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ESOPs should be excluded from FBT

For the employees to reap the benefits of their contribution

Wednesday, February 20, 2008

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ESOPs should be excluded from FBT

BANGALORE, INDIA: "The FBT imposed on the ESOPs considerably impacts its attractiveness as an instrument to attract and retain talent in SMEs.

For the employees to reap the benefits of their contribution, ESOPs should be excluded from FBT.

Also, export-oriented units should be allowed to pay their employees in US dollars to mitigate foreign currency risks.

Further, tax /capital incentives be provided to small and mid cap companies to expand base in class B (Tier II) cities to provide the right fillip to the growth efforts".

(Bhaskar Panigrahi is the Chairman and Chief Executive Officer, Cambridge Technology Enterprises)

Extend STPI scheme

Given the current state of maturity of the Indian IT Industry and the market scenario we operate on, as an industry spokesperson there are two key points I would like to see in the new budget:

Rationalization of fringe benefit tax and its removal with reference to various business expenses that it currently covers.

Extension of the STPI scheme beyond 2009 - STPI Scheme has proven to be a big success and a major contributor to the growth of Indian economy.

The tax holiday breaks have helped nurture/support the industry and the growth has helped spread wealth and employment. The extension of tax holidays for STPI units beyond 2009 will help them come at par with those available to the SEZ units.

This will help sustain growth to the sector already reeling under the impact of strengthened rupee and slowing global growth. We are at a critical juncture, facing intense competition from other countries and our spiraling costs. Unless these issues are taken care of, it can be detrimental to us in the global market.

(Jawahar Bekay, Chief Strategy Officer, and Managing Director, Collabera)

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