

Critical areas on dtc for detailed examination identified : fm

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Finance Minister has announced that the Government has identified seven critical areas on the Direct Taxes Code for further detailed examination. At an interactive session with representatives of trade and industry from all over the country, here today, Shri Pranab Mukherjee said that the areas identified after interactions with all stakeholders are: The concept of Minimum Alternative Tax (MAT) based on gross assets; Capital Gains Taxation in the case of non-residents; The Income Tax Act and the Double Taxation Avoidance Agreement (DTAA); General Anti-Avoidance Rule (GAAR); Issues relating to effective management control and taxation of foreign companies in India; Taxation of charitable organizations; and Shift from EEE to EET taxation system.

On the apprehensions expressed regarding the time schedule for implementation of the new Direct Taxes Code, the Finance Minister assured that next steps would be taken only after a comprehensive review of the draft Direct Taxes Code by taking on board the suggestions received. Every effort would be made to meet the aspirations and expectations of our taxpayers and our vibrant corporate sector.

Shri Mukherjee said that it has been the endeavour of the government to incorporate the best practices prevailing across the globe and to use innovative methods for attaining equity—vertical and horizontal, ensure growth with sustainability, create stable fiscal eco-system and have well regulated free markets. The new Direct Tax system would also take into account established and time tested practices which have withstood judicial scrutiny. He said, “We want to present the stakeholders with a tax regime which is simple and broad based leading to lowering of tax rates, better tax compliance and reduced litigation.”

The Finance Minister said that it has been two months since the proposed draft direct tax code was released for public debate and he was moved by the amount of interest and intellectual debate it has generated amongst various sections of taxpayers, tax professionals and general public. We are receiving thoughtful feedbacks on our website and through other means—trade and industry associations, professional bodies and others, he added.

Shri Mukherjee said that he has kept his promise by putting the draft code in public domain within 45 days and he would like to expedite to give it a final shape. While thanking the industry and trade associations for enthusiastically participating in today’s deliberations, Shri Mukherjee said that he looks forward to their suggestions in making the new Direct Taxes Code an effective instrument for meeting the economic challenges and development priorities of the country. The outcome of the discussions would be used for modifying the proposals contained in the draft Direct Taxes Code, the Minister said.

Minister of State for Finance, Shri S.S. Palanimanickam, Revenue Secretary, Shri P.V. Bhide and senior officers of the Finance Ministry were also present at the interactive session.

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