

## DTC likely to miss April 2013 deadline

The much talked about Direct Taxes Code (DTC) appears set to miss the April 2013 deadline, too.

Finance Minister P Chidambaram wants a complete reworking of the DTC Bill, which had been substantially changed under former finance minister Pranab Mukherjee from what was initially formulated under Chidambaram's guidance.

Ministry officials said another reason why the DTC might not be implemented from the next financial year, as promised by Mukherjee, was the controversies surrounding DTC proposals brought in the Budget such as the General Anti-Avoidance Rules (GAAR).

### THE TWISTS AND TURNS

#### **August 2009**

Draft legislation and discussion paper issued for public comments

#### **June 2010**

Revised discussion paper brought in

#### **August 2010**

DTC Bill, 2010 introduced in Parliament

#### **April 2011**

The DTC misses deadline

#### **March-12**

Standing committee tables its report on the DTC in Parliament

#### **March-12**

Implementation of the DTC postponed to April 2013

#### **August 2012**

P Chidambaram takes over as finance minister again; DTC Bill to be reworked

The government would tread cautiously on implementing any DTC proposals that could affect the investor sentiment, said an official.

He added that as the Budget for 2012-13 would be the last before the next general elections, the government would not like to bring in any changes in the income tax regime.

There is a vast difference between the first DTC draft finalised under Chidambaram and the Bill tabled in Parliament by Mukherjee.

Officials in the know said the Bill would be changed appropriately under Chidambaram's guidance. The first draft suggested 10 per cent personal income

tax on Rs 1.6-10 lakh of annual income, 20 per cent on Rs 10-25 lakh and 30 per cent on Rs 25 lakh-plus.

The current Bill proposes 10 per cent tax on Rs 2-5 lakh of annual income, 20 per cent on Rs 5-10 lakh and 30 per cent on Rs 10 lakh-plus. Parliament's standing committee has recommended 10 per cent tax on Rs 3-10 lakh of annual income, 20 per cent on Rs 10-20 lakh and 30 per cent on Rs 20 lakh-plus. The standing committee's recommendations are closer to the initially suggested rates.

Among other provisions, the DTC seeks to replace profit-linked tax incentives with investment-linked incentives and also do away with tax exemptions. It seeks to consolidate and integrate all direct tax laws and replace both the Income Tax Act, 1961 and the Wealth Tax Act, 1957 with a single legislation.

*(Business Standard)*