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Cumulative tax burden increases to 44%. FBT on exercise of Esops will make it difficult for cos to predict the tax outflow and will disturb the owner-employee partnership

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## STORY SO FAR

### VAT's The Good Word

- ▶ **1991-92:** Peak customs duty cut to 150% from over 300%
- ▶ **1994-95:** Manmohan Singh lowers corporate tax to 40%, introduces service tax
- ▶ **1995-96:** Peak excise duty reduced to 50% from 110%
- ▶ **1996-97:** P Chidambaram introduces MAT on zero-tax companies
- ▶ **1997-98:** Dream Budget – corporate tax cut to 35%; surcharge abolished
- ▶ **2000-01:** Yashwant Sinha brings in 16% CENVAT rate for most goods
- ▶ **2004-05:** VAT replaces sales tax in 25 states
- ▶ **2005-06:** FBT introduced