GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 3602
ANSWERED ON MONDAY, THE 15th JULY, 2019
ASHADHA 24, 1941 (SAKA)

EASE OF DOING BUSINESS

QUESTION

3602. SHRI N.K. PREMACHANDRAN:

Will the Minister of CORPORATE AFFAIRS कारपोरेट कार्य मंत्री
be pleased to state:

(a) the details of relaxation given by the Government for ease of doing business during the last five years;

(b) whether the Government evaluated the result of the relaxation given and if so, the details thereof;

(c) whether the Government is aware that only big companies are enjoying the benefits and if so, the action taken by the Government to extend the benefit of relaxation for ease of doing business to all the companies;

(d) whether the Government monitors the tax and other payments made by the corporates and if so, the details of the corporates that failed to pay their tax and other dues to the Government;

(e) the details of the action taken by the Government to realise such Government dues from the corporates along with the total dues owed by the corporates to the Government during the last five years; and

(f) the details of the action for realize the dues?

ANSWER

THE MINISTER OF STATE FOR FINANCE AND CORPORATE AFFAIRS **(SHRI ANURAG SINGH THAKUR)**
वित्त एवं कॉर्पोरेट कार्य मंत्रालय में राज्य मंत्री (श्री अनुराग सिंह ठाकुर)

(a):- The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry vide its OM dated 12.07.2019 stated that:-

Government has given no relaxations to any specific company. However, it has undertaken several reforms to simplify and make it easy for companies to do

business. Major initiatives undertaken to improve business environment in the country are given in Annexure-A.

Similarly Department of Revenue, Ministry of Finance vide its OMs dated 12.07.2019 has also provided a list of major initiatives undertaken by them to improve the ease of doing business in the country which is given in Annexure-B.

(b) and (c):- The DPIIT, further stated that investments made in the country are affected by several factors including ease of doing business and it is difficult to establish a one-to-one correlation in these factors. No evaluation has been carried out by the Government for identifying results of relaxation given to businesses. However, on account of various initiatives taken including reforms for Ease of Doing Business initiative, India's rank has improved from 142 in 2014 to 77 in 2018 and FDI inflow into India has been increased from around $36 billion in 2013-14 to $64 billion in 2018-19.

A majority of business reforms have been implemented predominantly for small scale industries. These include:-

i. Company incorporation fee (levied on SPICe, AoA, MoA) has been eliminated for companies with authorized capital up to INR 15 lakh.

ii. Corporate income tax has been reduced from 30% to 25% for companies with turnover upto INR 250 crore. This limit is proposed to be increased further to Rs 400 crore vide Finance (No.2) Bill, 2019.

iii. Risk based inspections introduced for granting construction permits where self-certification is allowed in case of low risk buildings.

iv. The Commercial Courts Act, 2015 has been amended to reduce the pecuniary jurisdiction of commercial courts from INR 1 crore to INR 3 lakh.

(d) to (f):- Department of Revenue, Ministry of Finance vide its OMs dated 12.07.2019 stated that the Government monitors the tax and other payments made by each assesse/ taxpayer registered under relevant Acts operating under Central Excise/GST/Customs. The defaulters are dealt as per provisions of the said Acts/Rules thereunder. The action to recover the dues is undertaken as per the provisions of the relevant Acts and rules thereunder. Such data is not maintained corporate wise.

Further, the Income Tax Department makes concerted efforts to recover the arrears of taxes outstanding against various corporate taxpayers including attachment of bank accounts and debtors, attachment and sale of movable and immovable properties, prosecution of the Directors of the company for non-payment of taxes, etc. The amounts of total arrears of corporate tax outstanding and the amount recovered during the last five years are as under:

(Rs. In crore)

Financial Year	Corporate Tax Arrear Demand	Corporate Tax Cash Collection
2014-15	2,64,614	70,296
2015-16	4,71,489	20,917
2016-17	3,82,580	61,504
2017-18	4,70,990	81,847
2018-19	4,88,594	84,684

It is mentionable that a substantial part of the outstanding taxes is not readily collectible due to various reasons including:

(i) Company is in liquidation.

(ii) Company is before NCLT under Insolvency and Bankruptcy Code.

(iii) There are not adequate assets for sale and recovery.

(iv) The tax demand has been stayed by the Income Tax Authorities, Income Tax Appellate Tribunal (ITAT) or High Court or Supreme Court.

(v) Assets of the company are jointly attached with other Government agencies.

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Annexure-A

Some of the major indicator wise reforms undertaken by the Government towards easing the business environment in the country are as under:

a. Starting A Business:

- **Introduced a single form SPICe (Simplified Pro-forma for Incorporating Company electronically) by merging five different applications in it i.e. Name reservation, Company incorporation, Director Identification Number (DIN), Permanent Account Number (PAN) and the Tax Deduction/Collection Account Number (TAN).**
- **Introduced an e-form AGILE (Application for registration of the Goods and Services Tax Identification Number (GSTIN), Employees' State Insurance Corporation (ESIC) registration plus Employees' Provident Fund Organization (EPFO) registration). Any applicant, if he wants to register for any of these bodies, can fill in e-form AGILE and get registration at the time of company incorporation itself. This form enables a user to apply for GST, EPF and ESI registration with the SPICe form.**
- **Launch of a new and simplified web based service i.e. R.U.N. (Reserve Unique Name) for reserving a name. This has also removed the requirement to use a Digital Signature Certificate (DSC) during name reservation.**
- **Incorporation fee reduced to zero for companies with authorized capital up to INR 15 lakhs**
- **The requirement to issue a physical PAN card has been eliminated. Additionally, PAN and TAN are mentioned in the Certificate of Incorporation which is considered as a sufficient proof for PAN and TAN.**
- **Online and common registration for EPFO & ESIC is provided on ShramSuvidha Portal.**
- **Registrations under Mumbai Shops & Establishments Act are provided in real time without any cost and any inspection**
- **Eliminated the requirement of bank account details for GST registration**

b. Dealing with Construction Permits:

- **The process of obtaining a building permit has been streamlined and made faster and less expensive to obtain a construction permit.**

- **Implementing an online system that has streamlined the process of obtaining building permit at the Municipality of New Delhi and Municipality of Greater Mumbai.**
- **It also improved building quality control by introducing decennial liability and insurance.**

c. Getting Electricity:

- **In Delhi, service line charges have been capped to INR 25,000/- in electrified areas for Low Tension loads up to 150 KW**
- **Time taken by the utility to carry out external connection works has been reduced.**

d. Getting Credit:

- **Secured creditors are paid first during business liquidation, and hence have priority over other claims such as labor and tax.**

e. Paying Taxes:

- **Paying taxes has been made easier by replacing many indirect taxes with a single indirect tax, Goods and Service Tax (GST), for the entire country. The previous sales taxes including the central sales tax, CENVAT, state VAT and the service tax have been merged into the GST. Unification of these taxes will reduce the cascading effect of taxes and make taxes paid on inputs creditable to a higher percentage.**
- **Corporate income tax has been reduced from 30% to 25% for companies with a turnover up to INR 250 crores. This limit is proposed to be increased further to Rs 400 crore vide Finance (No.2) Bill, 2019.**
- **Administrative charges on The Employees' Provident Funds Scheme, 1952 (EPFS) have been reduced in March 2017 from 0.85% to 0.65% of the monthly pay. The Employees' Deposit Linked Insurance (EDLI) administrative charges of 0.01% have been removed.**

f. Trading Across Borders:

- **Time and cost to export and import has been reduced through various initiatives, including the implementation of electronic sealing of containers, upgradation of port infrastructure and allowing electronic submission of supporting documents with digital signatures.**
- **Enhancement of risk-based inspections for both imports and exports, whereby only about 5% of goods are physically inspected.**

- **Adoption of the Advance Bill of Entry which allows importers to start the process of customs clearance before the arrival of the vessel.**
- **Upgrading equipment on the NhavaSheva Port in Mumbai by adding 15 new Rubber Tyre Gantry Cranes. The Phase 1 of the Fourth Container Terminal at the Jawaharlal Nehru Port Trust, with an additional annual capacity of 2,400,000 TEUs, was completed in February 2018.**
- **The new container terminal, Adani CMA Mundra Terminal Private Limited has been fully operational since June 2017, with an additional annual capacity of 1,300,000 TEUs.**
- **Implemented in April 2018, e-Sanchit is an online application system, under the Single Window Interface for Trade (SWIFT) that allows traders to submit all supporting documents electronically with digital signatures.**

g. Enforcing Contracts

- **The Commercial Courts Act 2015 has been amended to reduce the pecuniary jurisdiction of commercial courts from INR 1 crore to INR 3 lakhs to establish commercial courts at the District Level.**

h. Resolving Insolvency

- **Section 42 of the Insolvency & Bankruptcy Code 2016 has been amended to provide that a creditor has the right to object to decisions of the liquidator accepting or rejecting claims against the debtor brought by the creditor itself and by any other creditor.**

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Annexure-B

A list of major initiatives undertaken by Department of Revenue, Ministry of Finance to improve the ease of doing business in the country:-

<u>Goods & Services Tax(GST)</u>

(a) Based on the representations received from various stakeholders and recommendations of the GST Council, the Government has taken various steps simplify GST and improve the ease of doing business in the country. Some of the initiatives that have been implemented in this regard are as follows:

i. **Vide notification No. 10/2019 – Central Tax dated 07.03.2019, the threshold limits of aggregate turnover for exemption from registration and payment of GST for the persons exclusively engaged in thesupply of goods has been fixed at Rs. 40 lakhs. The said limit shall be Rs. 20 lakhs in the States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura and Uttarakhand with effect from 01.04.2019.**

ii. **Service providers making inter-State supplies, including those supplying through e-commerce operators, whose aggregate annual turnover does not exceed Rs. 20 Lakh, have been exempted from the requirement of registration under GST.**

iii. **The GST Council, in its 32nd meeting held on 10.01.2019, recommended to increase the limit of annual turnover in the preceding Financial Year for availing Composition Scheme for supplier of Goods to Rs 1.5 crores. The said limit would be Rs. 75 lakh in special category States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand. Also, the compliance under Composition Scheme has been simplified as composition taxpayers have to file only one annual return with quarterly payment of taxes (along with a simple declaration). This has been implemented w.e.f. 01.04.2019 vide issuance of notification No. 14/2019-Central Tax dated 07.03.2019.**

iv. **A Composition Scheme has been made available for suppliers of services (to those who are not eligible for the presently available Composition Scheme) with a tax rate of 6% (3% CGST +3% SGST) having an annual turnover in the preceding Financial Year up to Rs. 50 lakhs. They would be required to file one annual return with quarterly payment of taxes. This has been implemented w.e.f. 01.04.2019 vide issuance of notification No. 2/2019-Central Tax (Rate) dated 07.03.2019.**

v. **The amount of late fee payable under section 47 of the CGST Act was waived off for the registered persons who failed to furnish the details of outward supplies in FORM GSTR-1 for the months/quarters from July, 2017 to September, 2018 by the due date but furnishes the said details in FORM GSTR-1 and FORM GSTR-3B between the period from 22.12.2018 to 31.03.2019. This has been implemented vide notification No. 75/2018 – Central Tax dated 31.12.2018 and notification No. 76/2018 – Central Tax dated 31.12.2018 respectively.**

Some of the initiatives that have been announced and will be implemented in near future are as follows:

vi. **New return model: The GST Council, in its 31st meeting held on 22.12.2018 at New Delhi, decided that a new GST return system will be introduced to facilitate taxpayers. All taxpayers, excluding small taxpayers having aggregate turnover below Rs. 5 crores, and a few exceptions like Input Service Distributor (ISD) etc. shall file one monthly return. The details of outward supplies shall be reported in FORM GST ANX-1 and FORM GST ANX-2 shall capture the details of inward supplies for availing input tax credit. Return filing dates shall be staggered based on the turnover of the taxpayer. Invoices can be uploaded continuously by the seller and can be continuously viewed and locked by the buyer for availing input tax credit. NIL return filers (no purchase and no sale) shall be given facility to file return by sending SMS. Small taxpayers (annual turnover less than Rs 5 crores) shall have the facility to file quarterly return with monthly payment of taxes on self-declaration basis. The GST Council, in its 35th meeting held on 21st June, 2019, had approved a roadmap for the phased rollout of the new return system starting from July, 2019.**

vii. **Aadhaar-enabled GST Registration: In order to ease the current process of GST registration and reduce the paperwork involved, GST Council, in its 35th meeting held on 21st June, 2019, has given in principle approval to a new system for verification of taxpayers registering themselves under GST by linking their Aadhaar number with GSTIN (GST Identification Number).**

Central Excise (CX)

i. **Vide Notification No.12/2014 – Central Excise (N.T.) dated 3rd March, 2014 the government has simplified procedures, safeguards, conditions and limitations for grant of refund of CENVAT Credit under rule 5B of CENVAT Credit Rules, 2004**

ii. **Vide Notification no 11/2014-CENT dated 28-02-2014 Government simplified/amended the quarterly return form for dealers/importers**

iii. Vide Notification No. 19/2015-CENT dt. 18-09-2015 department notified conditions, safeguards and procedure for supply of tags, labels, printed bags, stickers, belts, buttons and hangers produced or manufactured in an EOU and cleared without payment of duty to DTA for exports in terms of Para 6.09 (g) of FTP 2015-20.

iv. Amendment was made vide Notification 09/2015-CENT dt. 01-03-2015 in Central Excise (Removal of Goods at Concessional Rates of Duty for Manufacture of Excisable Goods) Rules, 2001 to allow submission of Letter of Undertaking in lieu of bond with surety and security by a manufacturer with clean track record.

v. Vide Notification No. 40/2016-CENT dt. 26-07-2016 Government amended notification No. 36/2001-Central Excise (N.T.) dated 26th June, 2001, so as to exempt a manufacturer or principal manufacturer of articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986) from taking central excise registration upto the full exemption limit.

vi. Payment of duty online for all assesses (Notification 9/2014-Service Tax dated 11-7-2014- 2014 Budget)

vii. Grant of registration online, within 2 days of filing an application, without prior verification of documents (Order 1/2015-Service Tax dated 1-3-2015- 2015 Budget)

viii. Records can be maintained electronically and acceptance of digitally signed invoices (224/44/2014-CX dated 6-7-2015- 2015 Budget)

ix. Reduction in litigation and liberalisation of penal provisions so as to give opportunities to assesses to close proceedings on payment of duty, interest and reduced penalty (Finance Act 2015 - 2015 Budget)

x. Facility to pay arrears in instalments delegated to Commissioners/Chief Commissioners (Circular 996/3/2015-CX dated 28-2-2015 -2015 Budget)

Service Tax (ST)

i. For all pending refund claims of accumulated Cenvat credit, provisional payment of 80% of the claimed amount within 5 days, subject to fulfilment of certain conditions (Circular 187/6/2015- Service Tax dated 10-11-2015)

ii. E-payment of refunds and rebates through RTGS/NEFT (Circular 1013/1/2016 –CX dated 12-1-2016)

iii. Liberalisation and simplification of the input credit scheme (2016 Budget)

iv. Increase the prosecution limit to Rs. 2 crores (2016 Budget)

v. Have arrest provisions only in cases of collection of service tax of an amount exceeding Rs 2 crore and not depositing it with the Government (2016 Budget)

vi. Extend the benefit of closure of proceedings against the main noticee to the co noticees also (2016 Budget)

vii. Reduction in the rate of interest to 15% and having a higher rate of 24% only in cases of collection of service tax and not depositing it with the Government (2016 Budget)

<u>Customs:</u> Customs has done various reforms during last five years which have resulted in quantum jump in India's ranking in 'Trading Across Borders parameter of World Bank's Doing Business Report. Further, such reforms are more related with procedural simplification and upgradation of IT systems. Moreover, all such reforms are equally available to all eligible importers / exporters irrespective of the size of their business. Major initiatives include:

(i) Indian Customs Single Window Project – Online message exchange

Indian Customs has introduced SWIFT (Single Window Interface for Facilitating Trade) for ensuring ease of doing business. Under Indian Customs Single Window Project, the importers electronically lodge their Customs clearance documents at a single point only with the Customs. The required permission, if any, from other regulatory agencies (such as Animal Quarantine, Plant Quarantine, Drug Controller, Textile Committee etc.) is obtained online without the importer/exporter having to separately approach these agencies. Benefits of Single Window Scheme include:

a. Reduces cost of doing business;

b. Enhances transparency;

c. Integration of regulatory requirements at one common platform reduces duplicity and cost of compliance;

d. Optimal utilization of manpower;

(ii) Setting Up of Customs Clearance Facilitation Committee (CCFC)

High level administrative Committee i.e. 'Customs Clearance Facilitation Committee' (CCFC) has been set-up at every major Customs seaport and airport under the chairmanship of Chief Commissioner of Customs/Commissioner of Customs. Its membership includes the senior-most functionary of all the departments/agencies/ stakeholder at the particular seaport/airport to bring coordination between them for smooth clearance of goods.

(iii) WTO's TFA implementation and NCTF

In order to monitor implementation of Agreement of Trade Facilitation, a National Committee of Trade Facilitation (NCTF) has been formed. It is head by Cabinet Secretary and includes various stake holders from the government sector and private sector involved in the cross border supply chain. A National Trade Facilitation Action Plan (NTFAP) has also been formed as a roadmap. The plan has 80 points for implementation with different time lines. They include category commitments which implementation can be enhance, category B commitments which needs priority and other points for logistic facilitation which are beyond TFA and are called "TFA Plus".

(iv) Reduction in mandatory documents for imports and exports

In order to simplify procedures to facilitate genuine trade, CBIC has reduced the number of mandatory documents and prescribed only three mandatory documents for general import/export.

(v) Introduction of Revised Authorized Economic Programme (AEO):

The AEO programme seeks to provide tangible benefits in the form of faster Customs clearances and simplified Customs procedures to those business entities who offer a high degree of security guarantees in respect of their role in the supply chain. As a further step towards trust based compliance, Indian Customs has introduced the new Authorized Economic Operator (AEO) Programme wherein extensive benefits, including greater facilitation and self-certification, have been provided to those entities who have demonstrated strong internal control system and compliance with CBIC. It has a three-tier structure with the level of facilitation linked to level of assured compliance. Because of these reforms, the number of AEOs in the country has gone up to 1021 as on 10th July, 2018.

(vi) Promotion of Direct Port Delivery (DPD):

DPD is flagship initiative of Indian Customs. The scheme allows registered importers to complete customs clearances at the terminal itself and thus take the container directly to the factory (without routing it through the Container Freight Stations). In order to ensure availability of DPD to importers, Customs has introduced on wheel examination within the terminal area. Priority is given in verification of assessment for DPD importers to assist Port Terminals in early evacuation of containers so as to enhance overall speed and efficiency in clearance of DPD consignments.

(vii) Enhanced Facilitation through Risk Management System:

There has been simplification of risk management system inspection process resulting in reduced time taken for clearance. Facilitated Bill of entry (having low risk) are cleared on the basis of self-assessment by the importer and are not subjected to ay intervention or examination. Under Single Window, integrated risk management has been introduced where risk parameters of PGAs have also been incorporated.

(viii) Adoption of Digital Signature

In order to encourage paper less working and dispense with the requirement of physical submission of documents 'Digital Signature' has been introduced for importers, exporters, airlines, shipping lines etc.

(ix) 24x7 Customs Clearance:

The 24X7 Customs clearances have now been extended to all Bills of Entry (and not just facilitated Bills of Entry) at 19 seaports and 17 Air Cargo Complexes. Further, no MOT charges are required to be collected in respect of the services provided by the Customs officers at 24X7 Customs Ports and Airports.

(x) Facility of deferred payment

Customs, Deferred Payment of Import Duty Rules, 2016 have come into effect from 16.11.2016. Further, importers certified under AEO Programme (Tier-Two) and (Tier-Three) respectively have been notified for availing the benefit of these Rules.

(xi) Amendments in Warehousing provisions for introducing record based controls:

The department has made significant amendments in warehousing provisions to leverage the benefits of automation for facilitating trade and to enable the department to monitor the permitted period for which goods remain in the warehouse. The amended provisions provide a single point for the importer or owner to seek extension of the warehousing period and pay duties online.

(xii) Abolition of Mate Receipt

With the automation of Customs procedures, manual issuance of mate receipt for containerized cargo has become redundant and therefore has been dispensed with.

(xiii) Reducing/eliminating printouts in Customs Clearance

With the aim of ease of doing business and promoting paperless clearance, CBIC has decided to do away with routine print-outs of several documents

including GAR 7 Forms/ TR 6 Challans, TP copy, Exchange Control Copy of Bill of Entry and Shipping Bill, and Export Promotion copy of Shipping Bill.

(xiv) The Courier Imports and Exports (Clearance) Amendment Regulations, 2016

Several reforms have been initiated in Courier regulations including liberalization of norms for outsourcing and CSB form.

(xv) Import Data Processing and Management System (IDPMS) has been jointly launched with RBI to facilitate efficient data processing for payment of imports and effective monitoring.

(xvi) Email notification service to importers for all important stages related to import clearances has been initiated.

(xvii) Roll Out of Express Cargo Clearance System (ECCS) at Courier Terminal, Sahar Mumbai

Express Cargo Clearance System (ECCS), an automation programme, doing away the manual filing of documents for clearance of Courier parcels, gifts and documents has been made operational at Courier Terminal, Sahar Mumbai. The ECCS would carry out automated assessment and clearance.

(xviii) Amendments introduced in Customs Act, 1962 by Union Budget-2017 for "ease of doing business"

With the aim to reduce the dwell time, sub-section (3) of section 46 of the Customs Act, 1962 has been substituted thereby, making it mandatory to file a Bill of Entry before the end of the next day (excluding holidays) on which the vessel or aircraft or vehicle carrying the goods arrives at a customs station at which goods are to be cleared for home consumption or warehousing. A late charge for delayed filing of bill of entry has also been prescribed. This has ensured that there is discipline among the trade and thus time associated with imports has reduced.

Changes have also been introduced in sub-section (2) of Section 47 by virtue of which the importers now have to make payment of duty in the same day in case of self-assessed bill of entry and in case of re-assessment or provisional assessment the importers have one day after the bill of entry is returned. Further, sub-section (2) of section 27 has been amended to allow a simplified regime of refund of customs duty paid in excess in specified cases by providing that such refunds shall be outside the scope of *unjust enrichment.*

(xix) Reduction in time and cost related to export by direct port entry (DPE)

Direct Port Entry is a scheme of Customs to reduce release time and cost in the case of exports. Under this scheme, export containers are allowed direct

entry into the port terminal prior to granting Let Export Order (LEO). This scheme was earlier available only in cases of Refrigerated Containers, Over Dimensional Cargo (ODC), Motor Vehicles, Perishable non-refrigerated cargo, AEO Tier-I/II/III status holders etc. Now this facility has been extended to all factory stuffed export containers of all manufacturing entities. Currently the percentage of containers availing DPE facility at JNCH is 76%. CFS charges of US$ 40-50 which were incurred earlier have been reduced to US$ 2 per container owing to the availability of DPE.

(xx) Implementation of electronic sealing for containers by exporters under self-sealing procedure

In order to strengthen the Risk Management System and create a trust based environment where compliance is in accordance with extant laws, CBIC has introduced e-sealing of export containers. The new procedure has replaced the earlier practice of supervised sealing by the departmental officers. It is a measure by which Customs have shown more faith in exporters stuffing containers at their premises.

Introduction of self-sealing using RFID tamper proof e-seals in place of physical seals used earlier has reduced the time associated with the clearance of export containers. It has also reduced the cost as for every supervised sealing exporter had to bear service charges of customs officers.

The data related to e-sealing is transmitted electronically to Customs through application. Till the end of June, 2018, around 4.75 lakh seals have been used by the exporters across the country.

(xxi) Introduction of e-SANCHIT

One of the key initiatives to facilitate online clearance at a single point, is paperless processing application i.e. e-SANCHIT. It is an online application that allows a trader to submit all supporting documents for clearance of consignments electronically with digital signatures. By using e-SANCHIT, trader does not have to approach to different regulatory agencies with hard copy of the documents thereby making the entire process of consignment clearance faceless and paperless.

With e-SANCHIT facility the need for paper documentation and consequent physical touch point for every stage clearance has drastically come down. It has resulted in substantial reduction in time and cost. Bill of Entry (Electronic Integrated Declaration and Paperless Processing) Regulations, 2018 have been issued to give a legal framework to e-SANCHIT programme.

(xxii) Customs Audit

Customs Audit Regulations have been notified are a consequence of legislative changes made in the Customs Act, 1962 in the Finance Act, 2018. The regulations would enable customs to audit the customs declarations subsequent to clearance of goods, thereby placing more faith in the customs declarations made by the importer/ exporter. The regulations enable a shift from clearance based control to Audit based control.

<u>Direct Taxes</u>

1. <u>Moderation of tax rates:</u> It is an ongoing endeavour of the Government to moderate the tax rate in order to reduce the tax burden and increase compliance. In this direction, following major steps have been taken:

(i) 100% tax rebate was provided to individuals having taxable income up to Rs. 5 lakh. Thus, no income-tax is payable by an individual having taxable income up to Rs. 5 lakh.

(ii) The tax rate for corporate assesses was gradually reduced to 25% and currently, only large corporates (with turnover above Rs. 250 crore) are required to pay tax at the rate of 30%. Moreover, even a large new manufacturing company having turnover above Rs. 250 crore is taxed at 25%. This limit is proposed to be increased further to Rs 400 crore vide Finance (No.2) Bill, 2019.

(iii) Basic exemption limit was increased from Rs. 2 lakh to Rs. 2.5 lakh.

(iv) Exemption limit for senior citizens was increased from Rs. 2.5 lakhs to Rs. 3 lakh.

(v) Tax rate for the slab Rs. 2.5 to 5 lakh was reduced from 10% to 5%.

(vi) Standard deduction of Rs. 40,000 was introduced for salaried taxpayers and pensioners and was further increased to Rs. 50,000.

(vii) Levy of wealth tax was abolished.

2. <u>Ease of compliance for small businesses:</u> Small businesses constitute the backbone of our economy. In order to reduce the compliance burden of small businesses and professionals, following measures have been taken by this Government:

(i) Threshold for presumptive taxation of businesses was raised from Rs. 1 crore to Rs. 2 crore.

(ii) For maintenance of books of accounts by individuals and HUFs,

(a) income threshold was raised from Rs. 1.20 lakh to Rs. 2.5 lakh; and

(b) turnover threshold was raised from Rs. 10 Lakh to Rs. 25 Lakh.

(iii) Presumptive taxation was introduced for professionals having receipts up to Rs. 50 lakh.

3. <u>Measures to promote growth and employment generation:</u> Tax policy plays an important role in promoting the growth and creation of employment. A number of measures have been taken by this Government in this direction, some of which are as under:

(i) Profit-linked deduction was introduced for start-ups.

(ii) The scope of investment-linked deduction was broadened by including certain new sectors, including infrastructure, which are critical to growth.

(iii) Investment allowance and higher additional depreciation was provided for undertakings set up in backward regions of states of Andhra Pradesh, Bihar, Telangana and West Bengal.

(iv) Incentive for employment generation was broadened and the conditions for eligibility to claim the incentive were relaxed.

(v) Benefit was provided for computation of MAT liability and carry forward of losses for companies under Insolvency and Bankruptcy Code (IBC).

(vi) Safe Harbour provisions were further liberalised to align with industry standards.

(vii) Scope of domestic transfer pricing provisions was restricted only for transactions between enterprises having profit-linked deductions, and any other transaction as may be prescribed.

(viii) Pass through status was provided to Category I & II Alternative Investment Funds (AIFs).

(ix) The time period for carry forward of MAT credit was increased from 10 to 15 years.

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