

COUNTDOWN TO BUDGET

Stakeholders weigh in on the areas that need redressal in the Union Budget next week

'Remove red tape in logistics sector'

The cost of logistics in our country at 13% of GDP is higher than 9 to 10 per cent in developed nations. A major factor for this is the high turnaround time for goods at different points. We believe the need of the hour is to reduce these costs and improve efficiency. To achieve this, the government must come up with the following measures for third-party logistics (3PL) companies:

■ The Transportation Revenue is subject to TDS @ 2%. This puts pressure on cash flow as TDS today is far more than tax liability. Though there is a provision for reduced rate of tax, it takes lot of time asking for it. Every year, 3PL companies file its ROI with huge tax refund eligibility.

■ GST regulations – Per current provisions, there is an option for a transporter to either pay GST under Reverse Charge Mecha-

nism (RCM) under which ultimate recipient of services pay the applicable GST, or under Forward Charge Mechanism (FCM). Using FCM would be an advantage for the service provider (as it entitles it to claim the input tax credit for all the inputs), but it requires that if it is adopted, it needs to be adopted for all its customers. This need to be made customer specific, as it is not necessary for all customer to agree/not agree for FCM. This puts lot of difficulties for a transporter to align with its customers.

■ Proposed implementation of e-way bills need to have compulsory closing mechanism from the consignee on delivery of goods at the destination. This will do away with the requirement of paper acknowledgment of delivery of goods and will reduce huge administrative burden of the transport service providers.



Pirojshaw Sarkari
CEO, Mahindra Logistics

Voice on the street

DTNext gets talking to citizens and finds what he/she expects from the Union Budget to be presented on February 1

■ With elections on the anvil, I really hope it is not a 'Populist' budget. That said, being a salaried middle class woman, if all the troubles we endured during the note ban transcends to bringing all the money hoarders into the tax network and results in easing the individual tax rates, I will forgive this govt. The



salaried class is the most tax compliant and the least benefitted and also shoulders the tax burden of the other non compliant class. I expect an increase in tax benefit on medical reimbursement, in tax benefit under small savings, uniform tax rate, higher benefit on home loan interest. Is a completely different tax structure for salaried employees not feasible?

— **Visalakshi S Raman**,
Finance Professional at an MNC