

## **Tax kitty to exceed Budget estimate in 2016-17, says Arun Jaitley**

While some states have complained of declining tax revenues due to demonetisation, the Centre is hopeful of exceeding its Budget Estimates (BE) for 2016-17 in both direct and indirect tax collections.

It has reiterated the decision to advance the Budget presentation date to February 1, despite objections.

“We will end this year with higher revenues for both direct and indirect taxes compared to the estimates,” said Finance Minister Arun Jaitley after the Goods and Services Tax Council meeting and pre-Budget consultation with state counterparts.

The states raised concern over declining revenues and sought relaxation in the Fiscal Responsibility and Budget Management (FRBM) limit, beside central support to revive labour-intensive industries.

To a query, Jaitley said the Reserve Bank (RBI) would remove the current restrictions on cash withdrawal after assessing the situation. He ruled out a change in the conditions barring anyone other than non-resident Indians (NRIs) and those returning from abroad from depositing the junked notes in select central bank branches.

“Actions are taken in phases and so are relaxations,” he said on when the cash withdrawal restrictions could be ended.

### **Collection**

Indirect tax collections — central excise, service tax, customs — were up 26.2% in the April-November period (first eight months of this financial year) at Rs 5.52 lakh crore, as against the full year’s target of 10.8%.

Excise duty collections rose 43.5% in the first eight months (April-November) of 2016-17 to Rs 2.43 lakh crore, against the BE of 12.15% rise. Service tax collections made the kitty richer by 25.7% at Rs 1.6 lakh crore in the eight months, against the 10% projected in the BE.

Customs collections rose by 5.6% at Rs 1.48 lakh crore in the first eight months; the BE had projected 9.78% more in FY17.

Till December 19, the net increase in direct taxes was 13.6% after factoring in the refunds, already higher than the Budget target of 12.5%. Growth in corporate tax collection was 8.75% till December 19, against the BE’s 9.04% for the full year. Personal income tax yielded 23.9% more till December 19, against a BE rise of 18.1%.

### **FRBM**

Most states pressed for relaxation in FRBM legal limits. Jharkhand sought it by one percentage point, as did Andhra, from the current year’s fiscal deficit limit of three% of GSDP.

Delhi finance minister Manish Sisodia said his revenue fell 24% last month. However, Haryana (where the Bharatiya Janata Party also rules, as at the Centre) said tax revenues remained steady, "the same as last year, rather better. There has been no visible adverse impact of demonetisation", said Abhimanyu, finance minister.

## Budget

To a query regarding opposition parties demanding postponing of the Budget presentation date due to the coming state elections, Jaitley said, "They say the popularity of demonetisation is very low. Then, why are they worried about the Budget?"

He said the reason behind advancing the presentation date is that actual expenditure must start from April 1, when the financial year begins.

To someone asking if the Budget for 2012-13 had not been postponed due to state elections, he said, "This is not a tradition every time. Immediately before the Lok Sabha elections, an interim Budget is presented. This is a constitutional necessity."

Chief Election Commissioner Nasim Zaidi said various political parties had represented on the February 1 presentation of the Union Budget, while the poll campaign was still on in five states. "The Commission is examining this representation," he told reporters.

The Congress, Left parties and Samajwadi Party are among those which have written to the EC. Congress spokesperson Ajoy Kumar said the Centre should present a vote-on-account and a full Budget later.

Communist Party of India (Marxist) chief Sitaram Yechury said an 'early Budget' was a bad idea, as full data would be there only for the financial year's first two quarters. The Economic Survey coverage would be likewise. Such a Budget-making exercise was bound to lead to "looking for trouble, finding it everywhere, diagnosing it incorrectly and applying the wrong remedies".

## Tamil Nadu seeks revival of Nokia unit

The government of Tamil Nadu on Friday sought the Centre's support for revival of Nokia Corp's erstwhile factory in Chennai, during the pre-Budget consultation with the Centre.

"In (the Centre's) Make in India (programme), they need to adopt this and support this transition," state education minister K Pandia Rajan said after the meeting.

Foxconn is learnt to be in talks with Nokia to revive the unit, seeking a prior waiver on tax liabilities and resolution of legal issues concerning the factory. "For the Nokia-Foxconn deal to go through, the central government needs to unfreeze the assets. It has a key role in this," the minister said.

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