the then finance minister, had introduced a special provision under which the basic tax exemption limit for women was pegged higher than that for men. This resulted in lower tax liability of up to Rs 5,000.

While P Chidambaram retained the provision in 2004-05, his first budget of his second term in North Block, in 2005-06, he reduced the benefit to a maximum of Rs 3,927, including surcharge and cess. Chidambaram reduced the differential benefit further before Pranab Mukherjee finally withdrew it.

While introducing the provision, Sinha had said that the additional rebate of Rs 5,000 for women tax-payers "is equivalent to increase in the exemption limit by Rs 50,000 over that of men". However, tax experts say that a preferential treatment for women is needed to encourage them.

Kuldeep Kumar, executive director (tax and regulatory practices) PWC India, said a preferential tax treatment to women is highly desirable as it helps in empowering them. At a time when government is giving financial help to girl child, a preferential tax treatment to them will not be off the mark. When the government has given reservations to women in Panchayats and is trying to extend the same in Parliament, why is it shying away in giving special treatment in taxes to them, he added. In fact, the government should increase the exemption limit for women. This will certainly help women in acquiring productive assets. In fact, if the differential tax benefit is increased substantially, say up to Rs 20,000, a number of families will like to transfer fixed assets on their women members' name to bring down their tax liability on their income.

A senior tax consultant, who do not wanted to be quoted, said even if such provision might lead to misuse to save taxes, it's worth trying. She said in the short term, the misuse of the provision would be more pronounced than its benefit, but in the long term it will certainly help women empowerment. Another tax consultant said any move to give special treatment to women in taxing their income would be welcomed as it will ultimately help society. Kumar pointed out that such special treatment should be increased for single woman parent as a separate category. As it has become an accepted norms in cities, the government must give them concession to enable them to meet various challenges which they face as single parent.

(Economic Times)