

India eases tax burden for smaller businesses

India announced a slew of changes to its tax laws Friday in a bid to ease the burden on small and medium businesses, which have suffered the most since the introduction of a new national tax earlier this year. The good and services tax (GST), which came into effect on July 1, was designed to replace more than a dozen state and national levies and transform India's \$2 trillion economy into a single market for the first time.

First proposed in 2006, it got the backing of most economists as being long overdue and was hailed as the biggest tax reform since independence. But despite the government's good intentions, many have slammed the authorities for creating a highly complex system that has added several layers of bureaucracy and hurt businesses. Smaller enterprises - which provide a third of the country's GDP - have been particularly critical of the massive changes rippling through India's economy, fearing they will be unable to comply. Finance Minister Arun Jaitley admitted to reporters in Delhi Friday that the tax burden on smaller companies has been low but the compliance burden has been high.

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