

# FM's solution to fiscal deficit: Earn now, spend next year

Among the [finance ministry](#)'s efforts to contain the [fiscal deficit](#) this year, it appears, is some financial jugglery. Much of the additional expenditure is being rolled over to next financial year, while the [tax](#) and dividend income to accrue next year is being brought forward into this year's books. The aim is to ensure the fiscal deficit 'red line' drawn by Finance Minister [P Chidambaram](#) — of 4.8 per cent of gross domestic product — is not breached.

Tax officers are reportedly asking companies to make higher advance tax payments and, if their actual profits turn out to be lower than projections, take refunds next year. If refunds are high, this would mean an extra burden on the next government, as the finance ministry pays interest at 0.5 per cent per month, or six per cent a year, on refunds to taxpayers. For companies, this means the money that could have been invested elsewhere lies idle.

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