

[No more complicated tax, reduce MAT & GST compliance: Jairaj Purandare, Chairman, JMP Advisors](#)

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BUDGET 2019

No more complicated tax, reduce MAT & GST compliance: Jairaj Purandare, Chairman, JMP Advisors

Veteran tax experts are demanding, no more complicated tax. Wants Government to reduce GST compliance and also want MAT to be reduced. Here is a view of Jairaj Purandare, Chairman, JMP Advisors on an upcoming budget.

Ishan Shah & Mannu Arora • ETCFO • July 02, 2019, 11:40 IST

Fiscal issues, GST compliance challenges and complexities in an around taxation is what is a major challenges that accountants are witnessing. In an Interview with ETCFO, Jairaj Purandare, Chairman at JMP Advisors, who has a over three decades of experience in tax and business advisory matters and is an authority on taxation has highlighted many such issues. Purandare is an independent director on the boards of a few reputed companies and banks don't expect any announcement related to complicated tax. Here is what he says..

1. What are your expectations from the upcoming Budget

When it comes to taxes, my own sense is that there won't be too many changes. But we can expect some changes because the direct tax code will be put out by July-end. If they want to incentivise housing, they may provide some capital gain benefit or interest deduction on loan, etc. The government may provide some incentive for capital formation. There can be some incentive by the way of additional depreciation or allowance which will again be temporary because the long-term direction of the direct tax code (DTC) would be to simplify the whole tax structure, reduce rates and remove incentives but in this particular situation I think some short-term measures will have to be taken.

The challenge for FM is to balance taxes. GST collections are being lower than budgeted, though advance tax collections have been high. The target will be low because the growth is slow. There are some constrains on the revenue side.

There is a possibility that wealth tax or inheritance tax may be introduced, but may be not in the current budget.

2. Do you think Government has enough fiscal space to reduce corporate tax ?

Considering the deficit in GST collection during the past year, the Government may not be keen to reduce corporate tax rates, given the need to control fiscal deficit. It is possible that the Government may further increase the turnover threshold to which the reduced rate of 25 per cent would be applicable.

3. Likewise, what are your reasonable expectations on the Minimum Alternate Tax front?

Corporates would like to see MAT being abolished. However, a more realistic expectation may be a reduction in the MAT rate. Considering the fact that MAT is a "minimum" tax, the rate of MAT may be reduced from 18.5 per cent to 10 per cent, may be.

4. What kind of framework you would like the government to lay down on the Direct Tax Code (Regulation)? What can be the lessons learnt from the GST episode?

The DTC is expected to bring in a unified legislation to combine the existing laws relating to income tax, black money, benami transactions, equalisation levy, etc., and may also reintroduce some provisions to tax wealth and estates. Based on the problems experienced in the implementation GST, a simplified DTC is expected with ease of compliances.

5. On the Indirect Taxes Side, how can the government simplify the GST law further? What changes will the Budget 2019 suggest?

Taxpayers expect reduced compliances, and steps to enforce compliances should be taken. Easing compliances may be achieved through simple return forms and a well equipped GST electronic portal. Also, officials at GST helplines should be more competent to clarify issues faced by taxpayers. However, GST amendments will be made in the GST council meetings and no changes relating to GST are expected in the budget.

6. Any expectations on international taxation? Are you expecting any policy announcements on the digital tax framework?

Multinationals doing business in India have three key expectations – stability in the tax regime, certainty of taxes (by reducing litigation) and simplification of the tax system.

On the digital tax front, we can expect the Government to make several announcements. As you may be aware, the FM expressed concerns on the taxation of the digital economy and on issues relating to tax avoidance and evasion. She referred to the importance of providing rules for determining nexus of digital companies and for allocation of their profits. Given this, we can expect that additional digital services may be covered within the scope of Equalisation Levy. Further, the concept of "Significant Economic Presence" was introduced in Budget 2018-19, to tax digital income. We can expect specific rules to be prescribed in respect of the minimum threshold for payments, number of users, etc. in order that this provision can be implemented.