

NBFCs' body calls for parity with banks on tax issues

KR Srivats

New Delhi, January 17:

The Finance Industry Development Council (FIDC) has urged the Centre to bring NBFCs in sync with banks on the aspect of tax matters.

Just as the revised regulatory framework for NBFCs brings parity with banks, there is a need to bring parity on tax matters too, FIDC submitted in its recent pre-budget interaction with Finance Minister Arun Jaitley.

“We highlighted to the Finance Minister the tax issues that are gravely affecting the ease of doing business for NBFCs,” Raman Aggarwal, Chairman of FIDC, told *BusinessLine*. NBFCs are suffering from a distinct negative bias on tax issues, in spite of indulging in similar activities to banks, according to FIDC.

Aggarwal said FIDC has made representations around tax issues, specially pertaining to tax deduction at source, income recognition on NPAs, and dual taxation on lease/hire purchase. In the case of NBFCs, the current legal framework does not allow deduction on the provision made for non-performing assets. However, banks are permitted the same.

This has put NBFCs at a disadvantage. FIDC is a self regulatory body representing asset financing non-banking finance companies (NBFC).

(This article was published in the Business Line print edition dated January 18, 2016)

MORE FROM BUSINESS LINE

[Ahead of merger, State Bank clears VRS for staff of associate banks](#)

[Trump's comment: Software industry bitten again by visa issue bug](#)

[Satyam Bansal exits Flipkart](#)