



#GTONBudget

# Pre-budget expectation survey

Consumer and Retail sector

## Executive summary

The consumer and retail sector showed tremendous signs of recovery in 2021. However, with the sudden spurt in COVID-19 cases, concern has risen with regards to the growth momentum of this industry. Budget 2022 holds great hope and significance for a complete revival of the sector.

The sector is hopeful for the Budget to bring in more effective ways to ease the compliance mechanism under the Goods and Services Tax (GST) regime, as well as spearhead the formulation and implementation of a National Retail Policy. Additionally, looking at the success of the Production Linked Incentive (PLI) schemes, government should consider rolling it out to new sectors, such as toy manufacturing, footwear, as well as personal care and cosmetics.



**50%**

want Income-tax special exemptions and deductions for enhanced spending



**36%**

want to remove the overlap of TDS/TCS provisions under Section 194Q and Section 206C(1H)

# About the **SUR** **EY**

What does the upcoming budget mean for India Inc? What kind of expectations do individuals/corporate taxpayers have from the finance minister?

To gauge the market sentiments and better understand the expectations from the Union Budget 2022, Grant Thornton Bharat conducted a series of surveys across sectors. More than 1,000 respondents participated in these surveys, across digital platforms.

## Key highlights

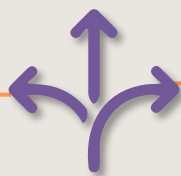
**37%**

Personal care and cosmetics to come under PLI



**54%**

More skill development in medium and small enterprises (MSMEs)



**41%**

Rationalisation of basic customs duties for Aatmanirbhar Bharat



**49%**

Input tax credit requires further clarity



## Expert's take



**Naveen Malpani**

Partner and Consumer Sector Leader,  
Grant Thornton Bharat

“The consumer and retail sector is hoping for the implementation of a National Retail Policy and an efficient tax refund process to prevent credit blockage.

With the right government support, private sector players are willing to invest more in building efficient supply chain infrastructure, as well as technology innovation to improve global competitiveness.”

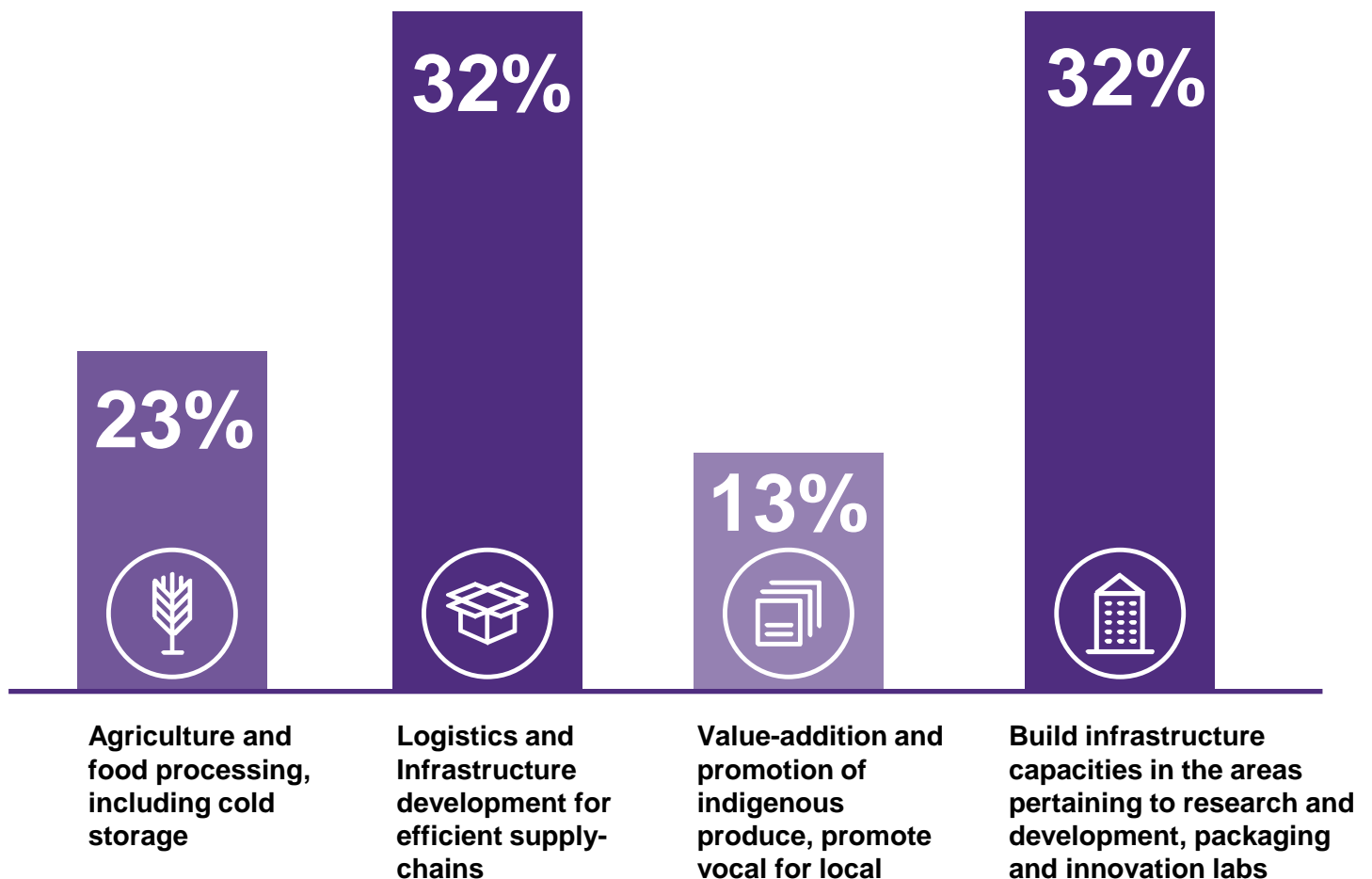
# Survey findings



From participation of the private sector, incentives for MSMEs to Income-tax policy changes, through this survey, Grant Thornton Bharat aims to understand key **expectations from the upcoming Budget 2022.**

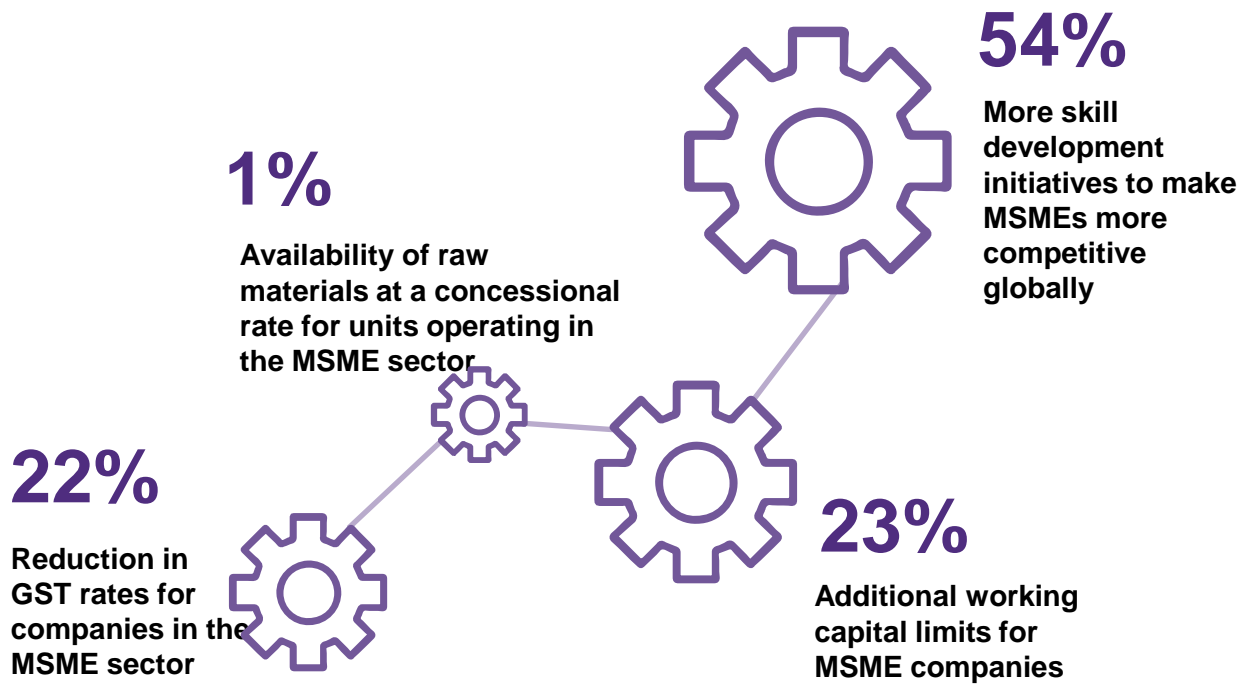
01

What are the key areas where the government should get the private sector to participate in consumer and retail segment to make it more globally competitive?



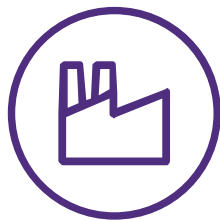
02

MSMEs are critical for success of consumer and retail sector. To make them successful, what is the key incentive that the government should work on?



03

What is the most important issue to address in order to promote growth in domestic manufacturing of retail and fast-moving consumer goods (FMCG) products with the broad agenda of Aatmanirbhar Bharat?



41%

Rationalisation of basic customs duties on certain imports after taking into consideration the Foreign Trade Agreement (FTA) benefits, for the benefit of domestic manufactures and special economic zones (SEZ) units



19%

Capital incentives to be provided to promote 'Make in India'



30%

Implementation of the National Retail Policy to strengthen and boost the retail ecosystem and facilitate ease of doing business

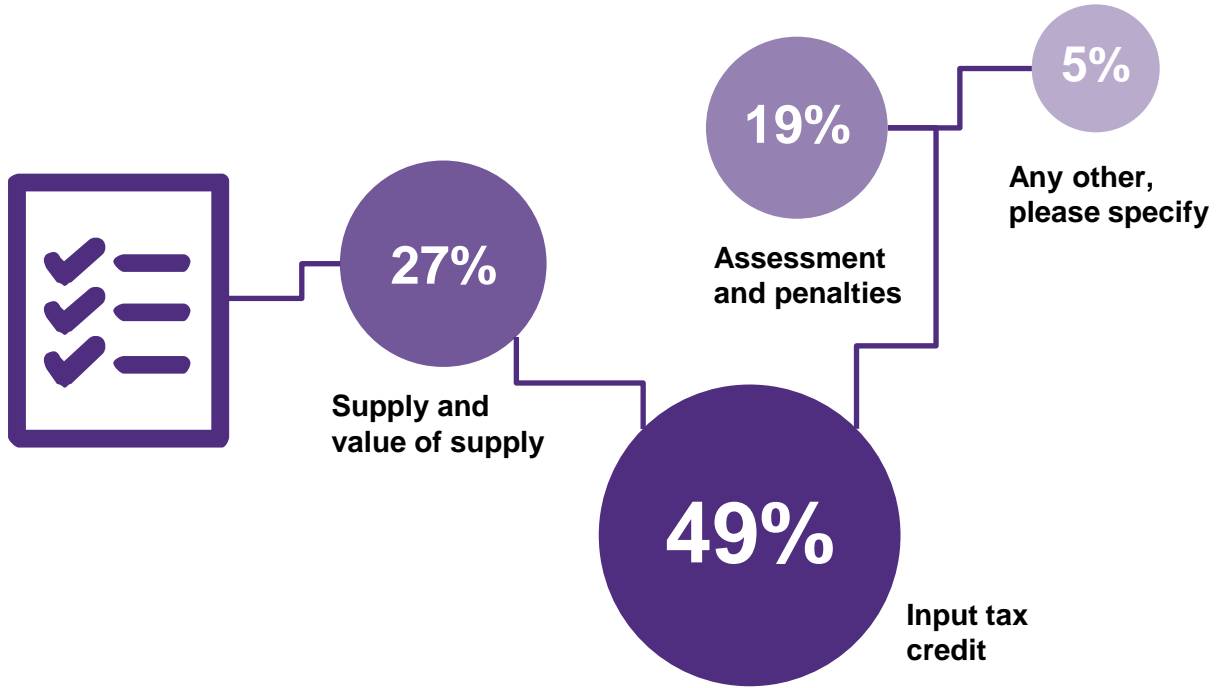


10%

More investor-friendly regime to attract foreign direct investment (FDI)

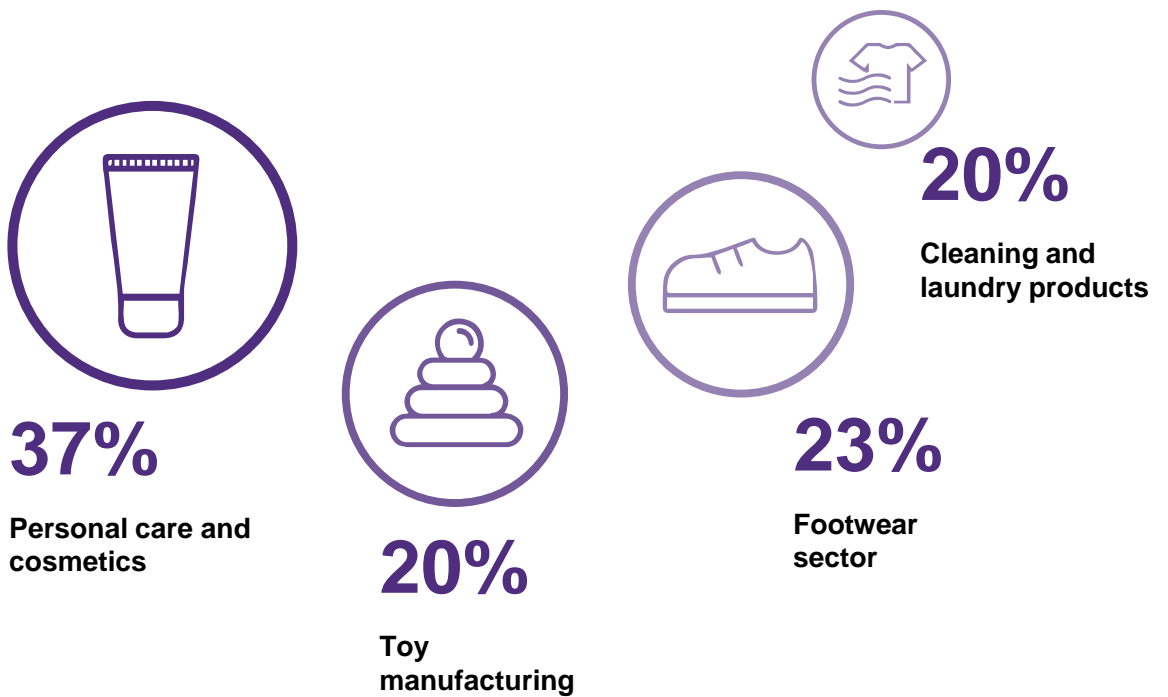
04

Which aspect of GST law requires an overhaul or amendment, or further clarity?



05

Looking at the success of the PLI schemes, which are the additional areas that the government should consider from an additional sector coverage perspective?





06

What is the most important income tax policy change that you would like to see in this budget?



27%

Introduction of the concept of group taxation: The financials of companies (within India) under the same group should be consolidated for the purpose of income tax



27%

Do away with the definition of 'Industrial Undertaking' that limits the carry forward of losses u/s 72A, so that all mergers, including those in the trading/retail sector are eligible for carry-forward of losses and unabsorbed depreciation



10%

Reduce tax deducted at source (TDS) and tax collected at source (TCS) rates from 1% to 0.1% for sale of goods and services



36%

Remove overlap of TDS and TCS provisions under Section 194Q and Section 206C(1H)), as this has resulted in both buyers and sellers requiring assessing the applicability of TDS/TCS

07

Which aspects of Equalisation Levy (EL) require clarity/amendment or an overhaul?



40%

Definition of terms 'online sale of goods,' 'provision of services,' 'target,' 'commission,' etc.



19%

Clarity on the levy on contracts concluded over emails, telephone, etc.



41%

Clarity on the levy on commission earned by the e-commerce operator or on the entire consideration received

# 08

## What measures can the government take to increase the propensity to spend?



**10%**

Additional deduction under Section 80c must be made available to individuals/high net-worth Indians

**10%**

Increasing the limit of levy of surcharge on individuals

**30%**

Enhancement of standard deduction under Section 16 based on cost inflation index

**50%**

Grant income tax special exemptions, allowances or deductions to salaried persons/employees enhancing their spending capacities

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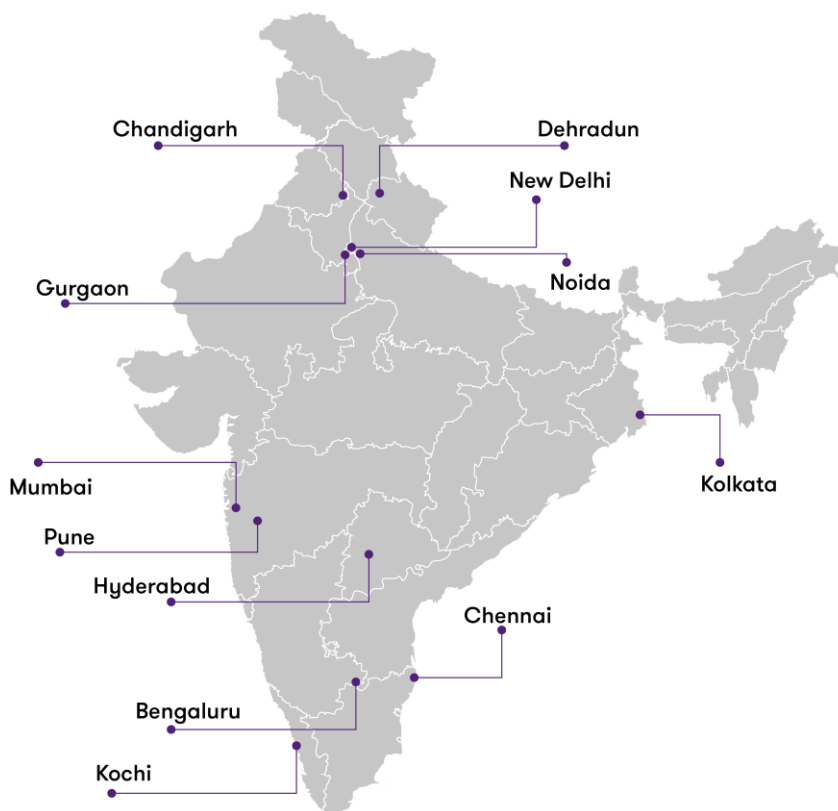
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