

## Says India probably only country that didn't resort to new taxes to fund recovery

Shrimi Choudhary | New Delhi March 25, 2022 Last Updated at 23:52 IST



Union Finance Minister Nirmala Sitharaman

The Russia-Ukraine conflict is responsible for rising fuel prices because supply chains particularly those of crude oil, have been disrupted, Union Finance Minister Nirmala Sitharaman on Friday said, while replying to the debate on the Finance Bill, 2022. The Lok Sabha cleared the Bill.

She said India was probably the only country that did not resort to new taxes to fund the recovery of the economy hit by the pandemic.

Attributing the rising fuel prices to the global situation, the minister said "it has nothing to do with the election time. If the oil-marketing companies think they are procuring ... at a higher rate, obviously we will have to bear it. And this war's impact is on all countries".

The government has proposed 39 amendments to the Finance Bill. They include changes to the crypto tax regime, penalties, and re-computing income disallowing cess and surcharges. To counter Opposition criticism on high inflation, the minister even recalled a speech by then prime minister Jawaharlal Nehru, who blamed the Korean war for rising inflation in 1951, and then prime minister Indira Gandhi's decision to sharply raise income-tax rates in 1970.

On the government's position on virtual digital assets (VDA) or crypto assets, she said there was no confusing signal. The Centre will state its position after completing the consultation process. Until then "we are taxing it keeping in mind the activities and people creating assets along with tax deducted at source (TDS)", she said.



### On fuel prices

"THE RUSSIA-UKRAINE CONFLICT HAS DISRUPTED THE OIL SUPPLY CHAIN...IF OMCs THINK THEY ARE PROCURING...AT A HIGHER RATE, OBVIOUSLY WE WILL HAVE TO BEAR IT"

### On crypto

"CONSULTATIONS ARE ON. TILL THEN WE ARE TAXING IT KEEPING IN MIND ACTIVITIES HAPPENING IN THE SPACE. TDS IS BEING IMPOSED TO TRACK MONEY TRAIL"

### On taxes

"CORPORATION TAX REDUCTION HELPED ECONOMY, GOVERNMENT, AND COMPANIES...WE HAVE PUT MONEY WHERE THE MULTIPLIER EFFECT WOULD BE MAXIMUM"

On TDS particularly, she said it was not an additional or new tax and was mainly for tracking the money trail. She added TDS-kind of legislative measures had helped in widening the tax base.

"TDS is more for tracking, it's not an additional or new tax. Taxpayers who paid 1 per cent can always reconcile it with his tax liability and accordingly add or deduct ... Because of TDS, the tax base has been widening not just digitally but overall. The number of taxpayers has increased to 9.1 crore (91 million) from 5 crore (50 million) a few years back," she said, adding that the government was taking steps to widen the tax base and the faceless assessment had been received well.

Notably, the cryptocurrency industry has been lobbying to re-examine the decision of levying 30 per cent on crypto assets and also 1 per cent TDS on transactions.

On other key amendments pertaining to the retrospective cess and surcharge, Sitharaman said it was more for explanatory purposes.

"The surcharge and cess have been misused for over some years where people have treated it as business expenditure," she said.

Taxpayers have the option to approach the tax department if they claim deduction. In that case, there

will be no penalty, she said.

The Finance Bill has proposed that the deduction claimed for cess and surcharge will be treated as under-reported income and may attract a penalty at 50 per cent.

On taxes, she said the government had not tinkered with the tax rates. "Instead, it put more money where the multiplier effect would be maximum," the finance minister said while referring to the Budget's focus on raising capital expenditure and infrastructure spending.

The Budget this year raised capex by 35.4 per cent to Rs 7.5 trillion.

On the corporate tax regime, the finance minister said the reduction in corporate tax had "helped the economy, government and companies, and we are seeing progress". She said Rs 7.3 trillion had been collected as corporate tax so far this fiscal year despite the pandemic.

Responding to the concerns expressed by members on imposing customs duty on umbrellas, she said it was done to encourage domestic manufacturing by micro, small and medium enterprises (MSMEs).