

No Amnesty for Tax Evaders; Government vows Re-look at GAAR

The Narendra Modi-led government has ruled out a tax amnesty scheme to unearth black money saying it goes against honest taxpayers but sought to send out positive signals to foreign investors promising a relook at the controversial General Anti-Avoidance Rules (GAAR).

"The experience shows when you bring in VDIS (Voluntary Disclosure of Income Scheme), it discriminates against genuine taxpayers. Those of you who pay taxes are disincentivised...it goes against honest taxpayers... It may not be a conducive path for recovering more taxes," minister of state for finance Nirmala Sitharaman said while responding to specific issues raised by members in the Rajya Sabha.

Referring to demand of some states such as West Bengal, Bihar, Odisha and Punjab, Union finance minister Arun Jaitley said the government will take a view on the specific demands of the debt-ridden states after receiving the report of the finance commission, which is expected by the year-end.

Jaitley was speaking in the upper house of Parliament while winding up the debate on Finance Bill which was later returned marking the completion of the budgetary process for 2014-15. Jaitley said the government will re-examine GAAR.

"After the budget process is over, we will look into it whether it is that date or some other date and whether some amendments are required or not and only then we will be able to make a final call on that whether it is that date or some other date and whether some amendments are required or not and only then we will be able to make a final call on that," he said.

GAAR, which aims to minimise tax avoidance by routing investments through tax havens, is to come into effect from April 1, 2015, after being postponed once.

Seeking to allay fears over monsoon condition, Jaitley said: "The situation is more optimistic, monsoons have picked up... There is no drought-like situation." He added there is a back-up plan which would be put into action if the situation demands.

On the issue of taxes foregone, the minister said it is an ambiguous phrase which includes concessions given by the government to boost industrial activity and also those cases where it is difficult to collect dues as there are no assets.

Referring to the tax proposals announced in the budget, Sitharaman said attempts have been made to provide relief to small and medium taxpayers to encourage savings and promote growth despite the limited fiscal space.

She pointed that the previous government had left very little fiscal space for the finance minister to do anything out of the box and as a result there has not been much of a room available. She said Jaitley took the challenge and retained many of the targets set by the UPA government.

On increasing the tax exemption limit under 80C of the Income Tax Act from Rs 1 lakh to Rs 1.5 lakh, she said, "This is definitely going to have an impact on the savings of the country which we need to give a great impetus."

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