

## **FinMin to move supplementary note to earlier DTC Bill**

The Finance ministry will soon move a supplementary note to propose changes in the Direct Taxes Code (DTC) Bill, which was sent to the Cabinet in August.

The Bill was deferred by the Cabinet last time.

“Last time the Bill was taken to the Cabinet in a hurried manner. Inter-ministerial consultation was not over due to lack of time. Now they have sent their comments and we have included that in the supplementary note,” said a Finance ministry official, adding there won’t be many changes in the Bill.

There will be about half a dozen changes in the supplementary note. The Finance ministry is aligning it with the new Companies Act. Changes will also be made in the areas pertaining to petroleum, mineral oil, financial services, urban development and Planning Commission.

The draft Bill, however, does not seek to provide any breather to taxpayers in the form of higher exemption limit.

The Finance ministry had not incorporated the Standing Committee on proposal to widen tax slabs. The Parliamentary panel had suggested raising the exemption limit to Rs 3 lakh from Rs 2 lakh at present.

The Finance ministry’s worry was that raising this limit will not only lead to loss of revenue, but also take many people out of its scrutiny and erode the tax base, which is already low at 34 million. If the slab is increased to Rs 3 lakh, 87% of the taxpayers will escape tax net.

Taxpayers may continue to enjoy exemption on maturity of their investments and industry could pay Minimum Alternative Tax on book profits, instead of gross assets.

Once cleared by the Cabinet, the amendments are likely to be tabled in the Winter session of Parliament. However, if the Bill is not passed even in the Budget session, it will lapse with the dissolution of this Lok Sabha due to elections.

Some of the provisions of the DTC Bill, such as the General Anti-Avoidance Rules and Advance Pricing Agreements, have already been incorporated in the Income Tax Act. DTC, if enacted, will replace archaic Income Tax Act, 1961.

*(Business Standard)*