**GST HEADLINES**

**November 30, 2016**

**Will GST Implementation Adversely Affect Sandalwood?**

***[Source: The Times of India]***

**Will GST Implementation Adversely Affect Sandalwood?**



The proposed implementation of the [Goods and Services Tax](http://timesofindia.indiatimes.com/topic/Goods-and-Services-Tax) (GST), which already has most of the state governments' nods, has the [entertainment](http://timesofindia.indiatimes.com/topic/Entertainment) sector in a conundrum. Implementation of [GST](http://timesofindia.indiatimes.com/topic/Gst) would mean a single tax on all these services. Regional film industries, which are mostly exempted from taxes, have been worried about this move. The Telugu film industry has been the first to openly talk about this. Most veteran filmmakers opined that it might be a burden to regional industries, which enjoy a certain advantage on home turf, as compared to any of their competitors.

**What's the fuss about?**

An insider explains, "Unlike the bigger industries, like [Bollywood](http://timesofindia.indiatimes.com/topic/Bollywood) and [Hollywood](http://timesofindia.indiatimes.com/topic/Hollywood), regional industries rely heavily on local markets. This is why they're exempted from entertainment taxes levied to encourage and support them. In [Karnataka](http://timesofindia.indiatimes.com/topic/Karnataka), for instance, Kannada films are exempted from taxes, while there is a tax of 30% on other films. This has got people worried and they wonder if this extra tax levied on relatively smaller local industries will be a burden on producers." Tollywood filmmaker D [Suresh Babu](http://timesofindia.indiatimes.com/topic/Suresh-Babu) was one of the first to voice concerns about GST implementation, given that it would be uniform taxation for all films, leaving state governments with little power to support the local industries, as they have done so far. He has been quoted as saying that if a uniform taxation process comes into play, national and international cinema will overpower regional cinema.

**Only genuine makers will survive**

Veteran filmmaker [Rockline Venkatesh](http://timesofindia.indiatimes.com/topic/Rockline-Venkatesh) believes that one need not worry about GST. "I would say this tax is not really a big thing. The problem that worries our industry is that the post-release system is not transparent. There is no account of the money and returns after the release. Only multiplexes share details in a transparent fashion. A proper taxation process can be beneficial. The recent demonetization move also has got people wary about the film industry and of investing in it. From my little understanding of the GST and its effects, I only think that it will help filter out genuine filmmakers from the rest and ensure that the industry functions in a more streamlined fashion," he says.

*Disclaimer: The news in the GST Corner is purely according to the information available in public domain and does not necessarily reflect the views of ICSI. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.*