CFO INDIA cfo-india.in Newsletter

14 FEBRUARY 2018

EDITOR'S **PICK**

"Tax reforms would be incomplete without the reform of direct tax legislation"

Kapil Nayyar, Partner, International Business Advisor talks on tax reforms and other issues that concern Indian economy.

Q. The contribution of direct taxes in the total tax collection in 2016-17 fell below 50 per cent to 49.66 per cent for the first time since 2006-07. This is despite a 15 per cent growth witnessed in the direct tax collection during the year. Why is this so?

Kapil Nayyar: You would have to see it from a macro perspective. The direct tax collection contribution has increased in absolute terms however it has reduced in proportion to the indirect tax contribution. This is primarily due to the increase in indirect tax contribution. In the year 2016-2017, service tax rate increased to 15 per cent from 12.36 per cent and also the excise duty on petrol and diesel increased multiple times.

Q: In January though, it was reported the direct tax collections jumped by 18.2 per cent during the first nine months of current fiscal at Rs 6.56 lakh crore. What led to this jump?

KN: Demonetisation can be one of the major contributors to such increase. The return filing base has increased which has led not only to the increase in direct tax collection but also the collection of advance tax.

Q: It is expected that the Finance Minister may announce the broad contours of the direct tax overhaul plan in the Budget, though the task force on tax reforms will submit its report in May. What necessitated this overhaul? What is the industry expecting?

KN: With the recent overhauling of indirect tax READ MORE..

http://www.cfo-india.in/article/2018/02/13/%E2%80%9Ctax-reforms-would-be-incomplete-without-reform-direct-tax-legislation%E2%80%9D

RBI new rules may push big defaulters to bankruptcy

As per the rules, companies with aggregate exposure of Rs 2,000 crore and above must implement a resolution plan within 180 days starting 1 March 2018.

THE RESERVE Bank of India has scrapped the existing resolution methods such as CDR, S4A and others to create simplified generic framework for resolution of stressed assets.

As per the new rules, companies with aggregate exposure of Rs 2,000 crore and above must implement a resolution plan (RP) within 180 days starting 1 March 2018.

"If a RP in respect of such large accounts is not implemented... lenders shall file insolvency application, singly or jointly, under the

Insolvency and Bankruptcy Code 2016 (IBC) within 15 days from the expiry of the said timeline," said an RBI notification.

The new rules say in case the resolution plan READ MORE..

http://www.cfo-india.in/article/2018/02/14/rbi-new-rules-may-push-big-defaulters-bankruptcy

India should generate more salaried jobs: World Bank

India should create more salaried jobs rather than self-employed ones, which will help it join the ranks of the global middle class by 2047, World Bank has said.

INDIA SHOULD create more salaried jobs rather than self-employed ones, which will help it join the ranks of the global middle class by 2047, World Bank has said.

In a draft Systematic Country Diagnostic (SCD) for India, the multilateral agency said there is a need to create earnings of people to close wide ineqalities existing in the society.

"The issue is not just the number of jobs but also the type of jobs. A transition into the middle class calls for the creation of salaried jobs, which is a rare privilege in India today where less than a fifth of workers are in salaried employment," the World Bank said in a first-of-its-kind draft report published on its website, seeking comments from stakeholders.

As per the Government of India's Economic Survey 2017-18, if India's per capita income grows at 6.5 per cent annually, the country will reach upper-middle income status by the mid-to-late 2020s. READ MORE..

http://www.cfo-india.in/article/2018/02/14/india-should-generate-more-salaried-jobs-world-bank

GST revenues may cross ₹ 1 trillion post anti-evasion measures

Currently, there is minimal tracking of goods movement from one state to another, and therefore, the e-way bill will help check tax evasion as then movement of stock and its end use would be monitored.

THE REVENUES from the Goods and Services Tax (GST) is likely to cross Rs 1 trillion a month after anti-evasion measures like matching of tax data and e-way bill are in place, finance ministry officials told PTI.

Currently, as officials say, there is minimal tracking of goods movement from one state to another, and therefore, the e-way bill will help check tax evasion as then movement of stock and its end use would be monitored.

The government has estimated about Rs 7.44 trillion collection from GST in the next financial year.

The GST collection for July-February period is estimated at Rs 4.44 trillion.

As per officials, the revenue estimates for 2018-19 might go up depending on enforcement actions taken by the government.

Ten lakh businesses went for the composition scheme during the July-September period last year.

However, only about seven lakh filed their returns for the quarter. The companies with turnover of up to Rs 2o lakh are exempt from the GST regime.