



## INPUTS ON RECENT FM'S ANNOUNCEMENT OF CORPORATE TAX REDUCTION



**Mr. Deepak Kapoor, Former President, CREDAI - Western UP & Director, Gulshan Homz**



"Slowdown in economy has been affecting every sector and industry and it is wrong to point finger at any one reason. In this grim scenario and in fact even earlier also the government is constantly taking steps that will cleanse the system and make economy run smoothly. Hurdles do come up when you overhaul the system but long term effects will be good. Latest announcement by FM regarding reduction of corporate tax is one such masterstroke that indicates towards the seriousness of the government to bring the economy back on track and provide boost for faster growth."

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**Mr. Pradeep Aggarwal, Co-Founder & Chairman Signature Global**



"The announcement made by FM today is really commendable. Corporate tax reduction is a big step for corporate sector. The corporate sector was struggling with various issues since a long time but this remarkable decision has definitely come up as a big relief. For Real Estate Sector the biggest challenge is liquidity crunch and single window clearance which Government needs to look at and with such recent decisions, we are optimistic for it too."

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**Mr. Rakesh Reddy, Director, Aparna Constructions & Estates Pvt. Ltd.**



"Amid growing concerns over the economic slowdown, the government announced a wide array of tax exemptions to promote investment and growth. The proposal to slash the corporate tax for domestic companies and new domestic manufacturing companies is a major fiscal booster. These tax concessions will encourage investments, bolster the Make in India Initiative, boost employment and invariably improve economic activity, thus leading to more revenue overall. In effect, the corporate tax rate will be 22% for domestic companies, if they do not avail any incentives or concession. Domestic companies who adopt this tax rate will also not have to pay minimum alternative tax (MAT).

Furthermore, new domestic manufacturing companies incorporated after October 1, can pay income tax at a rate of 15% without any incentives. To stabilise flow of funds into the market, the enhanced surcharge announced in Budget 2019 will not be levied on capital gains arising from the sale of equity shares or any security, including derivatives by foreign portfolio investors. In order to maintain liquidity and boost spending ahead of the festive season, the government has also urged banks to increase

lending to small businesses and retail borrowers. The overall revenue foregone due to reduction in corporate tax and other relief measures will be Rs 1.45 lakh crore annually. While this tax rebate may impose cuts on government spending due to lower tax collections and have a significant impact on the fiscal deficit, the relief measures are expected to ignite economic growth, which is currently at a six-year."