

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 4661
ANSWERED ON MONDAY, THE 22nd JULY, 2019
ASHADHA 31, 1941 (SAKA)
EASE OF DOING BUSINESS
QUESTION**

4661. DR. (PROF.) KIRIT PREMJBHAI SOLANKI:

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) whether economic reforms have been undertaken by the Government in pursuance of the initiative of 'ease of doing business';
- (b) whether new opportunities have been offered to the MNCs in furtherance thereof;
- (c) whether there is any mechanism by which the Government plans to keep a track of each such single reform and if so, the details thereof; and
- (d) whether the Government has undertaken advanced planning to reach a certain milestone by the end of 2030 and if so, the details thereof?

ANSWER

**THE MINISTER OF STATE FOR FINANCE
AND CORPORATE AFFAIRS**

**(SHRI ANURAG SINGH THAKUR)
(श्री अनुराग सिंह ठाकुर)**

वित्त एवं कॉर्पोरेट कार्य मंत्रालय में राज्य मंत्री

(a):- The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry vide its OM dated 16.07.2019 stated that the Government has taken several reforms under the initiative of ease of doing business. Some of them are listed below:-

i. Fee for company incorporation (filing fee for application form SPICe, Memorandum of Association and Articles of association) has been reduced to Zero for proposed companies where the authorized capital is up to INR 15 Lakhs in case of company

having share capital or where the number of members are up to 20 in case of company not having share capital.

ii. To make GST compliance easier and simpler for small tax payers, the Government has eased the requirement of filing the monthly return, i.e. GSTR-1 by allowing quarterly filing of GSTR-1 for the registered taxpayers having aggregate turnover up to INR 15 million (Rs. 1.5 crore).

iii. In case of a domestic company, the rate of corporate income-tax has been reduced to 25%, if the total turnover of the previous year 2016 -2017 is upto 250 crore (this limit of 250 crore is proposed to be further increased to 400 crore as per Budget 2019)

iv. The Government has enacted the Insolvency & Bankruptcy code, 2016 whereby a framework has been developed for time bound resolution of Insolvency cases.

Similarly, Department of Revenue, Ministry of Finance vide its OMs dated 12.07.2019 and 18.07.2019 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-A.

Further, Ministry of Finance, Department of Economic Affairs vide its email dated 19.07.2019 has provided the list of several reforms in the area of financial markets to promote ease of doing business and the same are given in Annexure-B.

(b) to (d):- All the economic reforms are equally available for eligible companies. The Government has identified nodal departments for effective implementation of reforms in different sectors. Securities and Exchange Board of India (SEBI), responsible for registration of market intermediaries and stock exchanges, keeps track of implementation of reforms in the area of financial markets. The Department of Promotion for Industry and Internal Trade (DPIIT) engages with the nodal departments regularly through review meetings and interaction with senior officers. Various stakeholders meetings are also conducted to gauge on-ground implementation of these reforms and improving India's rank.

**ANNEXURE REFERRED TO IN THE REPLY TO LOK SABHA UNSTARRED QUESTION NO. 4661
DUE FOR ANSWER ON 22.07.2019**

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

Goods & Services Tax (GST)

(a) Based on the representations received from various stakeholders and recommendations of the GST Council, the Government has taken various steps to 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 the supply 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 No. 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 No. 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)**

Customs: Customs has done various reforms during the 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/ stakeholders 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 stakeholders 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 Operator 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 offered 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 any 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.

Direct Taxes

1. Moderation of tax rates: 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. Ease of compliance for small businesses: 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. Measures to promote growth and employment generation: 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.**

4. Further, various measures to promote Ease of Doing Business have been proposed vide Finance (No.2) Bill, 2019. Some of these measures are as follows:

- (a) Moderation of tax rates: Rate of Corporation Tax reduced to 25% for companies having turnover upto Rs. 400 crore in FY 2017-18.**

(b) Incentivising electronic payments:

- **Businesses with turnover above Rs. 50 crore to compulsorily provide certain low-cost modes of electronic payment – banks not to charge MDR for use of these low-cost modes of electronic payment.**
- **Receipt or payment of any sum of money without limit to be allowed via certain modes of electronic transfer.**

(c) Incentivising Sunrise Sectors and startups:

- **Deduction of upto Rs. 1,50,000 for interest paid on loan taken for purchase of electric vehicle – provided the loan is taken by 31st March, 2023.**
- **The condition for carry forward and set off of losses in cases of eligible start-ups to be relaxed so that they can carry forward and set off their losses even if only 51% shareholders continue**
- **Allowability of exemption of capital gains from sale of residential property on investment of net consideration in shares of an eligible start-up shall be extended by 2 years for sale of residential property by 31st March, 2021. The condition of minimum holding of 50% of share capital or voting rights in the start-up is proposed to be relaxed to 25%. The condition restricting transfer of new asset being computer or computer software is also proposed to be relaxed from the current 5 years to 3 years.**

(d) Incentives for NBFCs

- **Interest on bad or doubtful debts made by RBI-regulated NBFCs to be taxed on receipt basis – deduction on such interest payment to be allowed to borrowers on payment basis.**

(e) Incentives for distressed companies

- **Conditions for carry forward and set off of losses and computation of MAT liability relaxed for distressed companies whose Board of Directors has been suspended by the NCLT and temporary directors have been appointed on the recommendation of the Central Government.**
- **Conditions for taxing income on sale of company by deeming of fair market value of shares to be relaxed in certain cases.**

(f) Incentives to International Financial Services Centre (IFSC) and Alternative Investment Funds (AIFs)

- **IFSC units can avail 100% profit-linked deduction for 10 years out of block of 15 years.**
- **Interest income of non-resident on money lent to unit in IFSC to be exempt from tax.**
- **Category-II AIF in IFCS –to be exempted from capital gains tax on transfer of specified securities on a recognised stock exchange in IFSC.**
- **Exemption from capital gains tax on certain securities traded on a recognised stock exchange in IFSC to be widened.**
- **DDT exemption to companies located in IFSC to be widened to dividends paid out of accumulated profits after 1st April, 2017 also.**
- **No additional tax on distribution of any amount by specified Mutual Funds set up in IFSC out of their income derived from trading on a recognised stock exchange in IFSC.**
- **Section 80LA deduction to be allowed to a non-resident for computing tax liability on its income.**
- **Exemption from taxation of share premium in unlisted companies on the basis of deemed fair market value to be extended to specified AIFs.**
- **Pass through of losses to be allowed to Category-I and Category-II AIFs.**

Following reforms in the area of financial markets have promoted ease of doing business:

(i). DEA on August 21, 2018, has notified the Common Application Form for Foreign Portfolio Investors (FPIs) for the purpose of registration, opening of bank and demat accounts, and application for PAN by FPI's in India, thereby considerably easing the business environment for FPIs.

(ii). Vide SEBI circular dated 21.09.2017, security market brokers have been permitted to undertake commodity broking, and vice versa, without hiving off the business to a subsidiary unit. This will achieve dual benefit of leveraging the widespread network of intermediaries in equity markets to commodity derivatives and also, of economizing on the regulatory capital requirements.

(iii). Stock exchanges have been permitted to launch trading in commodity derivatives and commodity exchanges have been permitted to launch security trading w.e.f 1.10.2018.

(iv). SEBI in consultation with Central Government reviewed its Issue of Capital and Disclosure Requirements Regulations (ICDR), 2009, targeted at removing unnecessary complexities and doing away with information that may not be relevant. In the renewed ICDR Regulation SEBI has rationalized the disclosure requirement to a great extent. Key changes, inter alia, include financial information to be provided for a period of three years instead of five, threshold for identifying promoter group increased from 10% to 20% etc.

(v). Reduction of time period and cost for listing of public issues: Initial Public Offering (IPO) process has been streamlined to, reduce time period for listing of issues from T+12 days to T+6 days, increase reach of retail investors to access the IPO and reduce the cost of public issues. With this issuers will have faster access to the capital raised and investors will have early liquidity. It has also been decided to introduce Unified Payment Interface (UPI) as a payment mechanism for retail investors in IPOs. The move is intended to reduce the time period for listing after an initial public offering to three days from currently T + six days.

(vi). The process of registration of financial market intermediaries like mutual funds, brokers, portfolio managers, Registrar to an Issue and Share Transfer Agents, Debenture Trustees, Bankers to an Issue, Credit Rating Agencies, Investment Advisors, etc has been made fully online by SEBI.

(vii). SEBI has revamped the Institutional Trading Platform (ITP) as 'Innovators Growth Platform' (IGP) in April 2019 for venture capital & start-up companies in India which is intensive in the use of technology, to raise funds at liberalized norms, without an IPO.

(viii). SEBI has laid down a framework for issuance of debt securities on private placement basis through an electronic book mechanism, in order to streamline procedures for issuance of debt securities on private placement basis and enhance transparency to discover prices. This mechanism has been made operational since July 01, 2016.

(ix). Union Government has amended the Indian Stamp Act, 1899 in February 2019, for levy and administration of Stamp Duty on Securities Market Instruments at one place by one agency on one Instrument, and for appropriately sharing the same with relevant State Governments based on State of domicile of the ultimate buying client. The amendments and required Rules are being notified. This will create a pan India market for securities and enhance ease of doing business through simple and affordable stamp duty structure.

(x). Interoperability among Clearing Corporations (CCP) has been introduced for efficient use of capital for clients who trade on multiple stock exchanges and operational efficiency by eliminating multi CCP connections that intermediary needs to establish which affects their operational resources.

(xi). Section 20 of the Indian Trusts Act, 1882 was amended to provide trustees greater autonomy and flexibility to take decisions on investment of money held by private trusts.
