

## **Nirmala Sitharaman's 4 economy boosters: From slashing corporate tax rate to relief for FPIs; key measures**

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In a major boost for the economy, Finance Minister Nirmala Sitharaman on Friday announced a slew of fresh measures to prop up slowing economic growth and boost consumption. It comes ahead of the goods and services tax (GST) to be held today in Goa. The government made various announcements ranging from slashing corporate tax rate to providing capital gains relief to foreign portfolio investors (FPIs). Here are the 4 key announcements made by finance minister today:

### **Corporate tax rate slashed**

Finance Minister slashed effective corporate tax to 25.17 per cent inclusive of all cess and surcharges for domestic companies. Nirmala Sitharaman said that the new rate will be effective from the current fiscal which began on April 1.

### **Tax on share buyback withdrawn**

With an aim to provide relief to the listed companies which have already made a public announcement of buyback before 5 July 2019, the government said that the tax on buyback of shares shall not be charged.

### **15% MAT for companies seeking exemption**

Nirmala Sitharaman said that the firms opting for 22 per cent income tax slab would not have to pay a minimum alternative tax (MAT). The domestic manufacturing companies incorporated after October 1, can now pay income tax at a rate of 15 per cent without any incentives. With this, the effective tax rate for new manufacturing companies will be 17.01 per cent inclusive of surcharge and cess.

### **Tax relief for FPIs on capital gains**

The government also came up with measures on capital gains made by foreign portfolio investors (FPIs) and buyback tax for listed companies. Nirmala Sitharaman said that the enhanced surcharge will not be applicable to capital gains arising on sale of any security, including derivatives in the hands of foreign portfolio investors.

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