

Info Capsule

JITSIC TACKLING GLOBAL TAX RISKS¹

India participated in the fourth Joint International Taskforce on Shared Intelligence and Collaboration (JITSIC) meeting reconvened in Paris to pursue the work on the Panama Papers in the last week of June 2017. Based on legal instruments under the OECD and Council of Europe Multilateral Convention and tax treaties, a number of countries shared information in confidential Competent Authorities sessions, on structures that facilitate, enable and promote tax avoidance / evasion. India also shared its experience in this regard.

Demonstrating the value and strength of JITSIC, 30 project participant countries have continued to exchange, analyse and act on information about taxpayers and intermediaries connected to Mossack Fonseca. In the past six months, more than 570 requests for information have been sent to 32 countries. India has also sent several requests for information to various jurisdictions in the Panama Paper cases since the last meeting in January 2017.

JITSIC members have established the capability to allow for fast, effective and coordinated multilateral responses to any future data leaks and are sharing the same. JITSIC will continue to identify more arrangements as countries continue their investigations and share intelligence and new data comes to light. Collaboration with JITSIC has been useful for India in its fight against offshore tax evasion.

RBI HAS SET UP AN ENFORCEMENT DEPARTMENT (EFD) WHICH WOULD SERVE AS A CENTRALISED DEPARTMENT TO SPEED UP REGULATORY COMPLIANCE; EFD HAS BEEN ENTRUSTED WITH THE RESPONSIBILITY OF ENFORCEMENT ACTION ON COMMERCIAL BANKS²

Reserve Bank of India (RBI) has informed that they have set up an Enforcement Department (EFD). EFD would serve as a centralised department to speed up regulatory compliance. EFD has been set up to separate those who oversee the possible rule breaches and those who decide on punitive actions so that enforcement process operates fairly and is evidence based.

The EFD has become functional with effect from April 03, 2017. The EFD has been entrusted with the responsibility of enforcement action on commercial banks.

This was stated by Shri Santosh Kumar Gangwar, Minister of State for Finance in written reply to a question in Rajya Sabha on July 18, 2017.

GST EXEMPTION FOR PRODUCTS USED BY DIFFERENTLY ABLED PEOPLE³

Specified assistive devices, rehabilitation aids and other goods for differently abled people attract the lowest (non-Nil) GST rate of 5%. Most of the inputs for such goods attract 18% GST. Nil GST on any

¹ Available at: <http://pib.nic.in/newsite/erelease.aspx>

² Available at: <http://pib.nic.in/newsite/erelease.aspx>

³ Available at: <http://pib.nic.in/newsite/erelease.aspx>

goods zero rates inputs, while domestic goods continue to bear input taxes. Further, for any goods which attract GST rate (other than Nil) which is lower than the inputs for such goods, the Central Goods and Services Tax Act, 2017 (GST law) provides for refund of accumulated input tax credit. Thus, 5% GST on assistive devices, rehabilitation aids, their manufacturers would enable their domestic manufacturers to claim refund of any accumulated Input Tax Credit. That being so, the 5% concessional GST rate on these devices/equipment would result in reduction of the cost of domestically manufactured goods, as compared to the pre-GST regime.

As against that, if these devices/equipments are exempted from GST, then while imports of such devices/equipments would be zero rated, domestically manufactured such devices/equipments will continue to bear the burden of input taxes, increasing their cost and resulting in negative protection for the domestic value addition.

IMPOSITION OF CHARGES ON FREQUENT BANKING⁴

State Bank of India (SBI) has informed that the charges are levied by them beyond number of free transactions are as under:-

Monthly Average Balance in Savings Bank	Monthly Limit on Number of free Debit transactions			
	Branch	SBI ATMs	Other Bank ATMs	
			6 Metros	Other Centres
<Rs.1000	2	5	3	5
>1000 upto Rs.25,000	2	5	3	5
>25,000 upto Rs.50,000	10	Unlimited	3	5
>50,000 upto Rs.1,00,000	15		3	5
>1,00,000	Unlimited		Unlimited	

SBI has informed that the charges for cash withdrawal at branches beyond the permitted free withdrawals are Rs. 50/- + Goods and Service Tax (GST) per transaction. With substantial investment in infrastructure and technology, cash outgo to other banks for ATM transactions and cost of servicing Pradhan Mantri Jan Dhan Yojana (PMJDY) / Basic Savings Bank Deposit (BSBD) /Financial Inclusion (FI) accounts with RUPay Debit Card, it becomes imperative for the Bank to find a way out to recover at least a part of the cost. The charges are levied for the cost involved in handling the transaction and the attendant work.

Further, SBI has informed that the charges being levied for cash withdrawals at ATMs beyond the permitted free withdrawals are as under:

- i) Rs.10/- + GST per transaction at SBI Bank ATMs and
- ii) Rs.20/- + GST at other Bank ATMs.

Team ICSI

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⁴ Available at: <http://pib.nic.in/newsite/erelease.aspx>