

## **Govt likely to introduce lottery system to boost GST compliance soon**

Dilasha Seth | Last Updated at February 5, 2020 02:19 IST

Interim chairman of the Central Board of Indirect Taxes (CBIC) John Joseph said the government is working on a lottery scheme for goods and services (GST) taxpayers, where the winning amount may range from Rs.10 lakh to Rs.1 crore.

This is being done to improve compliance and boost collections that have been lagging in the current fiscal year on account of the economic slowdown and fake invoices.

“Every GST bill of a taxpayer will be a price winning lottery ticket,” said Joseph.

The lottery scheme will be on the lines of what the Delhi government had under the value-added tax (VAT) regime for consumers, said the official. The Delhi government had introduced the ‘Bill Banao, Inaam Pao’ scheme in 2015 during the VAT regime.

According to the scheme, a customer was eligible for a prize of five times the taxable value subject to a cap of Rs.50,000, if he made a purchase from a registered dealer. About Rs.5.65 lakh of reward amount was distributed to customers who participated in the scheme.

Meanwhile, during a post-Budget interaction with industry, Central Board of Direct Taxes (CBDT) chairman PC Mody on Tuesday said that unlike corporates, individual taxpayers will have the flexibility to switch between the new and old income tax rates on a year-to-year basis.

He added that the government wants to phase out all exemptions and deductions that a taxpayer gets in a staggered manner.

Propagating benefits of the new tax regime unveiled by finance minister Nirmala Sitharaman on Saturday, Mody said even the salaried class will benefit from the option of the lower tax regime. This is in lieu of exemptions and deductions and it was time to relook at the entire system.

“Taxpayers will be able to switch between the old and new personal income tax rates on year-to-year basis. The tax structure has been made simple. I think time has come for a relook at the entire system. The younger people, who have not got used to the deductions and exemptions, will find it attractive to go for a lower rate,” Mody said at an Assocham event.

The option to switch between the two rate regimes is available only to the individual and Hindu undivided family (HUF) categories that do not have a business income.

The Budget memorandum has specified that those having a business income will not be allowed to revert to the old regime, once they have switched to a lower tax regime.

## **Making Corporate India Comply**

Sandeep Sehgal, director, tax & regulatory, Ashok Maheshwary & Associates LLP, said the option to switch from the old to new regime and vice versa may not be beneficial for majority of middle-class taxpayers. This is because they would be claiming deductions and exemptions for recurring investments/expenses like health and life insurances, tuition fee for their children, home loan and house rent allowance, among others.

“However, this option would serve millennials well as they may not be committed initially to these expenditures and are in a better position to evaluate from year to year which particular slab would save them more tax,” he added.

According to the proposal, 70 tax exemptions will be removed and income between Rs.5 lakh and Rs 7.5 lakh will be taxed at 10 per cent down from the current 20 per cent.

Moreover, income between Rs.7.5 lakh and Rs.10 lakh will be taxed at 15 per cent, down from the current 20 per cent, and income between Rs.10 lakh and Rs.12.5 lakh will be taxed at 20 per cent, down from the current 30 per cent.

Income between Rs.12.5 lakh and Rs.15 lakh will be taxed at 25 per cent against 30 per cent now. Incomes above Rs.15 lakh in a financial year will continue to be taxed at 30 per cent.

Sitharaman had, in September, announced a tax rate cut to 22 per cent from 25-30 per cent for companies that do not avail any exemptions. But corporates availing the low tax regime cannot revert to the old regime with exemptions.