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TDS Prosecution | Why a one time relaxation needed for sectors most impacted by Covid-19

For instance, the hospitality industry saw occupancy rates drop to historic lows, with many hotels reporting less than 10% occupancy during peak lockdown periods. Similarly, the aviation sector faced massive losses, with airlines operating at a fraction of their usual capacity and international travel coming to a virtual standstill. Both these sectors are very capital intensive and have significant fixed costs which do not reduce due to truncated operations.

To make matters worse, post the pandemic, these sectors did not really have a U-shaped recovery. Being capital intensive there were several loan servicing obligations also. The combined ripple effect of these factors, cause a severe stress on the cash flow much after the end of the pandemic. While the cash flow from operations did come back, the same was not enough to deal with the debt repayment and interest commitments.

Consequently, several such companies have been struggling to meet their tax obligations, including TDS, even in the year post the pandemic.

As Franklin D. Roosevelt once said, "The only thing we have to fear is fear itself." By alleviating the fear of legal repercussions, the government can enable businesses to focus on their recovery and growth. Thoughtful and targeted interventions like this are essential to support the industries most affected by the pandemic and pave the way for a robust economic recovery.

In conclusion, the proposed one time relaxation in TDS prosecution is the need of the hour and helps in sustaining the economic backbone of the travel and hospitality sectors. By embracing such measures, the government can ensure that these industries, which are integral to the nation's economic and social fabric, can recover and thrive in a post-pandemic world.

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