

# **Tax review may not be the answer to arrest market fall**

Amidst calls for review of capital gains tax and STT, government and experts note that FII pull out is due to global developments

Sandeep Jhunjhunwala, Partner at Nangia Andersen, noted that amid a steep market plunge, with the Sensex shedding over 12,500 points from its peak, investors have called upon policymakers to slash capital gains taxes and the STT in a bid to restore market confidence.

“However, it is evident that the downturn stems largely from global economic dynamics such as the US Federal Reserve's monetary tightening, geopolitical tensions and persistent FII outflows, rather than domestic taxation policies alone. While investor concerns over mounting losses are understandable, it is unlikely that policymakers will lower long-term or short-term capital gains taxes or STT, as such measures exert a negligible influence on overall market sentiment and could disrupt the government's targeted tax revenue projections,” he pointed out.