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Reports suggest Centre may (in Budget proposals) increase the service tax rate.

Ranjeet Mahtani and Stella Joseph

On the sidelines of Vibrant Gujarat Global Summit, Finance Minister Arun Jaitley has reiterated the intent to roll out GST by April 1, 2017, while acknowledging that it will be a difficult goal to achieve, and this being subject to sorting out of pending (thorny) issues at the level of GST Council (GSTC). The Finance Minister is charged up with the handsome growth in Central Excise and Service Tax collections (customs duty revenue showed marginal growth) for the fiscal of 2016-17.

GSTN

There has been some delay in enrolment procedure of taxpayers on to the GST Network (GSTN); the schedule for migration has been revised and it is noteworthy that for existing service tax assesses, there has been postponement from January 9, 2017 to January 14, 2017, due to technical reasons.

There has been encouraging response to the enrolment process, with assesses coming forth for registration (migration). At the same time, some concerns have been raised including whether the migration process is legally valid in the absence of any law or enabling provisions. Interestingly, some State’s VAT/Commercial Taxes Department have been displaying messages on its websites, stating that failure to register on the GSTN immediately would result in blocking their access to the VAT portals - such actions have caused anxiety amongst taxpayers but also raised questions on propriety.

Service tax rate

Recent reports suggest that the Centre may (while announcing its Budget proposals) increase the service tax rate in its build up to GST. This will bring the service tax rate closer to the proposed standard rate for services under GST, viz. 18% or, 12 % in some cases.
About the author
Stella Joseph
Senior Associate, ELP
(The views expressed here are those of the author and do not necessarily represent or reflect views of The Dollar Business.)

About the author
Ranjeet Mahtani
Partner, ELP
(The views expressed here are those of the author and do not necessarily represent or reflect views of The Dollar Business.)

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Niladri Nath

The government is now working on a national level plan to make unused airstrips operational again, which will offer easy air connectivity to the people who are living in far-flung areas of the country. For this, the government will be spending Rs.16,000 crore in the next five years to upgrade the airport infrastructure, said Civil Aviation Secretary R. N. Choubey on Friday.

Choubey was speaking at the Aviation Summit 2017, jointly organised by Ministry of Civil Aviation, government of Andhra Pradesh and Federation of Indian Chambers of Commerce and Industry (FICCI) in Vijaywada city of Andhra Pradesh.

“We want to increase the number of air passengers to such a level that in the next five to seven years, India will become the third largest aviation market in the world. That’s the kind of market which is available here,” he said.

Under the regional connectivity scheme, the government is providing 50-60% viability gap funding to airlines that connect unconnected airports, he added.

Choubey informed that this is the first time that the civil aviation sector has achieved parity with the railways. “Civil aviation sector in India has achieved an annual turnover of Rs. 1.4 lakh crore as compared to Rs. 1.6 lakh crore of Indian railways, he said.

“Our airfare is comparable now with the fares of AC trains. Civil aviation was perceived in India as a mode of transport for only the rich. But now the change in perception among people as well as policy is happening,” he added.

However, he cautioned, the growth comes with challenges. “The government is planning in advance the growth chart in order to avoid chaos and congestion in the sky and at airports.

Choubey assured that the government will take every possible measure in order to maintain the 23% annual growth rate in the aviation sector, while adding that some policy-related changes such as abolishing ministerial permission to purchase aircraft, etc, has propelled the growth in the sector.

Speaking at the occasion, Civil Aviation Minister Ashok Gajapathi Raju, said that there is a mind-set that aviation is only for transferring people. But, the biggest airline in the world is FedEx, which is a cargo airline.

“With the development of e-commerce, air cargo is set to play a key role in the aviation sector,” he added.

Venkaiah Naidu, Minister for Urban Development, Housing & Urban Poverty Alleviation, in his speech highlighted the role connectivity plays in driving development of a country in which India, according to him, is lagging behind and the present government is trying to address those issues.

“The civil aviation sector can add value to the growth story of the country by offering affordable and accessible connectivity. The regional connectivity will play a key role at a time when migration from urban to rural areas a reality that none can’t deny,” he said.

Pratyush Kumar, Chairman, FICCI Civil Aviation Committee also presented his views. “The civil aviation sector is in the cusp of change. In 2017, India is all set to become the third largest civil aviation market in the world ahead of Japan. And, it has happened based on a sustained growth of 23% over last two years. The future is brighter and the opportunities are even bigger,” he said.

The day-long summit also witnessed two panel discussions on airport-airline synergies and building India’s leadership in aerospace manufacturing and MRO. While moderating the session, Kumar Rajesh Chandra, director general, Bureau of Civil Aviation Security spoke about the cross utilisation of security utilisation between airport and airlines.
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