States Talk 2013 Date for GST Rollout as Centre Agrees to Review CST Payments

Offering a fig leaf to the agitating states, the Centre has offered to review the compensation formula for the central sales tax, brightening prospects for the key indirect tax reform--goods and service tax. "We discussed the entire GST in detail, including the CST compensation....Union finance minister is very positive and said the chapter of compensation is not closed," Sushil Modi, Bihar deputy chief minister and chairman of the empowered group of state finance ministers told reporters after his meeting with Finance Minister Pranab Mukherjee. A committee of senior officials from the central government and states will now thrash out the issue of compensation, Modi said. The meeting was considered crucial as the vexatious issue of CST compensation had led to a high-pitched war of words between the Centre and the states. Chief ministers of states, including West Bengal and Tamil Nadu, had shot off letters to the Centre saying its decision to discontinue the compensation was unilateral and arbitrary.

The Centre and state governments had agreed in 2006 to cut CST by 1% every year from 1st April, 2007 and eliminate it by 1st April, 2010 to coincide with launch of GST. But, the delay in implementation of GST, due to lack of unanimity over its structure, and the global financial crisis led to a pause in the phase-out plan. The agreed compensation formula included allowing states to tax some services, removal of additional excise duty on tobacco products and textiles, value-added tax on imports, budgetary support and increase in floor rate of value added tax. A large number of these elements such as removal of additional excise duty from tobacco, budgetary support and transfer of revenues from 33 services to states were implemented. But, the Centre did not bring the agreed new services under tax net or impose VAT on imports. On the other hand, only a few states raised the floor rate of VAT from 4%. State governments are miffed with provision of mere 300 crore as compensation towards CST reduction in the budget 2012-13 as against their overall demand of over 19,000 crore. The Centre has said it could not go on compensating states for CST reduction if they kept delaying finalisation of the structure of GST. Modi said the constitution amendment bill for GST was with the standing committee and the new tax could kick in from 1st April, 2013.

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

Income Tax Department Sets Up Call Centres

The Income Tax department has got a little more tech-savvy. In an effort to bridge the gap between taxman and the taxpayer, the department has started five call centres across the country to attend to queries from general public. The main centre is in Gurgaon, with regional ones in Jammu, Shillong, Kochi, and Jangipur in West Bengal, which is also union finance minister Pranab Mukherjee's constituency. The Gurgaon call centre started around three months ago with pilot runs underway. It was made operational on a full-fledged basis only recently. The other centres were also inaugurated recently, said the chairman of Central Board of Direct Taxes (CBDT) Laxman Das. With regional centres, information services will be available in eight regional languages apart from English and Hindi. These centres are expected to cover taxpayers residing in nearby states too, with the set-up in Gurgaon being the main call centre, said Das. The regional languages in which services are available are Assamese, Bengali, Oriya, Punjabi, Kashmiri, Malayalam and Tamil and Khasi, a north-eastern language. The taxpayers can get services by dialling 1961 which is a toll free number and can get a host of basic information about the department. Inquiries can be made about application for a permanent application number (PAN), e-filing of returns, payment of refunds, TDS and other information. Information about the ward under whose jurisdiction a taxpayer comes is also available. Although this would be only the basic information instead of any major advice on tax planning, said Das.

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

New Income Tax Act: Drive Against Black Money to Set New Hurdles for Expats

The government's zeal to unearth black money could result in thousands of expatriates and their families having to provide details of assets held overseas, a requirement that many experts say could deter foreigners from working in India whose economic growth has attracted global talent in areas ranging from deep-sea engineering to movies. The Central Board of Direct Taxes has brought out new tax forms for the current fiscal that require all "residents" to provide information about assets located overseas even before Finance Bill 2012, which mandates these disclosures, has been passed by Parliament. Under the Income Tax Act, the term 'resident' is divided into two categories: 'ordinary resident' and 'resident but not ordinarily resident.' Most expatriates fall under the second category. Those 'not ordinarily resident' do not have to pay tax on their global income, but the new forms may require them to disclose their global assets, a burden some experts say is excessive. A finance ministry official said the disclosures are aimed at resident Indians. The intent of the legislation is that their global income should be taxed in India, he said. The disclosures include details of bank accounts, financial holdings, immovable property, other assets and details of any foreign account in which the taxpayer has signing authority. The family members of expat workers will also need to file I-T returns in India if they own the overseas assets mentioned in the form.

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

India Tops Consumer Confidence in Asia

India has been ranked as the most optimistic nation in Asia in a global consumer confidence survey released in Dubai. At 81.2, in an index which is calculated with zero as the most pessimistic 100 as the most optimistic, India was the leader of the pack in Asia, said MasterCard Worldwide Index of Consumer Confidence.

The index is based on a survey which measures consumer confidence on prevailing expectations in the market over the next six months, based on indicators such a economic growth, employment, stock market, regular income and quality of life.

It involved 12,915 respondents in 25 countries and recorded a three-point rise in Middle East consumer confidence from the previous six month period, bringing the index to (85.7), significantly higher than Africa (73.8) and Asia Pacific (52.1).

Nigeria (96.4) retained the top spot in Africa, followed by Morocco (87.2), said the survey carried out between 5th December, 2011 and 8th February, 2012.

(***Source:*** *www.financialexpress.com)*

Excise Duty, Service Tax Evasion of Over Rs 13,600 Crore Detected

Revenue department detected central excise and service tax evasion of over ₹13,620 crore in the 11-month period till February of 2011-12 fiscal, the government said. Besides, during the investigation, central excise duty and service tax amounting to ₹972.69 crore and ₹1,182.64 crore, respectively, was realised, the Finance Ministry said in a statement. The Central Board of Customs and Excise (CBEC), responsible for collection of indirect taxes, detected a total central excise evasion of ₹3,333.28 crore and service tax evasion amounting to ₹10,286.73 crore April-February of 2011-12, it said. Of these, the Directorate General of Central Excise Intelligence (DGCEI) officers detected evasion of central excise duties and service tax amounting to ₹973.59 crore and ₹4644.75 crore respectively. "During the (DGCEI) investigation, the central excise and service tax dues amounting to ₹219.49 crore and ₹380.62 crore respectively, have also been recovered," the statement added.

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

Direct Tax Code Implementation from Next April: Report

India will implement the Direct Tax Code (DTC) from 1st April, 2013, Finance Secretary R. S. Gujral told a television channel on Thursday. The code, which will replace existing Indian Income-tax Act 1961, intends to cut tax rates to bring more people and companies under the tax net, phase out profit-linked exemptions for companies and replace them with investment-linked incentives.

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

Govt Achieves Indirect Tax Mop up Target in FY12

Moderation in growth rate during 2011-12 has not impacted the revenue realisation, with the government achieving 99.6% of indirect tax collection target during the year, a finance ministry official said. "We have achieved 99.6% of budgeted estimates of indirect tax collection target of last fiscal," said a senior official of the revenue department. The government had fixed a target of ₹3.92 lakh crore during 2011-12 for indirect taxes which includes central excise, customs and service tax. The Revenue Department, sources said, has been able to achieve the indirect tax collection despite the moderation in economic growth. The GDP growth, as per the estimates of the Central Statistical Organisation (CSO), has been estimated at 6.9% during 2011-12, down from 8.4% recorded in the previous two fiscals. While the target for collection of Union excise duties was ₹1.64 lakh crore, that for custom duty collections was ₹1.51 lakh crore.

(***Source:*** *News Agencies)*

Rise in Customs Duty may Open Unofficial Channels

The possibility of the movement of gold into the country through unofficial channels has increased considerably, owing to the Budget proposal to double the customs duty. However, the situation may not be as grave as in the 70s and 80s, when huge quantities of gold were smuggled into India because of curbs on imports. The modus operandi may be quite different now. Though admitting the rise in customs duty from 2% to 4% may lead to some smuggling, officials downplayed the risks. The finance ministry may not roll back the rise in customs duty, aimed at narrowing the current account deficit, as it believes the smuggling of the precious metal has considerably lost its lure now. According to intelligence gathered by the finance ministry, unofficial gold imports would not rise to levels that could compel the government to roll back its decision.

(***Source:*** *http://beta.profit.ndtv.com/news)*

Exports Grow 21% at $303.7 Billion

Country's exports grew by 21% to USD 303.7 billion in 2011-12 over the previous fiscal, while imports shot up by 32.1%. Imports reached $488.6 billion, leaving a trade deficit of $184.9 billion, Commerce Secretary Rahul Khullar said recently. "This is the highest trade deficit and is a serious concern," he said. Khullar also said gold imports, which contributed in increasing the bill, is expected to decline in the current fiscal (2012-13) due to the duties imposed by the government.

(***Source:*** *Press Trust of India)*