Confederation of Indian Industry seeks corporate tax cut, higher I-T slab

The Confederation of Indian Industry (CII) has sought a reduction in corporate tax as well as rise in income tax slab to benefit both corporates and individuals. It suggested that the government retain the peak customs duty rate at 10% to support the indigenous industry, while removing the inverted duty structure to give a push to its Make in India initiative.

"Tax rate on all corporate taxpayers should be reduced to 25% unconditionally, without any turnover criteria, and brought down to 18% in a phased manner," CII said in its pre-budget memorandum presented to the finance ministry on Wednesday.

Interim budgets usually do not make tax changes, though there have been some interim budgets with some indirect tax changes.

On the income tax front, CII has suggested zero tax on income up to Rs 5 lakh; 10% tax rate for income up to Rs 10 lakh; 20% for income up to Rs 20 lakh and 25% for income beyond Rs 20 lakh. Current income tax slabs are — no tax on income up to Rs 2.5 lakh, 5% on income between Rs 2.5-5 lakh, 20% on income from Rs 5 lakh to Rs 10 lakh and 30% on income above Rs 10 lakh. "Exemptions for reimbursement of medical expenses and transport allowance may be reinstated along with the standard deduction of Rs 40,000," it said.

Highlighting the impact of slowdown in many economies, CII said any reduction in the peak rate of customs duty will go against Make in India. "Economic slowdown still continues in many countries and these countries are making all efforts to export to other countries, including India, at a lesser price. In view of the above, CII recommends continuation of 10% peak rate of customs duty for the year 2019-20 to provide protection to the indigenous industry, which suffers from certain disadvantages like higher rate of interest and power, etc," it said.

CII is of the view that with the implementation of GST, seamless input tax credit (ITCNSE 0.57 %) of IGST is admissible including traders with the result that imports of fast moving consumer goods (FMCG) and other consumer products have become cheaper to that extent as compared to indigenous manufacturers. "Suitable increase in customs duty on such products is necessary to protect indigenous manufacturers," it proposed.

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