

# Two cheers and one big boo

Former bureaucrat and IT entrepreneur Vivek Kulkarni and his wife, Sangeeta, are buoyed by the one-year tax holiday for IT/BT



**SIGH OF RELIEF:** The Kulkarnis are just kicked about the FBT's removal in the budget

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There are some reasons for Vivek Kulkarni, chairman and managing director of Brickwork India, and his wife Sangeeta, a board member of the firm, to feel happy about Budget 2009.

Brickwork India offers research and consulting services to businesses. The couple anticipates that two measures in the budget will be good for their business: "The move to extend the tax holiday by a year was required. There are other countries like China, Indonesia and Thailand looking at software services and if we do not consolidate now, we might lose our entire benefit and market share. The second positive move is the exemption of Fringe Benefit Tax."

The FBT, a tax on certain benefits offered by the employer to the employee, was meant to be borne by the employer, but was often passed on to the employee.

Kulkarni says, "The tax holiday has given us one more year to plan. We are contemplating shifting our office to a special economic zone (SEZ), so that we can avail tax exemption."

There is, however, also something disconcerting in this budget: the increase of minimum alternate tax (MAT) to 15 per cent. Vivek Kulkarni says, "I feel when our competition

## Fringe issue

**"With the exemption of the fringe benefit tax, FBT, quarterly expenditure will come down marginally.**

**This will help us provide more even benefits to our employees instead of paying the government.**

**For instance, we can now negotiate for a salary package that will increase the medical cap from Rs2 lakh to Rs2.5 lakh. This will be applicable even to me and my wife,"** Vivek Kulkarni says.

is heating up, the information and biotechnology sectors, and the research and development sector should have been exempted from this form of tax. With MAT, we paid about 10 per cent; we will now pay 15 per cent."

"We are under extreme pressure; there are competitors in the field, emerging from China and Indonesia. We have an edge in understanding the language of the western world, but once these countries catch up with us, we will begin to lose out. This is the time to bolster our business, not impose a heavier tax on us," says Kulkarni.

Kulkarni says, "We have large number of small clients, and our work is diversified. So the risk of loss is not very large for us."