

Budget 2017: From GST implementation to tax cuts, industry hopes FM will deliver

F. www.firstpost.com/business/budget-2017-from-gst-implementation-to-tax-cuts-industry-hopes-fm-will-deliver-3241202.html

The budget will be presented at 11 am today. Will there be much-needed sops after the pain of demonetisation? What will Finance Minister Arun Jaitley deliver? Here are the expectations from the various segments of industry:

GST implementation: Freudenberg India, a Germany-based manufacturing company engaged in developing and producing seals, vibration control technology components, filters, nonwovens, release agents and specialty lubricants as well as mechatronic products. Georg Graf, Regional Representative India, Freudenberg Group on Budget, 2017, says that the Indian Economy is in a good shape. Overall, we do see a positive business sentiment."

However Graf believes that there will be no further delay implementing GST. "We hope the budget has something for all stakeholders - Industry, States and the people of India. However, we do observe certain weaknesses such as slow infrastructure development, a low "ease of doing business" rating, existing and accepted corruption - dirty money, high gender / social inequality and unclear laws. Further measures should help improve them within the scope of the budget as well.

Incentivize digital payments: Demonetisation has put digitized payments to the fore and consequently digital payment firms. More and more consumers are opting to swipe their plastic cards and use e-wallets to purchase goods and services. Sashank Rishyasringa, Co-Founder and MD, Capital Float wants the budget to have proposals that will incentivize digital payments and provide for enabling infrastructure. "This will encourage SMEs to adopt digital finance channels and become a part of the formal financing ecosystem. On the tax front, the expectation is the government reduce personal income tax and corporate tax rates by revising the tax slabs. By revisiting corporate tax slabs, there is less incentive for tax evasion, and this will push the economy towards digital money."

Budget 2017 is widely expected to encourage digital payments and universal access to financial services. "It's important for our country to create a robust infrastructure to offer high-speed, reliable Internet access to one and all. Improving access to digital services with tax rebates on the production of affordable smartphones and offering subsidized data will also go a long way in democratizing India's payments sector. We need to focus on digital money to stay digital, by strongly encouraging digital payments of all forms, as compared to ATM machines. Waiving off transaction fees for low-ticket purchases and increased access to credit would also help bring millions of unbanked and under-banked individuals into the folds of the mainstream economy," says Madhur Deora, Chief Financial Officer, Paytm.

Real estate wants 12 percent tax slab: The GST rates have been finalized and the slabs fixed at 5 percent, 12 percent, 18 percent and 28 percent. The real estate sector is curious to know which tax rate will be applicable for it. Surendra Hiranandani, Chairman & Managing Director, House of Hiranandani, hopes a 12 percent slab will be applicable as it will "reduce the cost of apartments and increase affordability for end users". This, he feels will help developers and also impact sales. A higher rate of 18 percent is expected to increase the cost of homes, especially in under construction projects, unless there is clarity provided on the composition scheme (abatement of cost of land), VAT charges if they have been paid by developers for under construction properties), he said.

Increase spending in Digital India: The government needs to significantly increase spending in their vision for Digital India and Education. The impact of demonetization on the economy will be long lasting if it's not now bolstered with an Indian equivalent of quantitative easing similar to what the US and western economies did after the 2008 banking collapse, says Suneet Singh Tuli founder and CEO, DataWind Inc.

Boost consumer spend: Demonetisation has affected consumer sentiment with some withholding of purchase decision specially in the discretionary category. We expect the Government to give a boost to the consumer sentiment by lowering taxes and giving tax breaks for buying affordable houses, says Abhijit Roy, MD & CEO of Berger Paints.

Startups expectations: The three reforms, that many small and medium businesses, and start-ups would be expecting from the government are, rapid implementation, and roll out of GST, unemployment experienced due to demonetization needs to catered to, and the government needs to invest in large infrastructure in projects such as the Sagar-mala (a necklace of ports, surrounding India), and a massive increase in road building target to 50km, per day and, recognizing a much more inclusive, and tax paying nation, the Corporate Tax rate needs to come down to a more reasonable 25 percent, says Yashovardhan Gupta, Torero Corporation.

A stronger push towards the entrepreneurial ecosystem from the budget is being expected. "While last year, the

Government supported our cause with the Startup India, Standup India initiative, amongst Make in India and Digital India, we need to now tread on the uncovered grounds, said Atul Rai, CEO and Co-Founder, Staqu - an artificial intelligence-focused startup. "Startups continue to invest their time and effort into sorting several tax-related and regulatory issues, which makes the operations further cumbersome and challenging. By extending the tax-free regiment to 5 years and taxing ESOP (Employee Stock Ownership) at the times of sale, would really give a boost to the startup environment today. Since R&D happens to be a crucial part of our operations I expect government should also consider tax relaxation to those startups which are collaborating with academic institutions for R&D related purposes as it will not only improve the country's ranking in "global innovation index" but will also produce world-class researchers and companies in India. "



Union Finance Minister Arun Jaitley

Atul Rai, CEO and Co-Founder, Staqu says tht he is expecting a stronger push towards the entrepreneurial ecosystem from the budget this year. "While last year, the Government of India supported our cause with the Startup India, Standup India initiative, amongst Make in India and Digital India, we need to now tread on the uncovered grounds. Startups continue to invest their time and effort into sorting several tax-related and regulatory issues, which makes the operations further cumbersome and challenging. By extending the tax-free regiment to 5 years and taxing ESOP (Employee Stock Ownership) at the times of sale, would really give a boost to the startup environment today. Since R&D happens to be a crucial part of our operations I expect government should also consider tax relaxation to those startups which are collaborating with academic institutions for RnD related purposes as it will not only improve the country's ranking in "global innovation index" but will also produce world-class researchers and companies in India. OEMs further make up for a crucial leg of our operations. Hence, I expect a reduction in the bureaucratic formalities and tedious procedures for manufacturers. The government should consider streamlining the current processes, in order to let OEMs focus on further disrupting the status quo and bringing newer innovation in the mainstream foray!"

Fintech firms: Shailaz Nag, COO, PayU India expects the "availability of enough funds dedicated to imparting and increasing knowledge and creating awareness amongst Indian users, both merchants and consumers, on how to pay and accept payments digitally."

The Union Budget 2017 is widely expected to encourage digital payments and universal access to financial services. "It's important for our country to create a robust infrastructure to offer high-speed, reliable Internet access to one and all. Improving access to digital services with tax rebates on the production of affordable smartphones and offering subsidized data will also go a long way in democratizing India's payments sector. We need to focus on digital money to stay digital, by strongly encouraging digital payments of all forms, as compared to ATM machines. Waiving off transaction fees for low-ticket purchases and increased access to credit would also help bring millions of unbanked and under-banked individuals into the folds of the mainstream economy," says Madhur Deora, Chief Financial Officer, Paytm

"There is widespread expectation that the Budget will usher in welcome changes in personal income tax, as well as corporate tax, and that there will be an easing of the tax rates on all income slabs. We will also probably see incentives that encourage greater adoption of digital payments and a move towards a cashless, or at least less-cash, economy. The NDA governments's attention to the rural economy will continue with more rural and farmer-friendly development schemes," Ranjit Punja, CEO & Co-founder, CreditMantri

"There is expectation towards various kind of exemptions on taxes like the exemption under the minimum alternate tax for startups, tax concessions for the ESOPs, unlisted securities and convertible instruments. Post demonetization, we have witnessed growing traction for technology startups, the government should also recognize their contribution in the digital economy vision of India by considering extra incentives/concessions," says Manavjeet Singh, CEO & Founder, Rubique

"This is going to be a very tough balancing act for government. So far middle class has been at the receiving end. Be it demonetisation, fuel prices, various cess and taxes. This segment has been expecting Direct (Income Tax) slab reduction from the last two budgets. They also make some equity and real estate investments, which has received the brunt of executive decisions. Naturally, they are awaiting much needed break in tax slabs. On the other hand, there is widespread misery in agrarian community. The SME sector is struggling to stay afloat as bank credit is at its lowest. And do not forget this is going to be the last budget sans election fervour. So, a very crucial one to watch out for. From sectoral point of view, we wish that tax on services (even under GST) to remain at 14% level, and additions cess and levies should be removed," Satyam Kumar, CEO, Loantap,

Goal of healthy India: A goal of Healthy India would be achieved if the budget increases the limit of preventive health check exemption from the current limit of Rs. 5000. "Looking at the burden of the increasing chronic disease incidence, the government should provide additional limits to the people suffering from chronic diseases and include the additional expenses on Chronic Disease Management. The government should provide additional deductions to the company's spending money on the health and wellness of their employees. Preventive Health Check and Wellness plans sold online by wellness companies should also be exempted from Service Tax/GST. Currently only diagnostic labs and hospitals are exempt from ST," says Rajesh Mundra, Founder & CEO, Truworth Wellness.

The Healthcare sector is the 5th largest employer and a neglected GDP driver. Vishal Bali, Chairman and Co-founder, Medwell Ventures, says, "Public spending on healthcare needs to be scaled up from the current 1.04 percent of GDP to 2.5 percent of GDP for India to reach closer to the healthcare spend of other emerging economies. Budget 2017 should demonstrate that path and the finance minister should increase healthcare spend to at least 1.5 percent of GDP. In order to accelerate the much needed capex spend on healthcare infrastructure it is time the government granted Infrastructure status to the sector. A key focus of the healthcare agenda for 2017 has to be an intense roll out of preventive healthcare and a dogmatic approach to reduction of vector borne diseases. The future of healthcare in India is also dependent on the innovation and disruption by its healthcare start up ecosystem to produce affordable medical technologies and services. Tax reforms to support the growth and sustainability for this ecosystem should be a key push area in this budget. In a year where the Finance Minister has to meet many global and national challenges, healthcare has to be a priority on his radar.

Digital healthcare in India is growing at a significant rate, and with higher penetration of internet services and

availability of smartphones in rural areas, health services can be made more democratic and accessible, said Ravi Virmani, MD & Founder, CrediHealth. "Development of digital healthcare focused towards rural India will help bridge the gap between urban and rural areas in terms of availability of health care services for the masses. Current digital India project is too bureaucratic for young firms to reap the benefits. The government must recognise this need and allow companies the right environment and incentives to invest in the rural health care sector. The Union Budget 2017 must allocate more money to the healthcare sector, that is in dire need of funds to improve its infrastructure and skill sets and to increase capacity. There are leakages of allocated funds at all levels. It is important to link initiatives like Digital India to bring in more transparency in the allocation of funds and its expenditure by Government hospitals and medical officers," said Virmani

[Union Budget 2017 LIVE](#)