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Info Capsule

GOODS & SERVICES TAX[1]

GST Bills–CGST, IGST, UTGST and Compensation to States, introduced in Lok Sabha

The following are the key features of the Bills tabled in the Parliament which will be taken up for discussion on Wednesday.

- CGST provides for a maximum tax of 20 per cent
- Actual rates would however be a four-tier tax structure of 5, 12, 18 and 28 per cent as approved by the GST Council
- A Union Territory GST Bill will take care of taxation in UTs of Chandigarh, Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli and Daman and Diu
- A Bill on Integrated-GST -- to be levied and collected by the Centre on inter-state supply of goods and services, was also introduced in the Lok Sabha
- The IGST law provides for a maximum tax of 40 per cent
- Jaitley also introduced a fourth legislation called GST (Compensation to States) Bill, 2017 that provides for mechanism for making good any loss of revenue of states from introduction of GST in first five years of rollout
- Another mirror legislation of CGST, called State-GST, will amalgamate all state taxes like VAT, will be levied by states and has to be approved by all state legislatures
- Together, CGST and SGST will enable the GST incidence of 40 per cent
- GST will not apply to Jammu and Kashmir
- The CGST Bill also provides for e-commerce companies to collect tax at source at a rate not exceeding 1 per cent of net value of taxable supplies, out of payments to suppliers supplying goods or services through their portals
- To protect small businesses, the CGST provides for a tax of no more than 1 per cent of turnover for manufacturers with annual turnover of up to Rs 50 lakh
- A 2.5 per cent tax is prescribed for suppliers

[1] Available at: http://www.business-standard.com/article/pti-stories/gst-draft-bills-tabled-in-parliament-peg-peak-rate-at-40-117032700809_1.html

- To ensure that benefit of lower taxes is passed on to consumers, an anti-profiteering measure has been incorporated in the law
- It provides for constituting an Authority to examine whether input tax credits availed by any registered taxable person, or the reduction in the price on account of any reduction in the tax rate, have actually resulted in a commensurate reduction in the price of the said goods and/or services supplied by him
- The law provides for arrest, ordered by no less than a Tax Commissioner, in case of suppression of any transaction or evading taxes. A person convicted is punishable by up to 5 years of imprisonment and/or fine
- The Compensation Law provides for levy of cess on top of the peak rate of approved tax (28 per cent presently) on paan masala, tobacco, aerated waters, luxury cars and coal to create a non-lapsable fund for compensating states
- Compensation will be paid bi-monthly and the amount due would be calculated after considering a 14 per cent growth rate in taxes over the base year of 2015-16
- Touted as the biggest taxation reform since independence, GST is expected to boost GDP growth by up to 2 per cent. The government proposes to roll out GST by July 1, 2017.

VESSELS SHARING AGREEMENTS OF LINER SHIPPING INDUSTRY EXEMPT FROM THE PROVISIONS OF SECTION 3 OF THE COMPETITION ACT, 2002[2]

Central Government vide its notification S.O. 950(E) dated 21st March, 2017, in public interest, exempts the Vessels Sharing Agreements of Liner Shipping Industry from the provisions of section 3 of the Competition Act, 2002 for a period of three months with effect from the 21st March, 2017, in respect of carriers of all nationalities operating ships of any nationality from any Indian port provided such agreements do not include concerted practices involving fixing of prices, limitation of capacity or sales and the allocation of markets or customers.

730 MILLION INTERNET USERS ARE ANTICIPATED IN THE COUNTRY BY 2020-NASSCOM[3]

- Government has said that due to fast adoption of digital technology, it is expected that number of internet users will increase in the country. Minister of Communications Shri Manoj Sinha in a written reply to the Rajya Sabha said that as per information received from Telecom Regulatory Authority of India (TRAI), there were 391.50 million Internet subscribers as on 31.12.2016.
- The National Telecom Policy-2012 envisages 600 million broadband connections by the year 2020 at minimum 2 Mbps download speed.
- Further, as per National Association of Software & Services Companies (NASSCOM) –Akamai report launched on 17.08.2016 regarding "The Future of Internet in India", 730 million Internet users are anticipated in the country by 2020.
- Government has allocated 965 Megahertz spectrum through auction in October 2016 to various telecom service providers for access services. This will enable the telecom service

[2] Available at: http://egazette.nic.in/WriteReadData/2017/174990.pdf
[3] Available at: http://pib.nic.in/newsite/erelease.aspx?relid=0

providers to roll-out 3G and 4G services which will facilitate proliferation of high speed internet facility.

- Further, for provision of broadband facility in rural areas, BharatNet project is also being implemented to provide 100 Mbps broadband connectivity to all Gram Panchayats (approx. 2.5 lakh) in the country by using an optimal mix of underground fibre, fibre over power lines, radio and satellite media.

MORE THAN 2 DOZEN COMPANIES WANT COLLABORATION WITH INDIA POST PAYMENTS BANK-MANOJ SINHA[4]

- Government has said that there are many companies who have approached the Department of Posts for collaboration with India Post Payments Bank. Replying to a question in the Rajya Sabha, the Minister of Communications Shri Manoj Sinha said that while the Department is in various stages of discussions with them, decision on formal partnerships will be taken after carefully evaluating the entire value proposition that they propose for the common man.
- The India Post Payments Bank had launched its two branches in Raipur (Chhattisgarh) and Ranchi (Jharkhand) on 30/01/2017 with basic products and banking services in partnership with Punjab National Bank.
- Shri Sinha also said that the Payments Banks are different from regular Banks in the following fundamental ways as per RBI guidelines for Licensing of Payments Banks:

  (i) Payment Banks are not allowed to undertake lending activities directly. It can accept demand deposits only that is savings and current accounts and will initially be restricted to holding a maximum balance of Rs. 100,000(Rupees one lakh only) per individual customer.

  (ii) Payment Banks cannot accept Non Resident Indian (NRI) deposits.

  (iii) The Payment Banks cannot set up subsidiaries to undertake non-banking financial services activities.

The companies that are interested in partnering with India Post Payments Bank are:

	List of companies keen to partner with India Post Payments Bank
1	YES Bank
2	Union Bank
3	Punjab National Bank
4	IDBI Bank (Industrial Development Bank of India)
5	SBI (State Bank of India)
6	Axis
7	Bank of Baroda

[4] Available at: http://pib.nic.in/newsite/erelease.aspx?relid=0

8	IDFC Bank (Industrial development finance company)
9	Deutshe Bank
10	Barclays Bank
11	Citibank
12	NABARD (National Bank For Agriculture & Rural Development)
13	HSBC (Hongkong and Shanghai Banking Corporation)
14	MICRO SAVE
15	Allahabad Bank
16	Indian Overseas Bank
17	Dena Bank
18	FIA (Financial Inclusion)
19	Kotak Mahindra Bank
20	United Bank of India
21	HDFC Life (Housing Development Finance Corporation)
22	Royal Sundaram
23	PNB Metlife (Punjab National Bank)
24	ICICI Lombard (Industrial Credit and Investment Corporation of India Bank)
25	ICICI Prudential (Industrial Credit and Investment Corporation of India Bank)
26	Bajaj Allianz Life

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