Macramé
Strategic Business Solutions

2015

MACRAMÉ CONSULTANTS

Macrame Consultants Pvt. Ltd.

11-Jan-15

Weaving Ideas Integrating Business……

INDEX

Goods And Service Tax (GST)

Goods and Service Tax (GST) is a comprehensive tax levy on

- Manufacture
- Sale and consumption of goods and services

at national level.

GST is a tax on goods and services with value addition at each stage having comprehensive and continuous chain of set-of benefits from the producer's/ service provider's point up to the retailer's level where only the final consumer should bear the tax.

MODEL OF GST

GST model will have dual system for imposing the tax.

- Central GST
- State GST

Central Excise duty, additional excise duty, services tax and additional duty of customs (equivalent to excise), state VAT entertainment tax, taxes on lotteries, betting and gambling and entry tax (not levied by local bodies)would be subsumed within GST .

SALIENT FEATURES OF GST

- It would be applicable to all transactions of goods and service.
- It is to be paid to the accounts of the Centre and the States separately.
- The rules for taking and utilization of credit for the Central GST and the State GST would be aligned.
- Cross utilization of input tax credit between the Central GST and the State GST would not be allowed except in the case of inter-State supply of goods.
- The Centre and the States would have concurrent jurisdiction for the entire value chain and for all taxpayers on the basis of thresholds for goods and services prescribed for the States and the Centre.
- The taxpayer would need to submit common format for periodical returns, to both the Central and to the concerned State GST authorities.
- Each taxpayer would be allotted a PAN-linked taxpayer identification number with a total of 13/15 digits.

- All the items of goods and services are proposed to be covered and exemptions will be granted to few selected items.
- After introduction of GST, all the traders will be paying both the types of taxes i.e. CGST and SGST.

TAXABLE PERSON

- It will cover all types of person carrying on business activities, i.e. manufacturer, job-worker, trader, importer, exporter, all types of service providers, etc.
- If a company is having four branches in four different states, all the four branches will be considered as TP under each jurisdiction of SGs.
- All the dealers/ business entities will have to pay both the types of taxes on all the transactions.
- A dealer must get registered under CGST as it will make him entitle to claim ITC of CGST thereby attracting buyers under B2B transactions.
- Importers have to register under both CGST and SGST as well.

COVERAGE OF TAXES

The sub-coverage should result in free flow of tax credit in intra and inter-State levels so that unrelated taxes, levies and fees are not be covered under GST.

Sl. No.	Coverage under CGST	Coverage under SGST
1	Central Excise Duty	VAT / Sales tax
2	Additional Excise Duties	Entertainment tax (unless it is levied by th
3	Excise Duty-Medicinal and Toiletries Preparation Act	Luxury tax
4	Service Tax	Taxes on lottery, betting and gambling.
5	Additional CVD	State Cess and Surcharges (supply of gooc
6	Special Additional Duty of Customs - 4% (SAD)	Entry tax not in lieu of Octroi
7	Surcharges, Cess	

GST ON IMPORT AND EXPORT

- GST on export would be zero rated.
- Both CGST and SGST will be levied on import of goods and services into the country. The incidence of tax will follow the destination principle and the tax revenue in case of SGST will accrue to the State where the imported goods and services are consumed. Full and complete set-off will be available on the GST paid on import on goods and services.

INTER STATE TRANSACTION OF GOODS AND SERVICES

- The existing CST will be discontinued. Instead, a new statute known as IGST will come into place. It will empower the government to levy and collect the tax on the inter-state transfer of the Goods and Services.
- The scope of IGST Model is that Centre would levy IGST which would be CGST plus SGST on all inter-State transactions of taxable goods and services with appropriate provision for consignment or stock transfer of goods and services.
- The inter-State seller will pay IGST on value addition after adjusting available credit of IGST, CGST, and SGST on his purchases. The Exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The Importing dealer will claim credit of IGST while discharging his output tax liability in his own State. The Centre will transfer to the importing State the credit of IGST used in payment of SGST. The relevant information will also be submitted to the Central Agency which will act as a clearing house mechanism, verify the claims and inform the respective governments to transfer the funds.

PERIODICITY OF GST PAYMENT

- Since the amount of VAT collected by a dealer is related to his turnover, the dealer is likely to accumulate a huge VAT liability within a very short period. Hence, it is necessary to minimize the risk of payment defaults by dealers, in particular fly-by-night operators.
- Given that the collection under VAT will serve as the dominant source of revenue for state government, it is imperative to provide for a collection mechanism which would ensure a period flow of revenue to the exchequer subject to a minimum compliance burden on taxpayers and risk of revenue loss. Therefore, VAT period should be a calendar month.

Construction Development Sector: FDI Policy (Revised)

CONSTRUCTION DEVELOPMENT → **100% FDI CAP UNDER AUTOMATIC ROUTE**

Construction Development projects include:		
	Development of Townships	
	Construction of	
		Residential/commercial premises
		Roads or bridges
		Hotels/resorts
		Hospitals
		Educational Institutions
		Recreational facilities
		City & regional level infrastructure

FDI is not permitted in real estate business, construction of farm houses and trading in transferable development rights (TDRs).

Conditions required to be fulfilled for Investment:

- Minimum area to be developed –
  a) In case of development of serviced plots- no minimum land area requirement.
  b) In case of construction-development projects- minimum floor area of 20,000 sq.meter.
- Minimum FDI of US$ 5 million within 6 months of commencement of project,
  Where,
  - Commencement of the project is the date of approval of the building plan/lay out plan by the relevant statutory authority.
  - Subsequent tranches of FDI can be brought till the period of 10 years from the commencement of the project or before the completion of project, whichever is earlier.

- Investor will be permitted to exit on completion of the project or after the development of trunk Infrastructure i.e. roads, water supply, street lighting, drainage, and sewerage.
- Indian investee company is permitted to sell only developed plots
  Where,
    - Developed Plots means where trunk Infrastructure i.e roads, water supply, street lighting, drainage, and sewerage have been made available.
- Indian investee company will be responsible for obtaining all necessary approvals, including those of the building/layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules/bye-laws/regulations of the State Government/Municipal/Local Body concerned.

INDIA-BHUTAN BILATERAL RELATIONS

The bilateral relations between the Himalayan Kingdom of Bhutan and the Republic of India have been traditionally close, which has written a new chapter with the visit of Bhutan PM Tshering Tobgay at the Vibrant Gujarat Summit, 2015, where main focus was economic cooperation between India and Bhutan. Also, PM Narendra Modi chose Bhutan as his first, foreign destination, placing regional co-operation before global co-operation. He had inaugurated the Supreme Court Complex in Bhutan and also promised help to Bhutan on IT and digital sector.

India remains influential over Bhutan's Foreign Policy, Defence and Commerce. As of 2012-13 fiscal, India's budgetary support to the Kingdom country stands at USD 600 Million, about one-third of India's overall annual foreign aid. Bhutan's new Prime minister, Tshering Tobgay, secured an aid package from India worth INR 54 billion (USD 819 million, as per the exchange rates at the time of signing the deal) for his nation during his visit to New Delhi in August 2013. Five-sixth of this amount (INR 45 billion) has been earmarked for Bhutan's 11th Five-Year plan. INR 4 billion was for the pending projects of the previous plan period. The remaining INR 5 billion was part of India's "Economic stimulus package" for Bhutan's slowing economy. India operates 3 Hydel Power Projects, of 1,416 MW in Bhutan and 3 more of 2,129 MW are under construction.

TRDAE WITH INDIA

India is not only Bhutan's main development partner but also its leading trade partner. The existing free trade regime between India and Bhutan was last renewed in 2006 for a period of 10 years. The India-Bhutan Trade and Commerce Agreement was first signed in 1972.

Exports from India to Bhutan	Exports from Bhutan to India
High Speed Diesel	Electricity
Ferrous products	Carbides
Motor Spirit including aviation spirit (petrol)	Copper wire
Copper wire	Gypsum
Rice	Ferro-alloys
Wood Charcoal	Bar & rods
Hydraulic turbines	Dolomite
machinery items	Agri products (oranges, cardamom, potatoes)
Coke and semi coke of coal	
Soybeanoil	
Milk Powder	