Direct Tax Code to Come into Force from April 2012: Pranab

The long-awaited Direct Tax Code (DTC) that seeks to simplify tax laws by lowering the tax rates and bringing more people and firms within the tax net is slated to come into force from the next financial year, beginning 1st April, 2012, finance minister Pranab Mukherjee said in New Delhi recently. "The proposed Direct Tax Code brings together the policy initiatives on the direct taxes and is slated to come into force from the next financial year," Mukherjee said. Addressing the 4th International Tax Dialogue Global Conference, Mukherjee said the proposed reforms were targeted at simplification of tax system and its administration, rationalisation of tax rates and broadening of its base. He said taxation reforms were at the heart of India's economic reforms and liberalisation that started in early 1990s. "Tax reforms though gradual have been systemic in scope, particularly when we consider the proposals currently awaiting implementation. The reforms have covered both the direct taxes as well as the indirect taxes," he said. To reform the direct tax system, the government proposes to replace the archaic Income Tax Act, 1961, with a new legislation called Direct Tax Code. In a bid to reform the indirect tax system, the government proposes to introduce Goods and Services Tax (GST) that will bring uniformity in tax structure across the country. Commenting on the cur-rent progressive personal income tax system, Mukherjee said it was aimed to reduce inequalities in the society. He said the direct tax revenue has increased ten-fold in the last 14 years. Revenues from direct tax increased from $8.62 billion in 1996-1997 to $87 billion in 2010-2011.

(***Source:*** *http://www.hindustantimes.com)*

SEBI Wants Listed Companies to Be Ethical

Rejecting the idea of assuming a CVC-like role of anti-corruption watchdog for the private sector, capital market regulator SEBI has said it wants listed entities to follow a nine-point disclosure norm against non-ethical business practices instead. The Securities and Exchange Board of India (SEBI), which regulates thousands of listed companies as well as hundreds of other market entities like brokers, merchant banks and ratings agencies, has informed its board that it cannot adopt a private sector role similar to that of the Central Vigilance Commission (CVC) for government entities. In a memorandum submitted to its board at its last meeting on 24th November, SEBI said a CVC-like role "is not within the mandate of SEBI under the existing legal framework". At the same board meeting, SEBI approved a new disclosure-based regime for listed companies with respect to non-ethical business practices. As per the decision, companies would need to submit a 'Business Responsibility Report', along with their annual reports, to help assess the fulfillment of their environmental, social and the corporate governance responsibilities. These disclosures, which SEBI has proposed to be based on nine key principles of responsible, transparent and ethical business practices, would initially apply to the top 100 companies. Regarding the adoption of a CVC-like role in respect of activities of private sector companies, SEBI said its jurisdiction extends to listed companies in the private sector on certain matters delegated under the Companies Act.

(***Source:*** *http://www.financialexpress.com/news)*

Panel on Curbing Black Money Gets Two Month Extension

The government has given a two-month extension to the term of the Central Board of Direct Taxes (CBDT) committee that is examining ways to strengthen laws to curb the generation of black money in the country, its illegal transfer abroad and its recovery. The panel was originally given time till November to submit its recommendation. But, it was yet to finish consultations, as inputs from various quarters had not received as yet, senior CBDT official said. We asked for time till 31st January. (Finance minister) Pranab Mukherjee has approved it, he said. The official said the response from most of the industry chambers and professional bodies were still awaited. In a bid to get recommendations from the income tax department officials with expertise in this area, a nodal officer has been appointed to collate the inputs, he added. The government had constituted this committee in May this year under the CBDT chairman to examine ways to strengthen laws to curb the generation of black money. Apart from the top CBDT officials, including two members of the board, the members of the committee comprise the director of the enforcement directorate, director-general of the directorate of revenue intelligence and director general (currency). The panel is examining the existing legal and administrative framework to deal with the menace of generation of black money through illegal means such as declaring wealth generated illegally as national asset. It is also entrusted with the task of enacting and amending laws to confiscate and recover such assets. Further, the body will provide for exemplary punishment against its perpetrators.

(***Source:*** *http://www.business-standard.com/india/)*

Government Likely to Miss Direct Tax Collections Target

The economic slowdown is likely to take a toll on meeting the Budget estimate target of direct tax collections in the current fiscal. "Not at all. How can I be confident (of meeting the budget estimate) when there is a slowdown? It will be difficult... now advance tax will come, let's see what happens in the next installment," CBDT Chairman M. C. Joshi on the sidelines of an international tax conference in New Delhi recently. The Finance ministry had in October revised the Budget estimate of direct tax collection upwards by ₹53,000 crore to ₹5,85,000 crore. The revision was intended to bridge the shortfall that might occur due to reduction in customs duty on crude oil to offset the price rise. Net direct tax collection rose 8.63% during the first eight months (April to November) of the current fiscal. "Now the growth rate is 8% to 9% as compared to last year. To breach the target you need growth rate of 27% (in direct tax collection). The Income Tax department has been able to achieve only

44% of the Budget estimate till now, a senior official said.
*(**Source:** Press Trust of India)*

Black Money: Finance Ministry to Ask Tax Havens for Past Banking Info

Broadening its probe in overseas black money cases, the Finance Ministry has decided to write to tax havens and other countries to obtain past information of banking-related transactions in select cases. Top sources said that the Central Board of Direct Taxes (CBDT) has obtained data of a number of accounts in foreign locations, including tax havens, and it will now write to these countries to share information about past banking transactions under the amended and rectified provisions of the Double Taxation Avoidance Agreement (DTAA). "The CBDT has begun renegotiation with almost 75 countries to broaden the scope of exchange of information under DTAA and the Tax Information Exchange Agreement (TIEA). Banking information on select accounts of the past are now being asked from some of the countries as the I-T department has obtained reports of suspected money stashed by few entities," official sources said. The countries that will be approached include the US, UK, British Virgin Islands among others, they said. India, at present, has completed negotiation with 60 countries/ jurisdictions which includes 24 existing DTAAs, 19 new DTAAs and 17 TIEAs while negotiations with 26 countries/ jurisdictions are underway.
*(**Source:** http://www.thehindubusinessline.com/)*

India May Lose Trillion-$ Market-Capitalisation Tag

The Indian market is on the verge of losing its membership to the elite group of countries with $1 trillion market capitalisation thanks to the unrelenting weakness of the rupee and the slide on the bourses. With BSE's market-cap currently at $1.03 trillion, or ₹54 lakh crore in Indian currency, India could soon exit the group of 12 countries that boast of 13-figure market value in dollar terms. This could happen if the rupee again slides past the 54 to a dollar mark, the stock market slides further, or with a combination of the two. On 28th May, 2007, when the rupee was showing unusual strength against the dollar and hovered around the 40-mark, India had first entered the $1-trillion m-cap league. As the rupee hit a new nine year high against the dollar that day, at 40.50, and a strong rally took BSE's market cap to over the ₹40.50 lakh crore, India had entered the group of countries with trillion-dollar market value. It has since been a member of the select group. So far in 2011, the benchmark sensex has lost a little over 24% while the rupee has lost 18%. The combined effect of market slide and rupee's depreciation has been a 36.8% dip in India's market cap. Of this, India's market cap has dipped 11.2% in the last one month alone. This has also made India the worst performing market in the trillion dollar club of nations, Bloomberg data showed. The closest is France which has lost 23.6% to $1.34 trillion while Germany has lost 20% to $1.2 trillion to become the third worst performing in this group of 12.
*(**Source:** http://www.economictimes.com)*

FICCI for Widening Direct Tax Net

In the backdrop of a falling rupee and overall downward industry sentiment, Federation of Indian Chambers of Commerce and Industry (FICCI) pushed for initiation of new reforms to widen the direct tax net and a one-time amnesty scheme for Indians to bring back overseas money, among others. "These proposals would help the government in improving tax collections and bridging the fiscal deficit. We have received a positive response from the Finance Ministry and are hopeful that at least some of our suggestions will be incorporated into the Union Budget 2012-2013, said FICCI president. He said that to promote investments, the instrument of direct taxes should be used effectively. The tax administration should be made assessee - friendly to improve compliance, and the investment allowance restored to enthuse entrepreneurs and motivate them to undertake productive investments that otherwise may not materialise.
*(**Source:** http://beta.profit.ndtv.com/news)*

Advance Tax Collection Flat in Q3; Target Looks Distant

Advance taxes for the third quarter from corporates headquartered in Mumbai rose by a mere 10%, rendering the targeted tax collection set by the government for 31st March, 2012, a difficult target to achieve. The advance tax collection for September to December period from 100 leading tax-paying companies contributes to about 75% of the total corporate tax collection in Mumbai, and about 35% of the all-India corporate tax collection. Experts believe that to be in tune with the projected direct tax collection of ₹5.85 lakh crore, the collection should have been at least 32% higher than the last fiscal, but is up only 10%.
*(**Source:** http://timesofindia.indiatimes.com/)*

No freezing of Customs Duty at Current Level, Says Sharma

India has ruled out any freezing of Custom duties at current level. It has also deflated the pressure for any dilution of the flexibilities available under the World Trade Organisation (WTO) regime for imposing export restrictions and taxes in case of the agricultural produces. Addressing a group of 20 countries ahead of the 8th Ministerial Conference of the WTO in Geneva, Commerce and Industry Minister Mr. Anand Sharma, said, Tariff standstill (freezing of the custom duties at the current levels) will amount to the developing countries ceding their policy space and being denied any recognition for their autonomous liberalisation. Besides unhinging the negotiated formula on tariff reductions, it would force the developing countries to take on commitments going much beyond what was envisaged for at the end of the Doha Round, he added. Mr. Sharma desired that WTO, while taking up all manner of the new challenges, does not forget the traditional challenge of development.
*(**Source:** http://www.indianexpress.com/)*