

## **Funding coronavirus fight: Tax officers suggest 40% tax on super-rich, higher levy on foreign cos**

*Tax officers have suggested a 40% tax on super-rich as well as higher levy on foreign companies.*

A group of senior tax officers has suggested a super-rich tax and a higher levy on foreign companies to keep the cash till running as part of short term measures to help the government fight the coronavirus pandemic.

The suggestions are part of a paper titled 'Force', which stands for 'Fiscal Options & Response to the COVID-19 Epidemic', submitted by the Indian Revenue Service (IRS) Association to CBDT (Central Board of Direct Taxes) Chairman P C Mody.

According to the paper, dated April 23, tax relief should be restricted to honest and compliant taxpayers, especially those filing returns on time as there have been many instances of non-filing of returns, increase in non-deductions and withholding of TDS apart from rising under-reporting of tax liabilities through bogus loss claims.

The central government has frozen the inflation-linked allowance for its employees and pensioners, a move that will help it save around Rs 37,000 crore.

Some of the short term measures suggested in the paper include a super-rich tax by raising the highest slab rate to 40 per cent for those with an income above Rs 1 crore from 30 per cent and re-introduction of wealth tax for those with over Rs 5 crore annual income.

Short term refers to a time period of 3-6 months.

As per the paper, a copy of which is with PTI, the surcharge introduced in the Budget 2021 on the super-rich may generate only Rs 2,700 crore to the exchequer and therefore the call to up the tax slab on the super-rich. Individuals having a taxable income of Rs 1 crore are considered as super-rich.

The paper has been prepared by a group of 50 IRS officers.

The group has also suggested that the ultra-rich be taxed through two alternative ways which can be imposed for a limited time. One, up the highest slab rate to 40 per cent on income of over Rs 1 crore from 30 per cent now and two, re-introduce wealth tax for those with a net wealth of Rs 5 crore.

For the medium term, 9-12 months time period, the paper has suggested raising additional revenue from foreign companies operating in the country by hiking the surcharge on their income from the present 2 per cent for Rs 1-10 crore and at 5 per cent on incomes exceeding Rs 10 crore.

They have also called for imposing a COVID-19 cess to help mobilise additional revenue. The one-time 'COVID Relief Cess' of 4 per cent can help finance capital investment, as per the paper.

According to an initial assessment, such a cess can fetch Rs 15,000-18,000 crore for the exchequer, the paper said.

*(Economic Times)*