

'Refer DTC Bill to experts or law panel'

Our Bureau

Mumbai, Jan 4:

The Direct Tax Code (DTC) Bill must be referred to an independent panel of experts or law commission, said Mr Nishith Desai, Senior Advocate and member of a global think-tank, at Mumbai today.

Criticising it as a badly drafted law, he pointed out that the ambiguity deterred foreign investors.

Foreign direct investment (FDI) was down 31 per cent last year, he said.

While the jury is still not out on whether the new Direct Tax Code would roll out in the next fiscal, this committee of experts has made a number of recommendations to the Parliamentary Standing Committee.

These include statutory incorporation of a charter of taxpayer's rights in the DTC.

These rights comprise enforcement of tax laws in a fair, equitable and non-arbitrary manner, non-retroactive imposition of taxes, certainty and stability in tax laws, guarantee against double taxation and good faith interpretation and enforcement of tax treaty provisions.

Mr Desai said: "The Direct Tax Code is a distorted piece of legislation as recommendations from academicians, policy makers, jurists have not been incorporated in the Bill.

"If we want a new modern Income Tax Act to replace the present Income Tax Act, 1961, we need to refer it to the Law Commission of India and get independent expert opinion."

Coming down heavily on the haste in the enactment, he added that a consultative process was followed from around 1956 onwards culminating in the present Act in 1961.

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