Useful Thoughts

THE GREATEST RESULTS IN LIFE ARE USUALLY ATTAINED BY SIMPLE MEANS AND THE EXERCISE OR ORDINARY QUALITIES. THESE MAY FOR THE MOST PART BE ASSUMED IN THESE TWO: COMMON SENSE AND PERSISTENCE.

SUCCESS IS TO BE MEASURED NOT SO MUCH BY THE POSITION THAT ONE HAS ACHIEVED IN LIFE BUT BY THE OBSTACLES WHICH HE HAS OVERCOME WHILE TRYING TO SUCCEED.

FROM THE EDITORIAL DESK:
Editors
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Dear professional colleagues,

We feel privilege to share with you all that Noida Chapter is growing at a fast pace. With the constant support of the members, professionals and the students, we have been able to achieve our desired results.

The Chapter conducted its 2nd Secretarial Modular Training Programme from 5th June, 2010 to 19th June, 2010. The event was highly successful and well appreciated by all. The students strength had increased 3 times more than the last held SMTP in the month of March.

The Chapter is continuously striving its best to conduct more Quality Professional Development Programmes for the benefit of the students and members. It will be our endeavor to service the Students Community at large, more aggressively.

Our sincere thanks and gratitude to all who have contributed to the growth of the Noida Chapter.

We shall appreciate the feedback and the suggestions for the forthcoming programmes of the Chapter.

Thanking you

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**Goods and Service Tax – “A win-win for Government and Taxpayers”**

The reformed indirect tax system **GST**-Goods and service tax is proposed to implement on 1st April 2011 in India. Goods and service tax is a new version of VAT which gives a comprehensive set-off for input tax credit and subsuming many indirect taxes from state and national level. The GST Implementation is not yet declared by government and the drafting of GST law is still under process and a clear picture will be available only after announcement of Implementation.

**Why Goods and service tax?**

**i. Avoid cascading effect of taxation**

One of the main reasons of the introduction of GST is to avoid cascading effect of taxes in India. For example, manufacturing of a product attract CENVAT. The manufacturer pays CENVAT on goods produced. So the CENVAT element is loaded on the product. According to VAT rules, the sales tax is payable on the aggregate selling price which include CENVAT. Here there is no set off benefits available. Likewise there are many situations in the nature of cascading effect for instance, State VAT on CST, Entry tax on VAT etc. Now Govt. has decided to abolish tax on tax effect by implementing GST.

**ii. Shortfall of Existing VAT**

Indirect taxes like luxury tax, entertainment tax, are yet to be included in the VAT. These taxes are still existing and payable.

**iii. Shortfall of Existing CENVAT**

Several taxes like additional customs duty, surcharges not included under CENVAT. Input tax and service tax set off is out of reach to the manufacturer and dealers.

**Benefits of GST**

1. GST provide comprehensive and wider coverage of input credit setoff, you can use service tax credit for the payment of tax on sale of goods etc.
2. CST will be removed and need not pay. At present there is no input tax credit available for CST.
3. Many indirect taxes in state and central level subsumed by GST, you need to pay a single GST instead of all.
4. Uniformity of tax rates across the states
5. Ensure better compliance due to aggregate tax rate reduces.
6. By reducing the tax burden the competitiveness of Indian products in international market is expected to increase and there by development of the nation.
7. Prices of goods are expected to reduce in the long run as the benefits of less tax burden would be passed on to the consumer.
8. Overall tax compliance cost will reduce for government and can concentrate on GST

**Indirect taxes subsumed under GST**

The following indirect taxes from state and central level is going to be integrated with GST

**State taxes**

1. VAT/Sales tax
2. Entertainment Tax (unless it is levied by local bodies)
3. Luxury tax
4. Taxes on lottery, betting and gambling.
5. State cesses and surcharges in so far as they relate to supply of goods and services.
6. Entry tax not on an lieu of octroi.
7. Purchase tax (This is not sure still under discussion)

Central Taxes

3. The Excise Duty levied under the medical and Toiletries Preparation Act.
4. Service Tax.
5. Additional Customs Duty, commonly known as countervailing Duty (CVD).
6. Special Additional duty of customs-4% (SAD).
7. Surcharges
8. Cessess

The above taxes dissolve under GST; instead only CGST & SGST exists.

The GST model in India

Many countries are following single GST. But it is proposed that dual GST is suitable for federal country like India. The end user, i.e. consumer cannot recover taxes but a business can recover by claiming input tax setoff.

Dual GST

Dual GST means, the proposed model will have two component called

1. CGST – Central goods and service tax levied by central Govt.
2. SGST – State goods and service tax levied by state Govt.

There would have multiple statute one CGST statute and SGST statute for every state.

Taxable event

Supply of goods and supply of services will be considered as taxable event under GST. Any economic activity which is not supply of goods is treated a supply of service.

Tax payer identification number

Each tax payer allotted a pan based identification number containing 13 or 15 digit number.

Payment of tax

The central GST would be paid to central and state GST paid to state government in the prescribed account head.

Collection of GST

It is same as VAT; Tax is collected on the basis of value addition on each stage of sale. Both CGST and SGST would have to be charged in an every service bill and sale bill and paid after adjusting input credit available on both.
**Input tax credit set-off**

The input tax credit of SGST can be utilized for the payment of SGST only and input tax credit on CGST can be utilized for the payment of CGST only. This means that cross utilization of input tax credit will not be allowed.

Making it clearer; input tax credit of CGST cannot be utilized for the payment of SGST and vice versa. However there is an exemption for the above in the case of interstate transaction. For interstate transaction IGST is proposed and would be implemented along with CGST and SGST.

**Constitution amendment for levying service tax by the states**

The power of levying service tax rest with central Government and a constitutional amendment is necessary for empowering states for levying service tax.

**Applicability of CGST and SGST**

The applicability of taxes is as usual, there would be a prescribed limit of annual turnover, also some goods and services are exempted under GST. The dealer whose turnover is below prescribed limit need not pay tax.

Threshold for annual turnover for goods and services would be Rs.10 lakh for SGST and threshold of CGST for goods may be Rs. 1.5 crore and service would have a separate threshold that too will be appropriately high.

**GST rates**

The rate structure as of now is as follows; but the same is still under discussions & negotiations:

1. A lower rate for essential commodities.
2. Standard rates for general goods.
3. Special rates for precious metals.
4. For services may be single rates for CGST and SGST.

GST rates is not yet announced by government, however it is assumed that aggregate total of CGST & SGST would be 14 % to20%.

**Periodical return**

Taxpayer would have to submit periodical return as prescribed by law in common format for CGST and SGST.

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**ACTIVITIES OF THE MONTH**

**Secretarial Modular Training Programme**

Noida Chapter of NIRC of ICSI conducted its 2\textsuperscript{nd} Secretarial Modular Training Programme (SMTP) at Jaipuria Institute of Management, Plot No. A – 32A, Sec-62, Noida.

**Inaugural Session**

On 5th June, 10, 2\textsuperscript{nd} SMTP of Noida Chapter of NIRC of ICSI was inaugurated. Shri N.K. Jain, Secretary & CEO of ICSI was the chief guest on the occasion. Shri N.K. Jain shared his thoughts about the role of Company Secretaries in
today’s world. He also shared his vision for the profession of Company Secretaries and the initiatives being taken by the Institute to develop world class professionals. The event was also graced by Mr. Yogesh Gupta, Past Chairman, NIRC. The 15 day programme was being attended by 52 participants.

Dr. J D Singh, President of Jaipuria Institute of Management, Noida also addressed the students. The SMTP participants also had an interactive session with Dr. Navrang Saini, Regional Director, Ministry of Corporate Affairs. Mr. Rajiv Bajaj, Chairman of Noida Chapter of ICSI shared his vision with the young professionals. The programme was coordinated by Ms. Preeti Grover (Vice-Chairperson, Noida chapter of ICSI).

The Programme ended with a vote of thanks to the Chief Guest, learned speakers and all those present at the event.

Valedictory Session

On 19th June, 2010, valedictory function of 2nd SMTP was organized. Mr. Sanjeev Kumar, Executive Director, Bajaj Hindustan was the chief Guest on the occasion. He suggested the participants to have varieties of experience in the corporate environment and enlightened the importance of being updated with the Corporate matters. He is an example for raising the level of CS profession to the level of an Executive Director.

Mr. J.D. Singh, President
of Jaipuria Institute of Management; Noida was also present on the occasion. He stated the importance of commitments and sticking to one’s commitments in order to maintain good interpersonal relation in this business world.

The Best Presenter award was given to Ms. Anjali Tomar and Mr. Siddharth Sudan. Certificates and medals were given to all the successful participants.

Noida Chapter of NIRC of ICSI presents special thanks to Jaipuria Institute of Management for the excellent arrangement of venue and facilities.

**Programme on ‘Investor Protection’ – 16th July, 2010**

Noida Chapter organized a programme on “Investor Protection” in association with the Ministry of Corporate Affairs, Govt. of India and Jaipuria Institute of Management as per the captioned subject at Jaipuria Institute of Management, Sec-62, Noida.

The programme was attended by more than 80 participants.

Mr. B.K. Sharma, Chairman, NIRC and Mr. Rajiv Bajaj Chairman, Noida Chapter were the key note speakers.

Mr. Sharma made a very elaborate presentation on the importance of Investor Education and Protection. He mentioned that it is very important for an investor to study the financial position of the Company in which one is planning to invest. The growth prospects and the upcoming projects of the Company need to be studied carefully.

Mr. Bajaj emphasized on two important things that an investor must do before investing i.e. to research and study the market thoroughly. Moreover, he also shared another very significant issue which has recently been noticed in the market is that the Investors should not rely upon the investment advises offered to them by unregistered intermediaries and Websites/Blogs/SMS’s/Emails as these are not backed by any reasonable basis and eventually appear to be misleading.

The programme provided a unique opportunity to the professionals of Noida to get enlightened on this important investment tool.

Among others, Shri J.D. Singh, President of Jaipuria Institute of Management, Sec-62, Noida shared his vision and Shri. Rajiv Bajaj, Chairman, Noida Chapter of ICSI concluded the proceedings and the programme.

**FORTHCOMING PROGRAMMES**

- Secretarial Modular Training Programme - 4th Sept, 2010 – 18th Sept, 2010
➢ Academic Development Programme - 8th August, 2010
➢ Study Circle Meeting - 23rd July, 2010
   : Recent Amendments in listing Guidelines
➢ Study Circle Meeting - 5th Aug, 2010
   : Company Law Settlement Scheme, 2010
   : Easy Exit Scheme, 2010