National Update

Government Extends Tax Exemption for Industry in North East, Hilly States

As many as 4,284 industrial units in the North East and Himalayan States will get GST relief in the form of refund of Central share of CGST and iGST. The Cabinet Committee on Economic Affairs (CCEA) recently gave its nod for a new scheme to refund the Central share of Central GST (CGST) and integrated GST (iGST) to these units in lieu of the excise exemption lost due to the onset of goods and services tax (GST) and scrapping of excise laws from July 1 this year. A budgetary support of ₹27,413 crore for this scheme has been approved for the period from July 1, 2017 till March 31, 2027, Finance Minister Arun Jaitley told reporters after a Cabinet meeting. He said the Department of Industrial Policy & Promotion (DIPP) will notify the scheme, including detailed operational guidelines for implementation within six weeks. The 4,284 eligible industrial units were granted excise duty exemption for the first 10 years after commencement of commercial production under the North East Industrial and Investment Promotion (NEIIPP) 2007 and package for special category States for Jammu & Kashmir, Uttarakhand and Himachal Pradesh to promote industrialisation. "Upon repeal of the Central excise duty laws, the government has decided to refund the Central share of CGST and iGST to the affected industrial units for the residual period in the States of North Eastern region and Himalayan States," Jaitley said.

*(**Source:** Press Information Bureau)*

India will Benefit from Growing Tax Revenue in FY2018

India's tax revenues will benefit from a widening tax base and robust advance collections, but non-tax revenues will face speed-bumps in fiscal 2018, the Development Bank of Singapore said recently. The routine sources of support are likely to wane this year - dividends from the central bank and other public sector banks/entities, divestment receipts and proceeds from telecom spectrum auctions, noted the DBS in its market report. On the first, the Reserve Bank of India's dividends are set to halve this year to ₹307 billion (0.2 per cent of Gross Domestic Product) estimated the DBS. This is driven by a host of reasons, including a higher cost burden from last year's demonetisation exercise alongside a jump in liquidity-absorption measures that ate into earnings. Returns on foreign reserves have also been moderating in the midst of weak global yields, according to the DBS.

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

I-T Plans to Pursue Property-Holders Who Have Never Filed Income Tax Returns

Income tax authorities plan to pursue those who have properties in their name but haven't ever filed income tax returns on the suspicion that these may be benami holdings on behalf of people looking to conceal their wealth. The exercise is part of the government's crackdown on black money. The findings have emerged from the analysis of vast amounts of data that the government has collected. "We have a lot of data from various sources including on investments in property by people who have never filed returns," said an income tax official. This information will be verified to ascertain the source of income used for the purchase of the properties and to see if these are being held by benami owners. Enforcement action will be taken only in cases where there is concrete evidence, the official said. Otherwise, tax authorities will follow a non-intrusive approach. In some instances, the properties purchased exceed the income declared and in others, no income tax return has been filed The tax authorities now have the ability to analyse the data they get from multiple sources to identify evaders. Spending and investment data are used to create profiles of individuals and matched with incomes declared in returns. Aside from this, more than 550,000 people have been identified for further probe as part of the second phase of Operation Clean Money for having deposited cash incommensurate with their declared income.

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

CBDT Signs Nine UAPAs with Indian Taxpayers

The Central Board of Direct Taxes (CBDT) has announced entering into nine Unilateral

Advance Pricing Agreements (UAPAs) with Indian taxpayers. With some of the UAPAs having rollback provisions, the APA Scheme endeavors to provide certainty to taxpayers in the domain of transfer pricing by specifying the methods of pricing and determining the ARM's Length Price of international transactions in advance for a maximum period of five future years. Further, the taxpayer has the option to rollback the APA for four preceding years, as a result of which, a total of nine years of tax certainty is provided. Since its inception, the APA scheme has attracted tremendous interest among Multi National Enterprises (MNEs).

*(**Source:** http://www.incometaxindia.gov.in)*

GST Base Looks Set To Be At Least 25% Wider than Earlier Tax Regime

The number of assessees who have applied for GST registration or registered to pay goods and services tax may cross 10 million soon, a 25% expansion from the 8 million assessees under the previous tax regime

Sticking to the 1 July deadline for rolling out the goods and service tax (GST) seems to have paid off as far as the number of registered indirect tax assessees, referred to as the tax base, and the potential for a revenue boost to the exchequer are concerned.

The number of indirect tax assessees who have applied for registration or registered to pay GST is set to cross the 10 million mark soon, a 25% expansion from the 8 million assessees registered under the earlier tax system for paying excise duty, service tax and state-level value-added tax (VAT), said a senior finance ministry official who asked not to be named.

A wider tax base may lead to increased tax buoyancy, the official said. Tax collection is said to be buoyant when growth in tax receipts surpasses the economic growth rate.

A wider tax base is of immense significance to the government as it will help it stick to the fiscal deficit target of 3.2% for 2017-18 even if some of the non-tax revenue receipts such as disinvestment proceeds, payments from the telecom industry for spectrum and other levies fall below the levels estimated at the time of making the budget.

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

Common Use Items Exempt from e-Way Bill Provision under GST

LPG, kerosene, jewellery and currency are among the common use items that have been exempted from the requirement of obtaining electronic permits for transportation under the GST regime. The Goods and Services Tax (GST) regime, rolled out from July 1, mandates obtaining permits called e-way bills for transporting goods consignment of more than ₹50,000 in value with a view to checking tax evasion. A senior finance ministry official said the GST Council in its last meeting on August 5 approved a list of 153 items that have been exempted from the requirement of obtaining e- way bills. These include domesticated animals like live bovine animals, swine and fish, fruits and vegetables, fresh milk, honey, seeds, cereals and flour. Also exempted is movement of betel leaves, non-alcoholic toddy, raw silk, khadi, earthen pot and clay lamps, puja samagri and hearing aids. Human hair, semen including frozen semen and condoms and contraceptives have also been exempted. The official said cooking gas (LPG) for supply to households and kerosene for sale under public distribution system (PDS) too have been exempted from the requirement of getting the consignment registered online before moving them. On the exempt list is also postal baggage as also currency, jewellery and used personal and household effects, he said. E-way bill is also not required if goods are transported by non-motorised conveyances. Goods transported from international ports to hinterland ports for clearance by customs have been exempted from the requirement. The electronic permit would have to be generated when consignment value exceeds ₹50,000 and is optional if the value is less than that. The provision would kick-in from a date to be notified by the central government after the backbone software for generating such permits is ready by the National Informatics Centre (NIC), which is likely by October.

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