National Update

GST Council Approves Transition Plan for New GST Rates

GST council recently approved a transition plan for new goods and services tax rates on residential properties under which developers of under-construction buildings may either opt to shift to the revised lower rates without input tax credit or stick to the previous rates.

Revenue Secretary Ajay Bhushan Pandey told media that for housing projects launched on or after the first of April this year, the developers will have to adhere to the new GST rates recommended by the council in February 2019. Developers can also opt for different GST options for separate buildings in a project depending on if construction started before or after 31st March this year. Mr Pandey added that there will be no revenue loss to the government due to the new GST structure for under-construction housing. The next GST Council meeting will be held after the Lok Sabha elections.

(Source: www.livemint.com)

Builders Can Choose Between Two Tax Rates on Incomplete Projects

Builders can now choose between two different tax rates in case of incomplete residential projects, the Goods and Services Tax (GST) Council said recently. The new reduced tax rates will kick in from April 1. The Council decided to give builders the option of choosing the tax rate — 12% with input tax credit facility or 5% without it, and in the case of affordable housing projects, 8% with tax rebates or 1% without it, revenue secretary Ajay Bhushan Pandey said. The choice of tax rates in case of buildings that are not completed as on 1 April has to be exercised within a specified time, which will be notified later, Pandey said. For new projects beginning 1 April, lower tax rates will apply. The decisions bring clarity on taxation of under-construction houses sold during the transition to the new tax system. The Council had on 24 February decided to lower the tax rate on under-construction residential properties from an effective 12% with input tax credit benefit to 5% without that benefit and on under-construction affordable houses from an effective 8% with tax rebates to 1% without it.

(Source: www.thehindu.com)

Net Direct Tax Collection Crosses ₹ 10 Lakh Crore Mark

The net direct tax collection figure has crossed the ₹ 10 lakh crore mark as on 16th March 2019, helped by the fourth and final instalment of tax payment, sources said. The entire advance tax data from across the country has not come yet, the sources said. However, the preliminary assessment indicates that the net direct tax collection has crossed ₹ 10 lakh crore, they said. The net direct tax collection during April-January of this fiscal stood at ₹ 7.89 lakh crore as against ₹ 12 lakh crore targeted for the entire fiscal of 2018-19. The government had earlier estimated the mop up from direct tax collection at ₹ 11.5 lakh crore, which was revised upwards by ₹ 50,000 crore in the interim Budget for 2019-20. The government has been putting on a brave face on meeting the direct tax collection target. "On direct taxes, we are reasonably confident of (meeting the target). But on the indirect tax front, there may be some shortfall," Economic Affairs Secretary Subhash Chandra Garg said recently.

(Source: Press Information Bureau)

CBIC Clears Air on Sales Promotion Offers Under GST

The Director General of Foreign Trade has discontinued issue of physical copies of advance authorisations and EPCG (Export Promotion Capital Goods) authorisations. The Central Board of Indirect Taxes and Customs (CBIC) has issued a useful circular clarifying various doubts regarding sales promotion schemes under goods and services tax (GST) regime. Another circular from its customs wing talks of introduction of next generation reform named '*Turant Customs*' — a comprehensive package of various elements that would be implemented from time to time in the next few months. The Director General of Foreign Trade (DGFT) has discontinued issue of physical copies of advance authorisations and EPCG (Export Promotion Capital Goods).

(Source: https://economictimes.indiatimes.com)

US MNCs Now Won't Have to File CbC Report in India

Indian arms of US MNCs will not have to file country by country or CbC report in India. India has finalised bilateral competent authority arrangement for exchange of CbC reports with US. These companies

would have had to file these here with Indian revenue authorities by March 31, 2019 in absence of such an agreement. They will now need to merely intimate them of such CbC reports having been filed by their respective parent entities in the USA. "This would enable both the countries to exchange CbC Reports filed by the ultimate parent entities of International Groups in the respective jurisdictions, pertaining to the financial years commencing on or after 1st January, 2016", a Central Board of Direct Taxes statement said. This development is being seen in line with the government's initiative of ease of doing business and reducing the overall compliance burden in India.

(Source: https://in.reuters.com)

CBDT gives 90 Start-ups Immunity From Angel Tax

In what will give relief to 90 startups from taxman's questioning their valuation during fund raising rounds and slapping angel tax, the Central Board of Direct Taxes (CBDT) has given them a written assurance and registered them for Startup India Action Plan, according to two people with direct knowledge of the matter. Under the Startup India Action Plan, a Department of Industrial Policy and Promotion (DIPP) initiative, the startups were asked to submit all details related to capital raising and promoters, and if accepted, they get an immunity from future tax demands under section 56(2)viib of the Income Tax Act. The angel tax and the income tax section deals with premiums paid by investors while they invest in unlisted companies. Startups have been issued notices under two income tax sections — 56(2)(viib), which deals with valuations (classification of a funding as income or investment), and Section 68, which is about unexplained credit. The DIPP leeway only pertains to tax demands where valuations of startups have been questioned. Industry trackers say that while the DIPP registration is a start, there may still be some glitches before the startups to get a complete reprieve from angel tax.

(Source: https://economictimes.indiatimes.com)

MCA Seeks Legal Reform to Ease Transferring Shares from Firms to Govt

The Ministry of Corporate Affairs (MCA) is pushing for an amendment to the Companies Act to shift the task of transferring shares from companies to the government. The amendment, the officials said, would centralise and smoothen the process of share transfer, besides addressing the problem of unclaimed dividends, which stand at ₹ 2,000 crore. After the changes to the Companies Act, the claimant has to approach the government to transfer shares in his or her name, said senior ministry officials.

(Source: https://www.business-standard.com/)

India Ranks 76th on WEF's Global Energy Transition Index

World Economic Forum said India is amongst the countries with high pollution levels and has a relatively high CO2 intensity in its energy system. India has moved up two places to rank 76th on a global energy transition index, which has ranked 115 economies on how well they are able to balance energy security and access with environmental sustainability and affordability. Sweden remains on the top on this annual list compiled by Geneva-based World Economic Forum (WEF) and is followed by Switzerland and Norway in the top three, as per its latest report released recently. The WEF said energy systems have globally become less affordable and less environmentally sustainable than they were five years ago, though access to energy has improved with less than 1 billion now living without access to electricity. "Despite this, India has made significant strides to improve energy access in recent years, and currently scores well in the area of regulation and political commitment towards energy transition," the WEF said.

It suggested there was a ground for optimism regarding India despite the current outdated energy system not being ready for transition, because an enabling environment is being built to support future transition. While India has scored low in terms of system performance (ranking 97 and 86, respectively), it ranks considerably higher when it comes to readiness (45 and 61, respectively). Overall, India has moved up two places from 78th last year. China is ranked even lower than India at 82nd position, though it ranks very high at seventh place in the world for regulation and political commitment.

(Source: https://www.thehindubusinessline.com)