

## **FM Arun Jaitley defends surcharge levy, says rich must pay more**

Finance Minister Arun Jaitley today justified levy of 10 per cent surcharge on rich saying the resources in a largely non-tax compliant society will have to come from the more affluent.

Reading out tax-payer data, he said excluding salaried class, there are only 20 lakh people who voluntarily declare their income of over Rs 5 lakh in a year.

"In a non-tax compliant society, the state needs resources and the resources will have to come from the more affluent as far as the tax structure is concerned. There is a social equity also behind this," he said at a post-Budget interaction with the industry chambers here.

He had in his Budget for 2017-18 proposed a levy of 10 per cent surcharge, on top of the peak rate of tax, on individuals with income between Rs 50 lakh and Rs 1 crore annually. He retained the 15 per cent surcharge on those having over Rs 1-crore annual income.

At the same time, he halved to 5 per cent the basic tax rate for those earning between Rs 2.5 lakh and Rs 5 lakh income.

"The taxation approach is also absolutely clear. Our steps against shadow economy would continue and that's why we put a cap of Rs 3 lakh on cash transactions," he said.

With the implementation of Goods and Service Tax (GST), the scope for generation of black money itself will become more difficult.

"Hopefully, with the steps that the Department of Revenue has taken and the demonetisation, I think it is significantly going to change the pattern of spending behaviour as far as consumers are concerned," he said.

Jaitley said normally budgets are known for imposing higher taxation. But except for imposing surcharge on individual with income between Rs 50 lakh and Rs 1 crore, in the Budget for 2017-18, "there is an equity in the wealthy paying more".

"I have also in the Budget document consciously given some data to indicate how much of a non-compliant society we are," he said, adding the effort of the government is to make the society more tax-compliant.

"If we keep those 56 lakh salaried assesseees out, the voluntary tax payers above Rs 5 lakh (income), which includes the whole body of business people, traders, professionals, lawyers, doctors, you will find there are only 20 lakh people in the country who declare voluntarily an income over Rs 5 lakh. It is something which is absolutely incredible. And therefore, the fact is that more and more people have to be incentivised to get into the tax net," he said.

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