

### Cabinet Approves GST, e-Commerce Cos to Pay Up To 1% tax



The Union Cabinet has cleared four supporting GST legislations paving the way to implement the landmark tax reform. The four approved bills are Compensation Law, the Central-GST (C-GST), Integrated-GST (I-GST) and Union Territory-GST (UT-GST). However, for online retail firms like Snapdeal and Amazon there is some bad news. The model Goods and Services Tax law, finalised by the GST Council, provides for 1 per cent Tax Collected at Source (TCS) to be deducted by the e-commerce operators. Starting from July 1, e-commerce companies will be required to deduct up to 1 per cent TCS while making payments to their suppliers. Experts had raised concerns saying this would mean that a similar amount will have to be levied on inter-state movement of goods, taking the total TCS deduction to 2 per cent. "We have included the word 'up to' in the final model GST law. This would mean that TCS would not exceed 1 per cent of the sale proceeds," an official said. Industry has been expressing concern over the TCS provisions saying it would mean a lock-in of capital and also dissuades companies from selling through online aggregators. E-commerce companies will also have to file returns on the TCS deductions, but in case of return of goods by the consumer, these companies will not have to deduct TCS as there is no actual sale.

(Source: [www.financialexpress.com](http://www.financialexpress.com))

### India Q3 GDP Grows 7% Despite Demonetisation, Analysts Frown

India seems to have braved the effects of demonetisation with the economy growing at an unexpectedly robust 7% in what was deemed to be the worst hit October-December quarter. It's now forecast to achieve 7.1% growth in the year to March. Going by these projections, India will retain its tag of being the fastest-growing major

global economy that it was at risk of surrendering to China going by some estimates. The upbeat data announced on Tuesday boosts the government's defence of demonetisation. The quarter faced the brunt of the cash crisis with demonetisation being announced on November 8 and the supply of new notes failing to meet demand for much of the three-month period.

The Central Statistics Office (CSO) also retained the advanced estimate for 2016-17 at 7.1%, which is lower than 7.9% of 2015-16, but higher than what most economists have predicted in view of the crippling effect that demonetisation has had on consumption and investment. The Q3 GDP growth estimate beat analysts' expectation of 6.4%. Some had even projected the growth to slip below 6%. However, analysts point to flaws in the GDP calculations saying it does not factor in the informal sector, which was the worst hit after the government scrapped ₹500 and ₹1,000 notes.

The government's chief statistician TCA Ananth declined to comment on the factors behind the robust estimates for Q3. "We will look for more data to assess the impact of demonetisation," he said. While acknowledging that, in the absence of adequate data, it is hard to accurately capture the impact of decisions such as demonetisation, economic affairs secretary Shaktikanta Das said the GDP numbers negate the downward projections made around note ban.

(Source: <http://www.hindustantimes.com> and <http://economictimes.indiatimes.com>)

### Tax Dept Makes Public List of Defaulters Owing ₹448 crore



The income tax department has recently released a list of 29 entities owing ₹448.02 crore in taxes as part of its strategy to name and shame large defaulters. In advertisements issued in leading national dailies, the department brought out the list of defaulters of income tax and corporate tax even as it advised

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them to pay their “tax arrears immediately”. The department has carried out this exercise earlier too and had named at least 67 such entities which have huge tax liabilities on them but have either gone non-traceable or have shown no assets for recovery. A senior official said the public list, with details of the individual or entity like their PAN card number, last known address and assessment range and defaulted amount of tax, is also aimed to make aware the people at large so that they inform the department in case of information against them. “The entries in the list are specific to the tax arrears and assessment year mentioned. The tax defaulter’s address, business, shareholding and management may have changed,” the notice said.

(Source: [economictimes.indiatimes.com](http://economictimes.indiatimes.com))

## Tax Department to Calculate GST’s Impact on Inflation



The revenue department will work out GST’s impact on inflation before the fitment committee starts fixing rates for various goods and services. This is being done to minimise price rise once the new indirect tax regime is rolled out, officials said. They said the department will work on an ‘exempted list for both goods and services’ and fix majority of the items with high weightage in the CPI basket close to the current tax rate. “The fitment of rates would be done in a way to ensure items which have more weightage in CPI basket are not affected. We will do internal calculation to make sure that rates do not affect consumer price index (CPI) based inflation,” an official said. The GST Council has already decided on a four-slab tax structure of 5, 12, 18 and 28 per cent. In addition, a cess would be levied on demerit and luxury goods, the proceeds of which will be utilised to compensate the revenue loss incurred by states on roll out of Goods and Services Tax (GST) regime.

(Source: [NDTV Profit](http://NDTV Profit))

## File Prosecution Cases against Shell Companies: CBDT to Taxmen

The CBDT Chairman has asked field officers to file prosecution cases against those entities which claimed bogus long-term capital gains. According to the tax department, there are about 15 lakh registered companies in India of which only 6 lakh file annual returns. This means a large number of these companies could be indulging in financial irregularities. While the Serious Fraud Investigation Office (SFIO) has filed cases against 49 shell companies, ₹3,900 crore is believed to have been laundered by 559 persons with the help of 54 professionals.

With bogus capital gains of ₹80,000 crore availed by shell companies last year coming to the notice of the I-T department, the Budget 2017-18 has proposed 10 per cent long-term capital gains tax on those who acquired shares in unlisted companies after October 1, 2004, if they had not paid securities transaction tax (STT) at the time of purchase.

(Source: [www.financialexpress.com](http://www.financialexpress.com))

## Govt Filing Twice As Many Cases as Private Cos in Supreme Court

A study by the government's official auditor has showed that the Central Board of Excise and Customs (CBEC) has been the biggest litigant in the last three years, filing twice as many appeals in the Supreme Court than private companies. A case study for financial years (FYs) 2014, 2015 and 2016 on the total pendency of cases related to indirect tax disputes shows that on an average, the government has been filing over 1,700 appeals annually in the apex court, despite the fact that its success rate came down from 19% in 2014 to 11% in 2016. In addition, the government has been filing at least 5,000 cases every year before various high courts. The success rate in high courts was worse—coming down from 34% in 2014 to 18% in 2016. The Comptroller and Auditor General, which raised the issue in its latest report tabled in Parliament on Friday, has suggested that steps should be initiated to bring down litigation, particularly in view of the department losing a large number of cases in the highest court.

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