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# Union Budget Expectations 2023

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**Vivek Bansal, Group CFO, InCred** said, “Budget has now become more a vision statement to assess the direction with policy actions being taken regularly by the government and not just in budget announcements. We believe the vision statement should focus on job creation through targeted incentive schemes, encourage higher levels of capital flows to the financial services sector and simplify the personal tax structure.”

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Job creation is the single most critical item for sustainable growth over a longer tenor. The targeted incentive scheme should focus on incremental capex by private players resulting in a higher level of job creation. This will result in higher growth without impacting government revenues.

To encourage higher levels of ECB flows to the NBFC sector, the government can look at exemption in withholding tax for registered financial institutions. This will ensure higher pool of capital flows to the financial services sector which will aid in economic growth.

We believe it's time to simplify and rationalise personal income tax on the lines of corporate income tax. A single rate akin to corporate income tax rate with a deduction threshold to take care of low income salaried people. The deduction threshold should be linked with inflation and accordingly increase every year. The single rate will significantly increase compliance all round without really impacting revenues. It is also time to tax agricultural income albeit with a higher level of deduction threshold (say 3x of the salaried threshold given the seasonality of their business). This will ensure everyone comes in the tax net and there is wider tax coverage.”

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