## No Scope for Gloom; High Growth in a Year or Two: Chidambaram

Finance Minister P. Chidambaram has said there was "no scope for gloom or despair" and expressed the confidence that the Indian economy will be back in high-growth trajectory in a couple of years. "The world economy slowed down in 2008 and the crisis continues and it is not clear (if) it would pick up in 2013. However, there is no scope for gloom or despair," he told office-bearers of Congress at Karnataka Pradesh Congress Committee (KPCC) here. Noting that the country registered about 5.5% growth in the first quarter, he expressed the hope that GDP growth would improve in the second half. "We are one among the four or five countries that have had a decent growth rate," he said.

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

## GAAR Amendments Finalised: Finance Minister

Amendments to GAAR, the law against tax avoidance through foreign investments, have been finalised, Finance Minister P Chidambaram has disclosed. "I have finalised the amendments to the Chapter 10A of the Income Tax Act. Now it will go to the PMO and then we should be ready with the amendments and then the GAAR rules will reflect the amended Chapter 10A. Chapter 10A of the Income Tax Act deals with taxation of investments. GAAR (General Anti-Avoidance Rules), which was proposed in 2012-13 budget with a view to preventing tax evasion, evoked sharp reactions from foreign as well as domestic investors who feared that unbridled powers to taxmen would result in harassment of investors.

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

## CBDT Cracks Whip on I-T Department

Taking action over Supreme Court's recent concern over delays in filing appeals by the Income Tax department, the Central Board of Direct Taxes (CBDT) has fixed a 21-day mandatory deadline for preparing a response in such cases by the taxman. CBDT, through its Directorate of Legal and Research, has said any delay in filing of appeals in the High Courts or Special Leave Petitions (SLPs) in the apex court may attract "administrative action". The proposals for filing SLP are still received after considerable delay.

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

## Fraudulent Tax Refund Mails in Circulation

If you happen to receive an email from the 'tax department' promising a generous tax refund, stop rubbing your hands in glee. It could well be the handiwork of a fraudster fishing for your bank account details, credit card number and a few other private data. Usually sent to office email addresses, the mail is a cleverly crafted note with a hyperlink to the home page of the Reserve Bank of India. The receiver is requested to share personal and account details on what is seemingly a linked page on the central bank website. The fraud mail originates from the 'tax refund department', bears the address 'service@incometaxindia.in' and has a subject line which says 'tax refund notification alert'. The language and format of the mail is strikingly similar to any formal correspondence from the I-T department. It addresses the receiver of the mail as 'Dear valued taxpayer' and goes on to say that you are "qualified for a refund which could run into as much as Rs 50,000". The mail asks the reader to 'click' on the hyperlink to place a tax-refund request. The hyperlink opens to the homepage of the RBI, but the website address panel shows www.chatbordel.de. The page asks for bank name, ATM number, ATM PIN number, CVV number, card expiry date and transaction password. Upon getting details like card number, CVV and expiry data, miscreants could carry out unauthorised purchases and online fund transfers.

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

## Indian Internet economy all set to explode: study

The Internet has established its role as a powerful economic force multiplier with a new study projecting that its contribution to India's GDP will explode to $100 billion (₹5 lakh crore) by 2015 from $30 billion (₹1.5 lakh crore) at present. The study on the "Impact of Internet on the Indian Economy" by McKinsey, could well become a new anchor for the government's programmes to enhance digital citizenship. Revealing the highlights of the study, in the presence of Telecom Minister Kapil Sibal recently, McKinsey said the contribution of the Internet to global GDP is roughly 3% or $1.7 trillion and its performance in India will eventually mirror this trend.

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

## Govt Cuts Tax-Free Bonds Size

The Government has slashed the size of tax-free bonds to be issued by its companies this year by ₹7,500 crore. It has allowed ten state-run companies to raise ₹53,500 crore through issuance of tax-free bonds by March 2013. This is lower than ₹60,000 crore announced in Budget 2012-13, but significantly

higher than ₹30,000 crore allowed in 2011-12. As the notification has come barely four months before the end of the financial year, investors will see a spate of tax-free bonds in the next few months.

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

### Income Tax Dept Approaches Swiss Authorities

The Income Tax department, probing the secret list of account holders in the Geneva branch of HSBC bank, has approached Swiss revenue authorities for banking data of certain individuals after investigations showed some of them reportedly had other accounts under fictitious names. The department, which approached the Finance Ministry and the Central Board of Direct Taxes (CBDT) in this regard recently, has initiated the step in order to build a water-tight case against those who have stashed illegal funds abroad and the action has been taken under the recently revised tax information exchange treaty between the two countries. Top sources involved in the probe said that after India received the list, both the I-T department and the Enforcement Directorate (ED) have gathered vital leads on the financial investments of a certain number of individuals and it is suspected that a number of them hold other Swiss accounts under different names allegedly to evade the tax scanner. The department, sources said, has also opened I-T assessments of a "specific number" of those named on the same list under the provisions of Wealth Tax laws.

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

### Govt Mulls Duty Hike to Shore Up Revenue

Facing a likely shortfall of over ₹35,000 crore in indirect tax collections, and the dismal state of revenue collection so far, the finance ministry is considering several measures to shore up the kitty base, including raising tariff rates in both customs and excise for a few items which are below the peak duty rate. The Central Board of Excise and Customs is already analysing the options available where it can increase the effective rate to the tariff rate. The Centre has the power to exempt few goods in public interest so it prescribes duty rates lower than the tariff rates. Such rates are called effective rates. The department is internally analysing the list where effective rate is substantially lower than the tariff rate. We are looking at items that have the potential of generating more revenue. For increasing the effective rate to tariff rate, we don't need Parliament's approval, it can be done by notifications, a government official said. The official added that the department is working on reducing revenue foregone for the current year.

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

### Supreme Court's Excise Duty Ruling Throws Automobile Makers Off Gear

Makers of consumer goods looking to capture market share by pricing their products below cost may find their options limited by a recent Supreme Court judgement that allows the excise department to collect tax at the 'normal price' of the product, based on cost of production, even if the selling price is lower. The judgment, which was delivered in September 2012 but whose ramifications are now becoming clear, directed Fiat and its erstwhile partner Premier Automobiles to cough up a total of ₹360 crore for Fiat Uno vehicles that were sold below cost from 1996 to 2001. The outcome of the order could potentially impact a range of sectors, from consumer goods to pharmaceutical and even the oil marketing companies besides automobiles. Essentially, experts say, companies seeking to price below cost as a business strategy may no longer be able to do so.

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

### RBI, CCI to Vet All Banking Mergers

Mergers and acquisitions (M&As) in the banking space may require clearance from fair market watchdog, Competition Commission of India (CCI), as well as the sector regulator, Reserve Bank of India (RBI). Earlier, the indications were that only involuntary mergers and acquisitions, the ones directed by the RBI, would go to the central bank along with the CCI. However, all Mergers and acquisitions may now come under both. While the CCI will look at the competition part of such deals, the RBI will see prudential aspects. For M&A activities, banks will have to seek Reserve Bank approval from a prudential point of view.

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

### No Tax Relief for Restructured Loans: CBDT

The Central Board of Direct Taxes on Monday clarified that the concessional 5% tax on interest paid on foreign loans taken by infrastructure sector is not available for existing loans that are restructured solely to avoid the 20% withholding tax on interest payment.

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