

Chelliah panel report flayed

NEW DELHI, Sept 19 (UNI) — Professor J.D. Agarwal of the Indian Institute of Finance on Saturday criticised recommendations of the Chelliah Committee on tax reforms.

In a Press statement issued here on Saturday Dr Agarwal stated that the committee's report on corporate taxes was not practical.

He said the recommendations if accepted by the Government would result in revenue loss to the Government. The committee has not given effect to its recommendations on the revenue position of Central and state governments. He said the corporate tax relief should be passed on to the consumers. The report made no mention of savings, investment pattern and employment potential, Dr Agarwal added.

Dr Agarwal said that the committee made no recommendation to control the evasion and avoidance of taxes by the companies. However, the committee's suggestion to remove the surcharge on corporate income was welcome. Surcharge should be used only as a temporary measure.

The committee's recommendation to remove most of the tax incentives lacks vision." The committee's suggestion to abolish interest tax was not appropriate as it would result in a loss of Rs 535 crore to the national exchequer.

There was no justification of sparing banks and the financial institutions from the tax.

The committee's suggestion on agricultural income was beyond implementation, Dr Agarwal felt.