

Budget 2017: NITI Aayog wants 10% I-T slab tweaked

Aayog favours expansion of the tax base to enable more people to pay taxes

National Institution for Transforming Indian (NITI) Aayog is in favour of keeping the threshold for the income tax (I-T) exemption intact at Rs 2.5 lakh. Instead, they want to extend the tax (10%) on the Rs 5 lakh slab to Rs 7 lakh.

Officials said that the Aayog favours expansion of the tax base to enable more people to pay taxes, rather than expanding the exemption limits.

Finance Minister Arun Jaitley had raised the threshold for income tax exemption to Rs 2.5 lakh from Rs 2 lakh in his very first Budget for 2014-15. At present, there are three slabs — 10 per cent for annual income between Rs 2.5 lakh and Rs 5 lakh, 20 per cent on annual income from Rs 5 lakh to Rs 10 lakh, and 30 per cent on income above Rs 10 lakh.

The Aayog also advocated job creation being the central theme of the Budget.

In its appraisal of the Twelfth Five-Year Plan (2012-13 and 2016-17) — the last such exercise before Plans winds up — the Aayog also wanted the government to curb discretionary powers of the tax officials and a clear regulation on it. The appraisal is being done only two and a half months before the Plans ends.

It said there was need to clearly spell out tax laws so that future investors can assess their liabilities with reasonable certainty. “China has firms such as Foxconn that employs 1.3 million workers and pays wages averaging \$3 per hour... India cannot afford to miss out on good jobs that such firms promise,” the document said.

The Central Board of Direct Taxes, in fact, has come out with advance pricing agreements, mutual agreement procedures and safe harbour rules to settle transfer pricing disputes. The appraisal praised the government for its commitment to initiate no new inquiries into retrospective tax liability in the wake of disputes relating to Vodafone.

That apart, the appraisal also favoured simplification of regulatory-cum-administrative procedures on what has come to be popularly referred to as ease of doing business.

“The rules governing construction permits, getting electricity, registering property, paying taxes, trading across borders can be cumbersome and thus deter many potential investors from entering business in the first phase,” the appraisal said.

To boost India’s agriculture production, the document also vouched for massive research in improving seed varieties including the controversial genetically modified seeds.

“Elsewhere, in the world, most notably in the United States, GMO seeds have been in use for over two decades with no adverse effect on either crops or those consuming the products of those seeds,” the paper said.

That, apart it also advocated expansion of micro-irrigation potential of country, completion of pending irrigation projects, a renewed focus on high-value agriculture like horticulture, fisheries and livestock, reforming the land leasing laws.

The document also advocated a combination of sustained economic growth and generous but well-targeted anti-poverty programmes for elimination of poverty.

(Business Standard)