Now, Government Eyes TDS in Service Tax

The Central Board of Excise and Customs (CBEC) has proposed to introduce a Tax Deducted at Source (TDS) mechanism in collecting service tax. TDS has been successfully used for direct taxes like the income tax. Although the proposal is at initial stage, the board has set up a study group to examine its feasibility and how to implement it. It is learnt this may be introduced in a phased manner in the current year itself. The Union finance ministry has set a target of collecting ₹82,000 crore this year from service tax. A TDS on service tax would substantially help. The opinion of industry organisations has been sought. The study group is considering whether certain services to the common citizen such as electricity and telecom could be kept outside the TDS method, as could small service providers and receivers. *(**Source:** http://www.indianexpress.com/)*

Cash Economy on Income Tax Radar

Under pressure to enhance tax realisation amid apprehensions of sluggish industrial growth, the Central Board of Direct Taxes has decided to target the cash economy in a big way to boost the income tax mop-up this year. A senior finance ministry official said the income tax department had asked its officials through the country to collect information on the income, expenditure and investments of those dealing in cash. He said a large chunk of this segment, from small traders to bullion and jewellery merchants, either paid no tax or under-reported their income massively. The idea is to bring all cash-based business activities within the tax ambit and improve the compliance level for enhancing revenue realisation, he said.
*(**Source:** http://www.thehindubusinessline.com/)*

India Well Placed to Net Foreign Fund Flow: Finance Minister

India's top financial bosses recently did a quick stocktaking of the rapid deterioration in the global economic situation, but concluded that India's stock markets have handled the contagion effect better than the US and Europe. Meanwhile, the RBI has maintained that there is no room for easing up the current interest rates as the inflation rate is still unacceptably high, while growth in the industrial sector is still holding out. Finance Minister Pranab Mukherjee indicated that the current market volatility has affected the government's plans to sell stake in state-run firms, but announced that it is working on disinvestment in six firms, including Nalco. Worried over the recent volatility in the stock market, the Department of Disinvestment is reviewing its disinvestment plans and could even lower the ₹40,000 crore target for proceeds from disinvestment receipts for 2011-2012. *(**Source:** http:/www.economictimes.com)*

RBI Deputy Governor says Current Inflation Level Unacceptable

The global economic situation was becoming more complex and volatile, K.C. Chakrabarty, a deputy governor at the Reserve Bank of India has said. He also said India's current level of inflation was unacceptable. The central bank recently surprised markets with a steeper-than-expected interest rate increase of 50 basis points, the eleventh rate hike since March 2010, to combat high inflation which quickened to 9.44% in June. The governor of the Reserve Bank of India, Duvvuri Subbarao said he thinks there is no change in the acceptable level of inflation and there is "no new normal to inflation". *(**Source:**http://www.thehindubusinessline.com/)*

I-T Dept to Expedite Systems for Quick Processing of Returns

Encouraging results of the income tax department's efforts to promote electronic filing of returns have prompted the Central Board of Direct Taxes (CBDT) to accelerate the procedure and stabilise systems infrastructure so as to ensure quick processing of all I-T returns. The Centralised Processing Centre (CPC) at Bengaluru, set up for processing of e-filed returns from across the country and manually filed returns of Karnataka and Goa region, has ensured a substantial jump in the number of returns filed this year through the electronic mode. The department is now in the process of setting up two more CPCs one upcountry (Manesar in Haryana) and the other in Pune to process all the manually-filed returns. These two CPCs are expected to start functioning during the ongoing fiscal. One more CPC at Kolkata in the east is also on the anvil. About 5.3 million returns were filed electronically for the 2011-2012 assessment year till 31st July as compared to 2.2 million returns filed during this period last year. A senior income tax department official said that electronic filing of returns and quick processing ensured speedy clearance of refunds by the end of the current financial year. The department is expected to complete a major portion of the systems requirements for shifting all the I-T related work to the electronic platform.
*(**Source:**http://www.business-standard.com/india/)*

Finance Minister Hopeful of DTC Roll Out from 1st April, 2012

Finance Minister Pranab Mukherjee has expressed hope that the DTC would be cleared in the Winter Session of Parliament and there would be no problem in rolling out the new direct tax regime from 1st April, 2012. "I am hopeful that the Parliamentary Standing Committee will submit its report by Winter Session. And if we can get it through, in the winter session, which most probably would be possible, then there would be no difficulty to bring it into operation from 1st April, 2012," he said at a CII event recently. The Direct Taxes Code (DTC) Bill, which was introduced in Parliament last year, proposes to replace the 50-year old Income Tax Act. Mukherjee said since the Bill is still with the Standing Committee, stakeholders have time to give their views. On implementation of the new indirect tax regime, Goods and Service Tax (GST), he said, efforts are on to bring in convergence of views in Parliament. "We are working on it. Divergence of views delay the process of getting it (GST Bill passed) as fast as we desire to. But there is no reason of despondency," he added. *(**Source:**http://www.hindustantimes.com)*

India Emerges as the Least Favoured Equity Market Among Emerging Economies

India has emerged as the least-favoured equity market among emerging market investors in August, according to Bank of America Merrill Lynch, in a fund manager survey. In contrast, China, which is often mentioned in the same breath as India in terms of economic growth, has moved up as the third most-preferred markets for fund managers in this region from the fourth place, the survey said. The survey did not say why India is the least-fancied among emerging markets, but it attributed China's preference to improving growth outlook. (***Source:*** *http://timesofindia.indiatimes.com/)*

RBI Panel Moots Customer-Centric Approach by Banks

The Reserve Bank of India panel recently recommended an increased deposit insurance cover of ₹5 lakh so as to encourage individuals to keep all their deposits in banks. A possibility may be explored to enable full insurance cover for bank deposits by making necessary amendments in the relevant Acts, said the report on Customer Service in Banks chaired by M. Damodaran, former Chairman of the Securities and Exchange Board of India (SEBI). In case of sick banks, where the accounts are frozen, a possibility to enable customers to immediately avail themselves of a part of their insured deposits before the final fate of sick banks is decided may be explored, it added.

Home loans: The panel also recommended that banks should not impose exorbitant penal rates towards foreclosure of home loans and a policy should be devised to ensure that customers are not denied of opportunity to enhance their economic welfare by making choices such as switching to other banks/financial entities to enjoy the benefits conferred by market competition. Further, measures to stop practices of discriminating between new and old customers with identical risk profiles on the basis of interest rate offers, must also be initiated. Banks should automatically provide annual account statement to home loan customers without request from them. Such statements must contain details of payments made towards principal and interest, including principal outstanding. All home loan customers should permit a switchover between fixed to floating or vice versa at least once during the loan tenure at an appropriate and reasonable fee. Home loans backed by insurance products, in any eventuality, should be automatically settled by the insurance amount with minimum inconvenience to the nominees and heirs. The procedure should be explained upfront to the customers. The title deeds should be returned to the customers within 15 days after the loan closure and the boards of banks should put in place a suitable compensatory policy to compensate the customers for delayed return of title deeds or where there is a loss of title deeds in the custody of banks. (***Source:*** *http://www.economictimes.com)*

Panel to Suggest Framework to Seize Black Money Formed: Government

The government has said a committee has been constituted to suggest a legal framework for confiscating such wealth by declaring it as "national assets". "A committee headed by the Chairman of CBDT (Central Board of Direct Taxes) has been constituted to examine ways to strengthen laws to curb generation of black-money in India, its illegal transfer abroad and its recovery," Minister of State for Finance S S Palanimanickam said in a written reply to Lok Sabha recently. He said the committee shall examine the existing legal and administrative framework to deal with the issue of generation of black money through illegal means. This would involve the wealth generated illegally as national asset besides enacting or amending laws to confiscate and recover such assets and suggesting punishment against its perpetrators. "The committee shall consult all stakeholders and submit its report within a period of six months," Palanimanickam said. Besides setting up specialised panels, the Government is also amending the existing Double Taxation Avoidance Agreements (DTAAs) with different countries and entering into Tax Information Exchange Agreements (TIEA) with tax havens (***Source***: *http://beta.profit.ndtv.com/news)*

India Inc Still to Suggest Ways on Dealing with Black Money

The government has not received any suggestions from major industry bodies to deal with the menace of black money, even as corporate leaders today said a solution should be found to end corruption. "We wrote to all the industry bodies and associations inviting suggestions from them on tackling the black money menace, but the Board has not yet received any suggestions from the corporate world," a senior official of the Central Board of Direct Taxes (CBDT).

Industry bodies including FICCI, CII, Assocham, PHD Chamber and Nasscom were asked to suggest administrative and legal steps to check generation of black money by 15th July. CBDT will now send a reminder asking them to submit their suggestions by 15th September.

While the chambers have not responded till date, the CBDT has been flooded with suggestions from the general public. It has received over 4,000 suggestions from them. (***Source:*** *http://beta.profit.ndtv.com/news)*

Government Approves IT Platform for GST

The Empowered Committee of State Finance Ministers gave its in-principle approval for creation of a portal, 'Goods and Service Tax Network' (GSTN), which is expected to provide an interface to all stakeholders, and avoid evasion in indirect taxation systems. A special purpose vehicle (SPV) will be set up for introducing the information technology infrastructure (GSTN), which is based on recommendations made by a group chaired by Nandan Nilekani. In a meeting of the state Finance Ministers here, Nilekani, who chairs the Empowered Group on IT Infrastructure for GST, gave a presentation on the subject. "He (Nilekani) gave a presentation of the subject and there was an in-principle approval by the Empowered Committee on this portal," Bihar Deputy Chief Minister Sushil Kumar Modi, who is also the Chairman of the Empowered Group of State Finance Ministers, told reporters.
(***Source:*** *http://www.hindustantimes.com)*