



GOVERNMENT INVITES COMMENTS ON DRAFT NOTIFICATION UNDER SECTION 112A AS INSERTED BY FINANCE ACT, 2018 BY APRIL 30, 2018¹

The Finance Act, 2018 has withdrawn the exemption under clause (38) of Section 10 of the Income-tax Act, 1961 (the Act) and has introduced a new section 112A in the Act, to provide that long term capital gains arising from transfer of a long-term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 10 per cent of such capital gains exceeding one lakh rupees. The said section, inter alia, provides that the provisions of the section shall apply to the capital gains arising from a transfer of long-term capital asset being an equity share in a company, only if securities transaction tax (STT) has been paid on acquisition and transfer of such capital asset.

However, to provide the applicability of the tax regime under Section 112A of the Act to genuine cases where the STT could not have been paid, it has also been provided in sub-section (4) of Section 112A of the Act that the Central Government may specify, by notification, the nature of acquisitions in respect of which the requirement of payment of STT shall not apply in the case of acquisition of equity share in a company.

In order to have wider consultation in this matter, the draft of notification proposed to be issued under Section 112A (4) of the Act has been uploaded on www.incometaxindia.gov.in. Stakeholders are requested to submit their comments/ suggestions on the draft notification by April 30, 2018 at the e-mail address dirtpl2@nic.in.

SURESH PRABHU CHAIRED FIRST MEETING OF THINK TANK ON FRAMEWORK FOR NATIONAL POLICY ON E-COMMERCE²

Minister of Commerce & Industry and Civil Aviation, Suresh Prabhu, chaired the first meeting of the think tank on the Framework for National Policy on E-commerce held on April 24, 2018. Senior officers of the ministries/ departments of the Government of India involved in different aspects of e-commerce; high level representatives from the industry bodies, e-commerce companies, telecommunication companies and IT companies; Reserve Bank of India; and independent experts have been invited to participate in the meeting.

The think tank on the Framework for National Policy on E-commerce has been established recently by the Department of Commerce. It will provide a credible forum for an inclusive and fact-based dialogue leading to recommendations for informed policy making, so that the country is adequately prepared to take advantage of the opportunities, and meet the challenges, that would arise from the next wave of advancements in digital economy.

The think tank on the Framework for National Policy on E-commerce will seek to collectively deliberate on the challenges confronting India in the arena of digital economy with a view to developing recommendations for a comprehensive and overarching national policy on e-commerce. Some of the issues that will be discussed by the think tank include the following aspects of e-commerce and digital economy: physical and digital infrastructure, regulatory regime, taxation policy, data flows, server localisation, intellectual property rights protection, FDI, technology flows, responding to disruptions in industrial organisation, need for skill development and trade-related

¹ Available at: <http://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1530045>

² Available at: <http://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1530045>

aspects. Developments on e-commerce at the WTO and evolving appropriate national position on the underlying issues, would be another important dimension of the discussions of the think tank on the Framework for National Policy on E-commerce.

The think tank will explore options for providing a fillip to entrepreneurship in digital economy. It will identify specific policy interventions for nurturing domestic firms and create jobs in e-commerce.

Representatives of almost fifty organisations were expected to participate in the first meeting of the think tank on the Framework for National Policy on E-commerce, held on April 24, 2018.

Team ICSI

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