

Hospitality industry seeks more relief in FY23 budget

Industry body demands tax sops and benefits under exports scheme to tide over crisis

Subhash Narayan
subhash.narayan@livemint.com
NEW DELHI

The hospitality industry has sought further relief from the government on taxation to help it recover from the acute slowdown seen during the height of the pandemic last year.

The Federation of Hotel & Restaurant Associations of India (FHRAI) has in its pre-budget recommendations requested the finance ministry to allow the industry to carry forward business losses to 12 years instead of the existing eight years and avail the benefits of the Service Exports from India Scheme (SEIS) and the Export Promotion Capital Goods Scheme (EPCGS) without any cap or rate reduction.

These will help the sector recover some of the ground lost during the pandemic, the industry body said.

FHRAI also urged the government to provide in the upcoming budget an extension on the timeline for export obligation under EPCGS and grant export status to the industry. It sought inclusion of hotels and tourism related sectors in the National Infrastructure Pipeline (NIP) and special emphasis for promoting meetings and conferences at hotels in view of the massive setback that hotels suffered due to covid.

The association said that its long-standing demand for grant of infrastructure status to the hospitality industry should be considered and that provision of special tax incentives for domestic travel should be looked at.

"We are requesting that the hotels and tourism related sectors be included in infrastructure projects of the NIP set up under the development financial institution by the ministry of finance for promoting infrastructure funding. This will enable the covid-hit



The hospitality industry has sought sops to help it recover from the slowdown seen during the height of the pandemic. **HR**

hospitality sector to avail funds with extended repayment periods at a low rate of interest," said Gurbaxish Singh Kohli, vice president, FHRAI.

"The hotel industry has a long gestation period; it incurs losses in the initial years of operations with profitability improving only after few years,

and businesses are expected to post losses for the next few years," he said.

"Increasing SEIS entitlement from existing 3% to 10% of net foreign exchange earnings for the next three to five financial years will help the industry mitigate some of the adverse effects it suffered because of the pandemic.

future," said Pradeep Shetty, joint honorary secretary, FHRAI.

"In view of the volatile economic environment, the timeline for meeting export obligations (EO) should also be extended by at least four years for all the EPCG licenses which has EO period falling from February 2020 onwards.

The granting of export status to hospitality industry with tax incentives and benefits would enable the sector to be more competitive and help the sector to jumpstart its growth," he said.

Among other recommendations, the FHRAI has asked that special emphasis be given for promoting meetings and conferences at hotels in view of the losses. On infrastructure status for hospitality, the FHRAI has said that this would allow it to access long-term funds required to enhance quality accommodation supply.

COVID BLUES

THE FHRAI has requested the govt to allow the industry to carry forward biz losses to 12 years

IT has urged the govt to provide extension on the timeline for export obligation under EPCGS

IT said the long-standing demand for grant of infrastructure status to the industry should be considered

THE association wants hotels and tourism-related sectors to be included in the NIP

Because of this, most hotels carry forward business losses with the expectation of setting them off over the coming years. However, the industry's profitability took a massive hit because of the unprecedented pandemic conditions

Also, to accelerate and incentivize all-round development of tourism infrastructure catering to foreign tourists, fiscal incentives in the form of SEIS certificates and import against EPCG should be continued for the near