

PM MODI TO ROLL OUT SCHEME THAT REWARDS TOP INCOME TAXPAYERS

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Prime Minister Narendra Modi will on Thursday roll out a programme to honour honest taxpayers whom he has thanked in the past for helping the government finance its welfare programmes.

Modi will launch a “platform for transparent taxation—honouring the honest” by videoconference, an initiative that will carry forward direct tax reforms, according to an official statement. The programme will include schemes to honour honest taxpayers, explained a government official.

The Prime Minister has in the past acknowledged the role played by taxpayers on several occasions even as he tried to make tax administration and delivery of benefits more transparent with the idea that taxpayers can have the sense of satisfaction that they have contributed to meeting the needs of the poor.

After his electoral victory in 2019 that gave him a second term in office, Modi said that, according to him, only two castes existed in the 21st century India. One of them was of people who want to come out of poverty and the other those who will lift the poor out of poverty. Modi then said his government’s idea was to empower them both. In June, the PM thanked taxpayers for helping to finance the humanitarian measures taken during the covid-19 pandemic and farmers for helping to fill the granaries.

Last week, Union finance minister Nirmala Sitharaman said the Modi administration’s approach to taxation will be based on trust and respect for the taxpayer and that schemes rolled out with this philosophy will be scaled up. *Mint* reported on 3 June, 2019 that the government was designing an unconventional plan to reward top income taxpayers, which could include an invitation to tea with the finance minister or the prime minister, among other non-monetary incentives. The idea is to make tax collection as painless as possible.

Besides Sitharaman and minister of state (MoS) for finance Anurag Thakur, officials, business representatives and chartered accountants will attend the launch of the scheme on Thursday.

The Modi administration had earlier raised the surcharge on income tax to raise resources and has rationalized the personal income tax structure to give relief to small taxpayers. Last September, the government also lowered the corporate tax rate for businesses not availing any tax incentives and for new manufacturing units.

“The focus of tax reforms has been on reduction in tax rates and on simplification of direct tax laws. Several initiatives have been taken by the Central Board of Direct Taxes for bringing in efficiency and transparency in the functioning of the income tax department,” said the government. The official statement also referred to steps taken to ensure that communications from the department to taxpayers are properly authorized and documented.

This proposal signals an attempt to forge an emotional connect with the stakeholders, corporates and taxpayers who are working toward making India self-reliant in the post-covid-19 world, said Aravind Srivatsan, partner at advisory firm Nangia Andersen LLP. “Tax legislation is riddled with penal provisions against non-compliant and dishonest taxpayers which have amplified over the years. For the first time, an attempt is made to honour honest taxpayers and

this should form part of the government's promise to implement a taxpayer charter," said Srivatsan.

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