

## **PRESS RELEASE**

### **Top economists and taxation experts at SKOCH India Economic Forum reached to a consensus that GST based bill discounting backed by government guarantee fund can provide immediate relief to MSMEs**

**New Delhi; 29.11.19:** Top economists and taxation experts of India today reached to a consensus that GST based bill discounting backed by government guarantee fund can provide immediate relief to MSMEs struggling with credit issues. In its endeavor to further improvise and set new direction for tax reforms, top experts at SKOCH India Economic Forum today discussed immediate measures required to counter slow down and create a complete portfolio of tax reforms in India. SKOCH Group (India's topmost think-tank) organized the nation's first of its kind economic dialogue to discuss, debate and recommend to the government on achieving short-term to medium-term growth goals.

Addressing the immediate measures required to take tax reforms to the next level, **Sameer Kochhar, Chairman, SKOCH Group** said, "I am glad that leading taxation experts at India Economic Forum has today reached a consensus that GST based bill discounting backed by government guarantee fund can provide immediate relief to MSMEs. Credit to MSME is a huge problem and the biggest roadblock in the success story of our promising MSME sector. GST payer cannot be penalized for his/her customer not paying the taxes. GST chain is broken and we need quick reforms in this direction. I am hopeful that some will happen through GST council and some in the budget. Few steps such as moving DDT to shareholders, abolishing capital gains, rationalizing GST and creating GST refund wallet can be of great help in completing tax reforms."

Highlighting Tax abuse by MNC's as key reason behind low tax GDP ratio, **M Govinda Rao, Member, 14th Finance Commission** said, "In most countries, GST has turned out to be a money machine, that hasn't been the case here. There is a number of factors responsible for the low tax GDP ratio. One of them is Tax abuse by MNC's. It is more worrisome due to the lack of transparency in their transactions and their access to data. It has transformed the conventional method of transactions"

Responding to the slow growth, the government announced cuts in corporate taxes and the taxes for new manufacturing companies. This path-breaking reform will boost corporate profitability and improve the sentiment, which is a necessary condition for reversing the economic slowdown. After the cuts, the Indian tax rate is now competitive with other economies including Vietnam, Singapore, Thailand and China. The timing of the move is excellent, given that many companies are looking to relocate their manufacturing base out of China in the wake of rising US-China trade tensions. The move can act as a big catalyst to attract fresh investments from foreign and domestic players over the medium term. The panel at SKOCH India Economic Forum addressed some of the key issues such as immediate corrections



needed in the GST rates and collection system, GSTN based bill discounting for better availability of credit, can digital MNCs be taxed more efficiently in India, OECD model an option, etc.

“We are a country that produces data, we need our share of profits. Data is being given in exchange for service”, said **Dr. Ravi Kant Gupta, Author and Additional Commissioner of Income Tax, HQ Administration, New Delhi.**

M Govinda Rao, Former Member, 14th Finance Commission, Former Director, NIPFP, Arun Goyal, Former Secretary, Government of India, Ved Kumar Jain, Chairman, Ved Jain, and Associates, Anil Sharma, Founder, A.Sharma and Co., Sharad Sharma, Co-Founder, iSpirt Foundation, Dr. Suranjali Tandon, Assistant Professor, NIPFP, Dr. Ravi Kant Gupta, Author and Additional Commissioner of Income Tax, HQ Administration, New Delhi, Sameer Kochhar, Chairman, SKOCH Group participated in the discussions on completing tax reforms.

## **Notes to the Editor:**

### **About SKOCH Group**

SKOCH Group is India's topmost think-tank for socio-economic issues with a focus on inclusive growth since 1997. Its research is accepted across political spectrum and is used for parliamentary replies as well as policy formulation. SKOCH Group specializes in action research that brings felt-need of the grassroots to the policy table. It has published seven books thus far that are valued as recommended reading. The repertoire of services includes field interventions, consultancy, research reports, impact assessments, policy briefs, books, journals, workshops and conferences. SKOCH Group has instituted India's highest independent civilian honours in the field of governance, finance, technology, economics and social sector.

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