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THE BUDGET LACKS A GLOBAL MINDSET. NOW that Indian firms are going global, the FM should have provided for global tax consolidation and participation exemptions as prevalent in Holland and other EU countries. I wish he had encouraged the setting up of regional HQs, trading firms and AMCs in India. Also, he should have focussed on putting in place the longawaited mechanism for advance pricing. He could have also made available advance rulings to companies going global. The FM has mitigated the cascading effect of dividend distribution tax only for single tier parent-subsidiary structures. Foreign firms prefer multi-tier units for risk management and, therefore, would prefer a complete pass through for tax purposes, especially for DDT. Short-term capital gains tax has been hiked to 15%. This means foreign investors are vulnerable to budgetary changes. There are no tax exemptions to Indian firms going in for overseas M&As. Further, tax laws for expatriates employed by Indian companies are ambiguous. The Budget does not address issues faced by Indian residents on international M&As. While mergers of Indian firms are tax-exempt, notional gains arising on the merger of foreign companies are taxable in the hands of Indian shareholders.