



# Tax as an Enabler for Growth

## Survey Results

Tax policy plays a critical role in financing economic development of a country, by directly impacting the nationwide employment and investment - both domestic as well as Foreign.

The Indian government has recently introduced a slew of tax reforms and changes to revive the economy and bring tax rates in line with most of the competitive economies.

We conducted a short survey to gauge the reaction of India Inc. to these reforms and the current taxation framework..



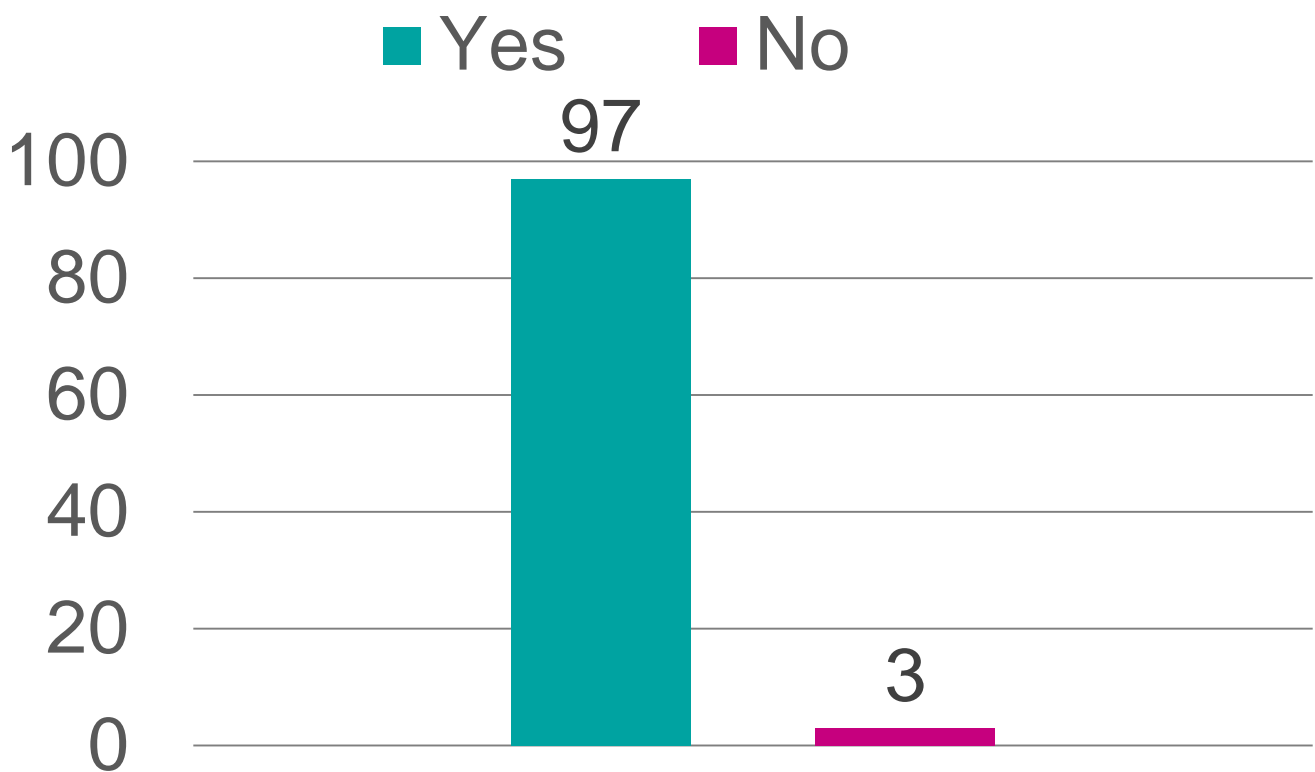
# Tax Rates



# Tax Rates (1/2)



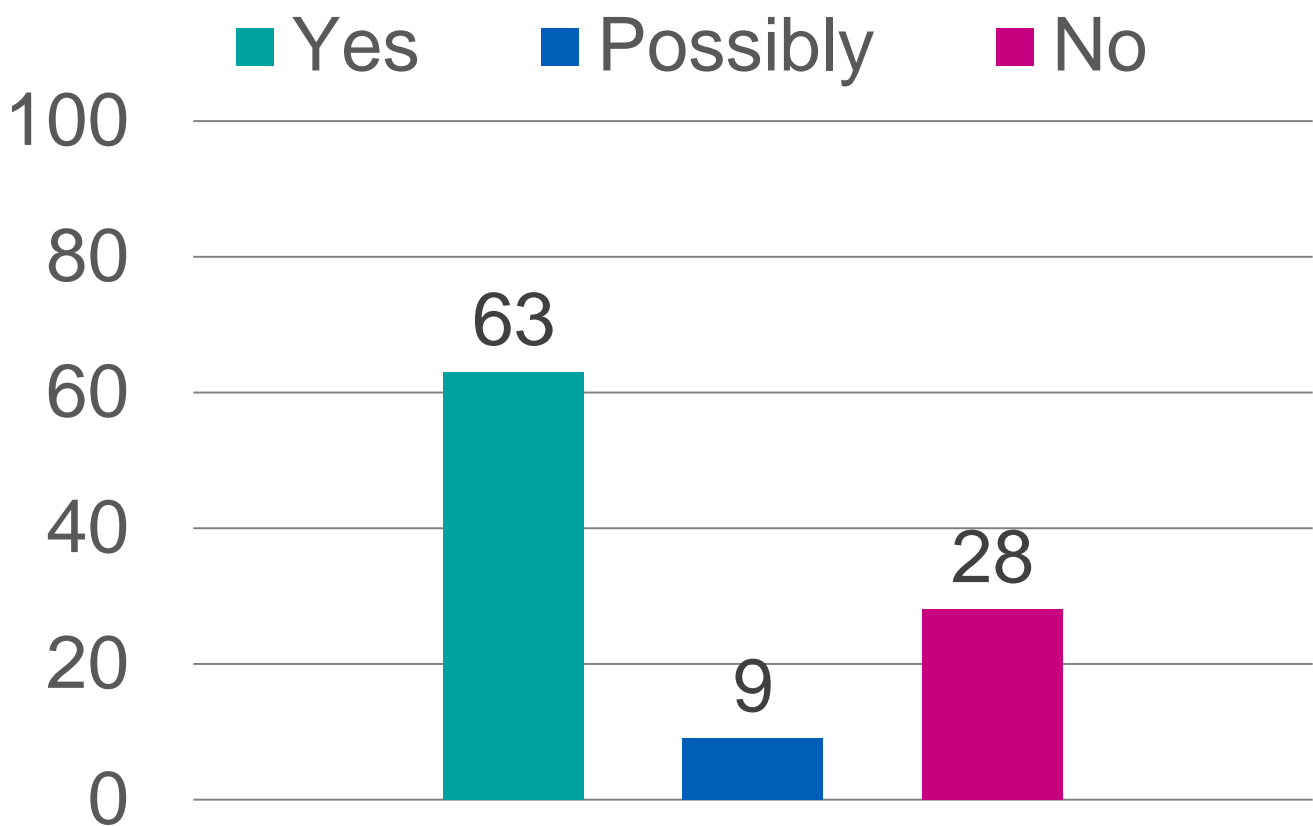
**Are you satisfied with the recent reduction in corporate tax rates?**



**Consensus is that reduction in Corporate Tax Rates is a welcome move**

# Tax Rates (2/2)

**In your opinion, post the tax rate changes, would your organization commit additional investments into India?**



**Most companies are willing to make additional investments**

# Notable Suggestions in Respect of Tax Rates

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Rationalization in GST Rates

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Elimination of Dividend Distribution Tax ('DDT')

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Rationalization in individual tax slab rates

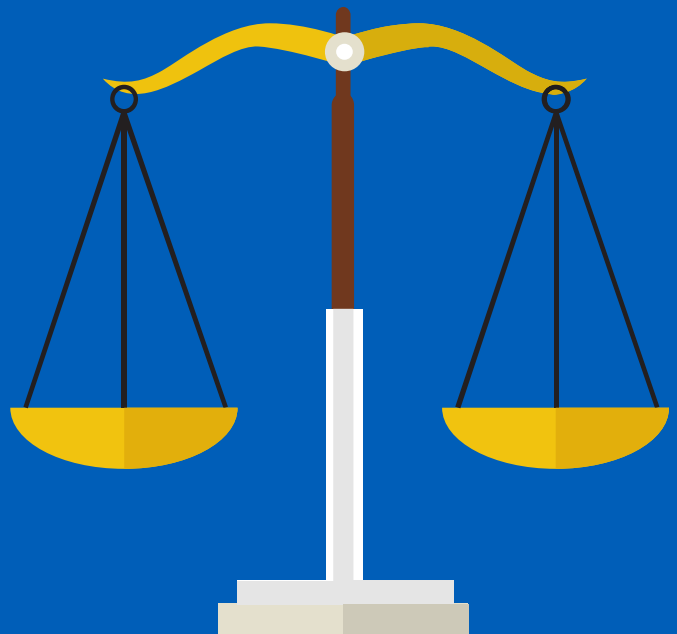
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Clarificatory provisions in respect of expenditure pertaining to exempt income

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Safe harbor norms for valuation of unquoted securities

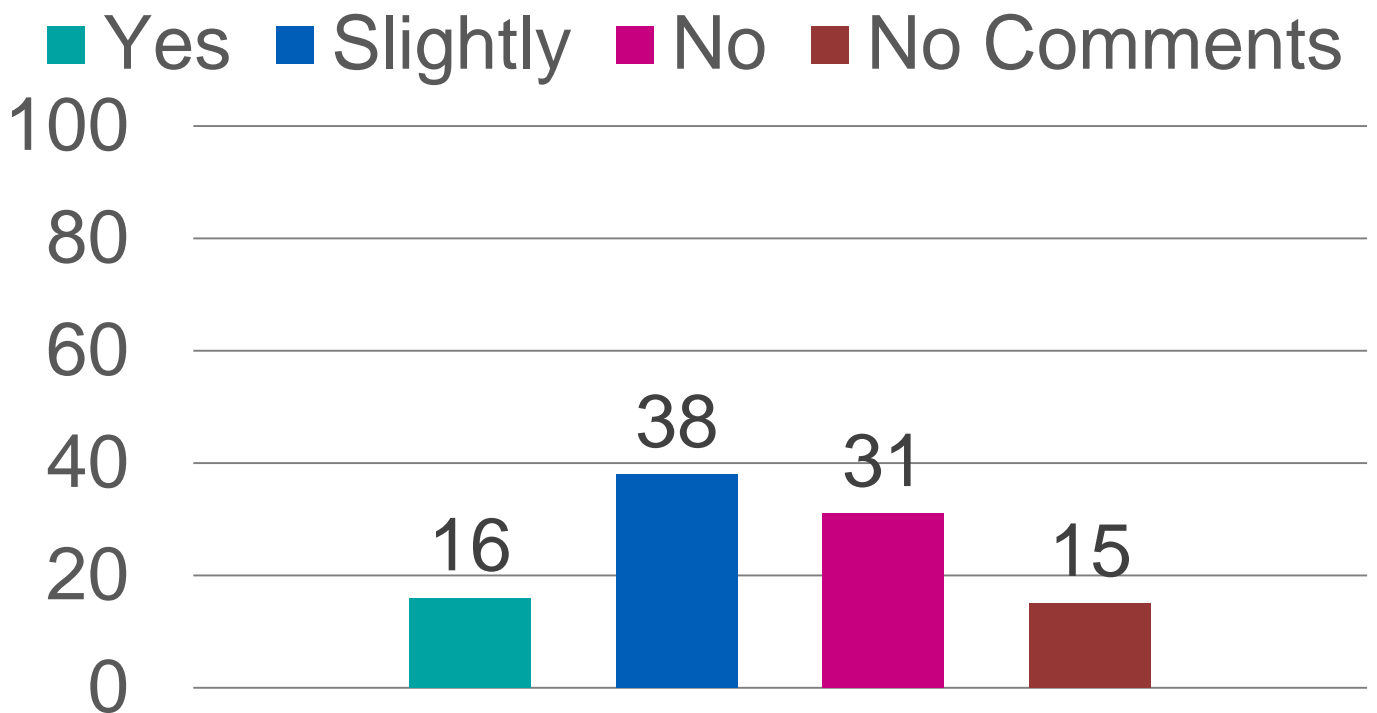
# Dispute Resolution Mechanism



# Dispute Resolution Mechanism Effectiveness



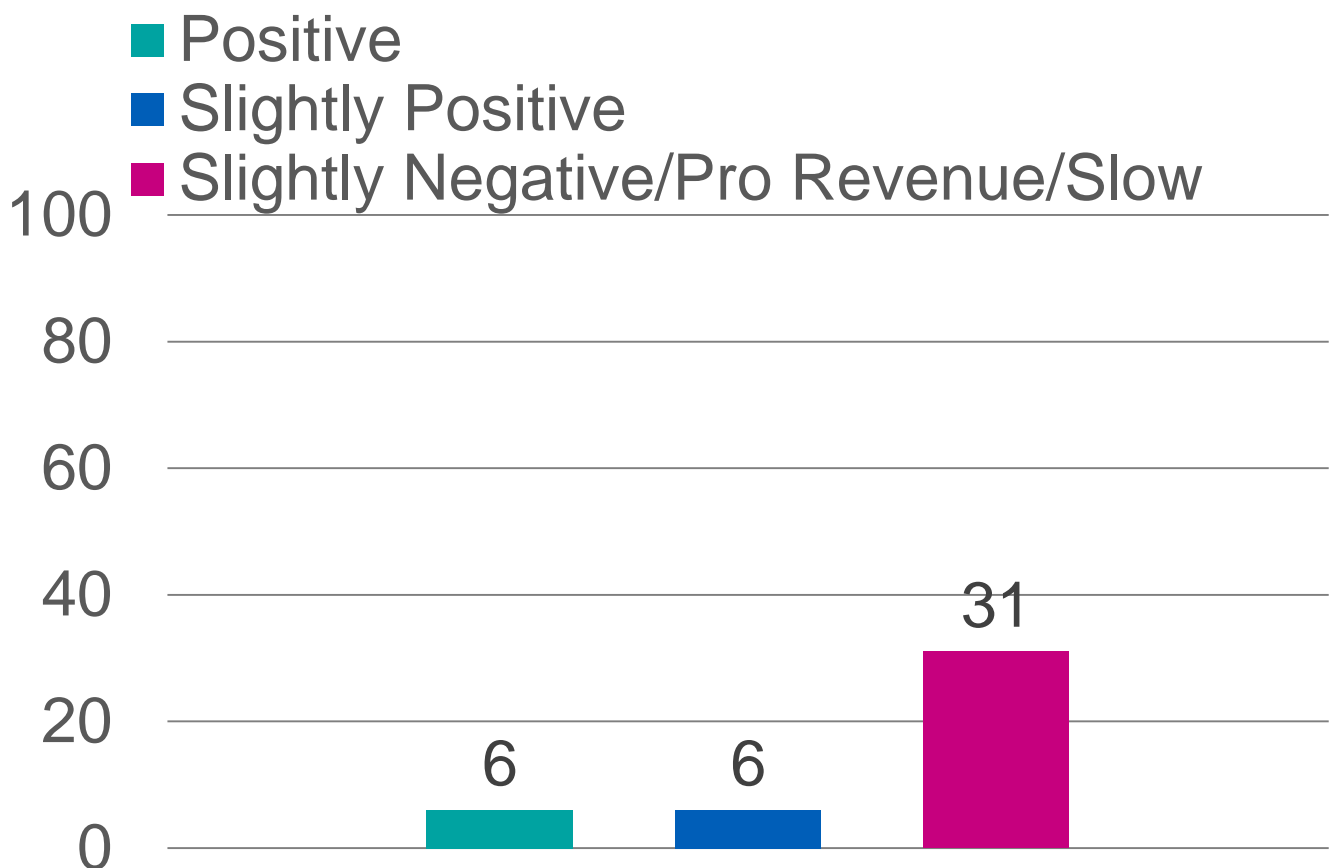
**Are you satisfied with the current Dispute Resolution Mechanisms under the tax laws and whether they provide required certainty and predictability?**



# Advance Rulings or Advance Pricing Agreement



**Please provide specific experience (if any) of your organization in relation to Advance Rulings or Advance Pricing Agreement ('APA') mechanisms in India?**



*\*excludes candidates (56%) with no experience/comments in respect of the topic*



# Notable Suggestions in Respect of Dispute Resolution Mechanism

Strict adherence to time limitations

Consistency in orders with judicial precedents and accountability of tax officers in case of deviations

Interaction with Industry in formulation of dispute resolution mechanisms

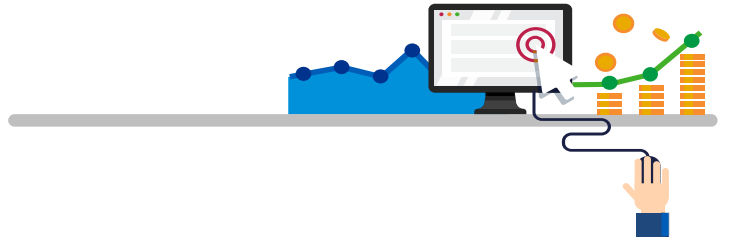
Issuance of Circulars/ Clarifications on contentious Issues

Increased accountability of tax officers in respect to delay in refunds, procedural delays etc.

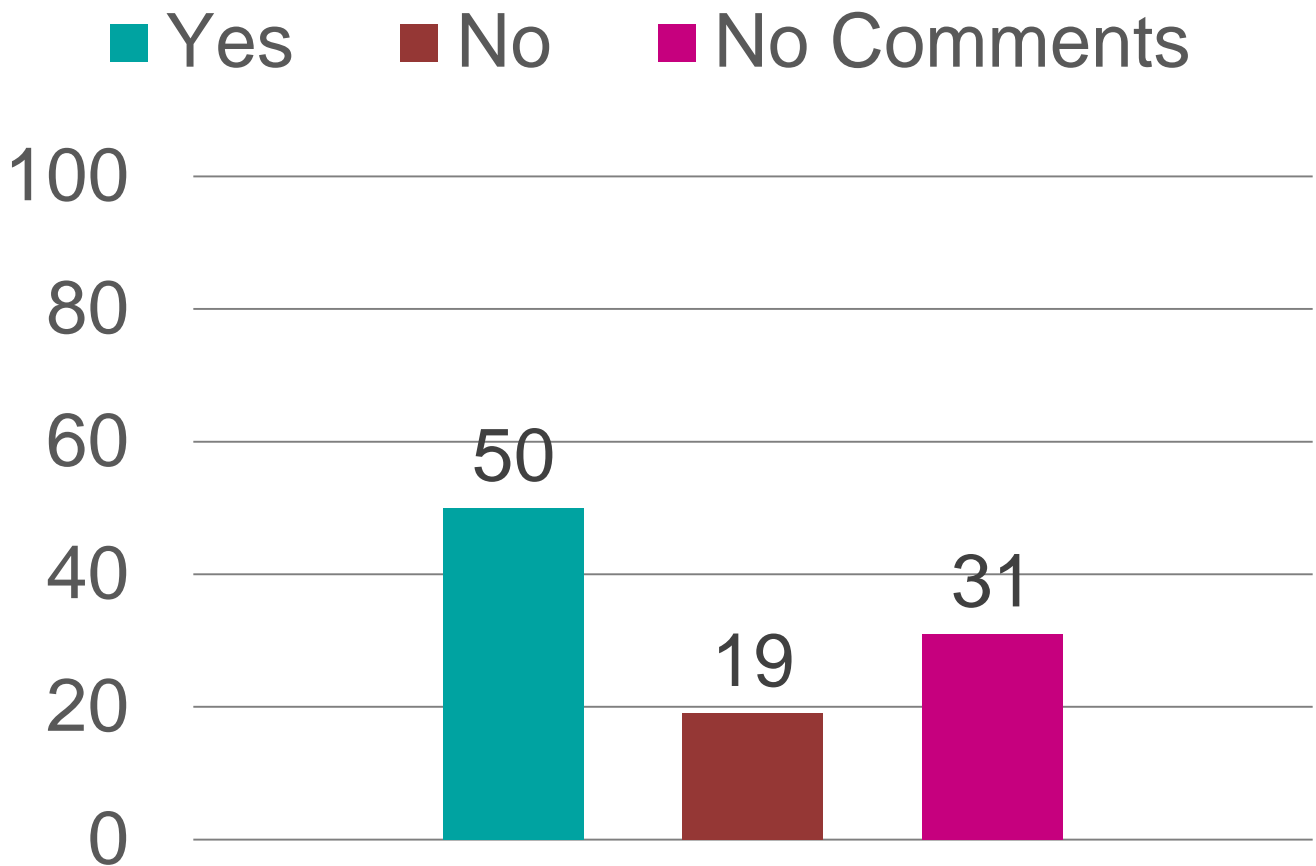
Industry specific Experts and Research consultants need to be appointed and allocated to cases for quicker and better quality assessment orders

# Cost of Compliance

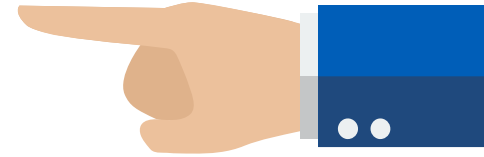
# Cost of Compliance



**In your experience, are the costs of tax compliance for companies in India higher vis-à-vis other countries?**



# Notable Suggestions in Respect of Minimizing Compliance Requirements



Reduction in GST and  
Corporate Tax  
compliances and  
reconciliations

Adoption of best  
practices of other  
countries e.g. prefilled  
income tax returns  
etc.

Simplification and  
digitalization of  
compliances and  
assessment procedures

Settlement  
mechanism in Income  
Tax for resolution of  
long pending disputes

Change in Tax  
Authorities adversarial  
outlook

# Other policy Reforms



# Notable Suggestions in Respect of Broadening of Tax Base



Taxing agricultural income over a certain threshold

Monitoring real estate transactions

Widening of GST taxation base

Simplified and uniform GST and corporate tax laws and compliances

Broaden presumptive taxation laws

Bringing exempted category into the tax base with reasonable taxes, proper guidelines and minimal compliances

# Notable Suggestions in Respect of Macro Policy Formulation


Benefits to indigenous manufacturing

Administrative reforms in Value Added Taxes ('VAT')

Insurance, social security, medical requirements etc. to be provided to high tax payers

Encouraging and incentivizing savings and capital formation

Providing benefits to companies with good Corporate Governance



# Reactions to the Survey!

Indian tax laws are in for significant changes in the near future, ie rationalization of GST rates, introduction of e-invoicing etc. While these may cause short term disruptions, but would be beneficial in the long run

**Rajiv Dimri**  
*Co-Head Tax*  
*KPMG*

Survey indicates that recent lowered tax rates will enable organizations to commit to additional investments into India. Yet it indicates that cost of tax compliance is high & dispute resolution mechanisms are unsatisfactory. Will it lead to economic growth ?

**Rajiv Roy-Chaudhury**  
*Director – Finance & Operations*  
*BAE Systems*

To achieve 5Tr economy, tax has to become facilitator. Government should constitute a high powered think-tank for recommendation on tax administration, incentives to achieve this.

**Anonymous**

Reducing disputes at the AO level will reduce the compliance cost significantly. Unnecessary appeals filed at every level also increases compliance cost. If Govt stops litigating, will hugely reduce the costs.

**Anonymous**



Thank You!