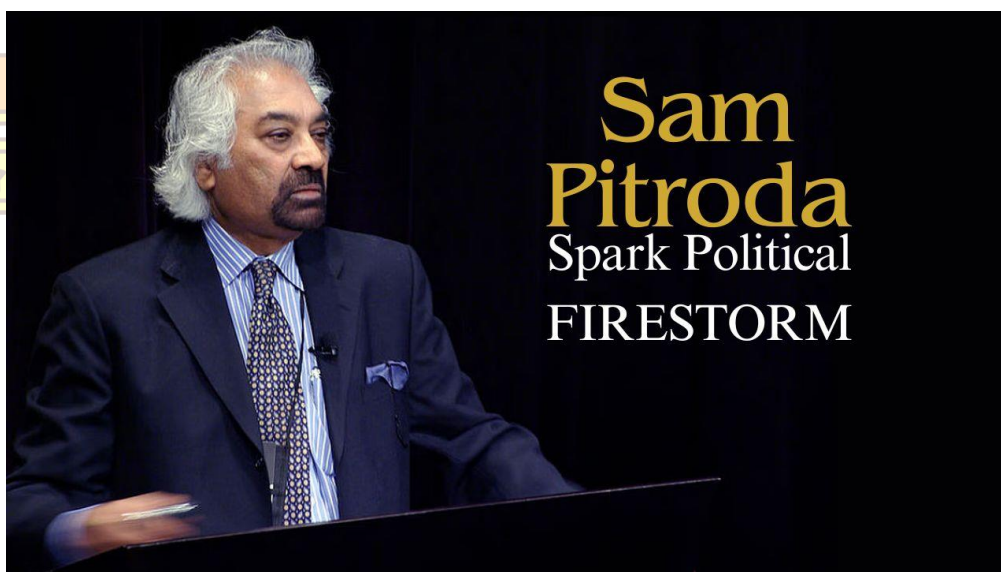


Sam Pitroda Spark Political Firestorm

How Inheritance Tax Works

Why In News

- **Prime Minister Narendra Modi** launched a blistering attack on Congress after the party's **Sam Pitroda appeared** to advocate for a US-style inheritance tax amid the ongoing debate over wealth redistribution. The comments have further fuelled an already-raging controversy over Rahul Gandhi's promise to conduct a **wealth survey if the Congress** won the Lok Sabha election.
- PM Modi alleged that the Congress wants to fill its own coffers by imposing ever higher taxes and not allowing people to pass on their hard-earned wealth to their children.



- **Prime Minister said Pitroda's remarks** had exposed the dangerous intentions of the Congress. Making a play on LIC's erstwhile slogan, he jibed, "Congress has one mantra -- to loot people zindagi ke sath bhi, zindagi ke baad bhi (in life and even after death)."
- Without taking any names, PM Modi targeted the Gandhi family and said, "Those people who considered the entire Congress party as their ancestral property and handed it over to their children, now do not want Indians to pass on their property to their children."

Ways To Tax Wealth

- Taxes are levied on the flow of income on wealth or at the time of transfer of wealth or on the stock of wealth linked to the value of owned assets as a one-time levy.
- There can be a capital levy on income from wealth or ownership of assets resulting in capital gains, transfer taxes in the form of wealth tax, inheritance tax, estate tax, or gift tax at the time of transfer of wealth or assets.



- Taxes can also be levied on a **combination of income and wealth**. As mentioned above, the Biden Administration has proposed legislation for a 'Billionaire Minimum Income Tax' of at least 25% on their full income, including unrealised gains.

What Is The Row Over Inheritance Tax

- **Indian Overseas Congress chairman Sam Pitroda** backed his party's stand on redistribution of wealth and called for a policy for the same while citing the concept of inheritance tax prevailing in some American states.
- "In America, there is an inheritance tax. If one has \$100 million worth of wealth and when he dies, he can only transfer probably **45% to his children and 55% goes to the government**. That's an interesting law. It says you in your generation, made wealth and you are leaving now, you must leave your wealth for the public, not all of it, half of it, which to me sounds fair," Pitroda said.



- “In India, you don’t have that. If somebody is **worth 10 billion and he dies**, his children get 10 billion and the public gets nothing," he added.
- The BJP went hammer-and-tongs after Congress in the wake of Pitroda's remarks. It warned people of "**property snatchers**", with party spokesperson Shehzad Poonawalla saying that the "Congress want to grab one's hard-earned tax-paid resources".



- After facing backlash, Pitroda clarified that his statements were twisted and had nothing to do with the Congress or the party's manifesto for the upcoming Lok Sabha polls. He also accused the BJP and PM Modi of spreading lies about the Congress manifesto.

Tax In India

- **India did have an inheritance (or death) tax** once. The tax, which was known as estate duty, was introduced in 1953, and was **abolished in 1985** by the government of Rajiv Gandhi.



- India also had a **wealth tax and a gift tax**, which were abolished in 2015 and 1998 respectively. Prime Minister Narendra Modi claimed that former prime minister (late) **Rajiv Gandhi had scrapped** the inheritance tax because he didn't want to share his inherited property with the government.
- "The facts relating to Inheritance Tax are eye-opening...When former PM Indira Gandhi died, her children were going to get her property. But there was a rule earlier, that before the property goes to the children, some part of it was taken by the government...To save the property...so that it does not go to the government, the then PM Rajiv Gandhi scrapped the Inheritance law," he claimed.



Conclusion

- **Prime Minister and the BJP had criticised** the Congress manifesto, saying it smacks of appeasement and that if it came to power, it would redistribute people's wealth and also give reservations to Muslims from the quota for SC, ST, and OBC communities.



- "Who said 55% will be taken away? Who said something like this should be done in India? Why is BJP and media in panic?" Pitroda said.
- Meanwhile, the **Congress distanced itself from the controversy**, and said Pitroda's views do not always reflect the position of the party.

