Salasar Services Insurance Brokers Pvt. Ltd.

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Bajaj Allianz launches chatbot 'Boing', Travel Ezee app

Imagine your flight from New Delhi to Berlin was delayed by an hour, causing you to miss your connecting flight to Detroit — the last thing on your mind would be contacting your insurer to get the delay costs reimbursed. But, Bajaj Allianz General Insurance Company has now launched an app that tracks flight arrivals and departures realtime.

So that when you miss your flight, you can get the costs be it Rs 12,000 or Rs 2,00,000 reimbursed even before you leave the airport. The new mobile app uses blockchain technology to proactively disburse travel insurance claims related to flight delays even before the claim is reported. They have partnered with a third-party travel aggregator to get realtime data on flight timings for every city, every location in the world.

While claims normally take 3-4 days to settle, with Travel Ezee they are vouching for a turnaround time as short as 20 minutes. It works in three simple steps — scan your passport, your flight tickets and make the payment. When there is a delay, even before you trigger a claim, you will get an SMS from us stating you are entitled to a claim a certain amount as your flight has been delayed.

REDUCTION IN INSURANCE COST FOR EXPORTERS

ECGC has reduced the premium rate by an average 17% for its whole turnover policy covers. In its 60th year of operation, ECGC took a step by reducing the premium rate by an average 17% for its whole turnover policy covers.

The average rate of premium under short term exporters' business has come down from 28.19 paise per Rs.100 during Financial Year (FY) 2015-16 to 25.46 paise per Rs.100 during FY 2016-17, thus reducing the transaction cost for making exports competitive.

ECGC is a premier Export Credit Agency (ECA) of Government of India providing credit insurance to exporters against non-payment risks by the overseas buyers due to Commercial and Political reasons. It also provides insurance covers to banks against risks in export credit lending to the exporter borrowers.

ECGC has an Authorized Capital of Rs.5000 crore and a Paid-up-Capital of Rs.1450 crore as on 31st March, 2017. Its net worth as on 31st March, 2017 stands at Rs.3619 crore.

During the FY 2016-17, it has initiated a number of customer friendly export promotion initiatives to boost India's exports.

Apart from reduction in premium rates under whole turnover policies, it has also taken steps to make Export Factoring Scheme, cheaper for MSMEs. To give fillip to the Medium & Long Term (MLT) export sector, the Company has introduced covers to the subsidiary MLT exporters in India.

Addressing a media meet to highlight business performance for the FY 2016-17, Mrs. Geetha Muralidhar, Chairman-cum-Managing Director of ECGC mentioned that the value of exports covered under exporters' business as well as the number of policies in force had shown a redeeming trend with a growth of 4%. The value of business covered during FY 2016-17 stood at over Rs.1,41,000 crore and the number of policies in force at over 12,000 as compared to Rs.1,35,000 crore and 11,525 respectively in the FY 2015-16.

Under the Export Credit Insurance Covers issued to Banks (ECIB), the export advance outstanding of the banks and covered by ECGC as on March 31, 2017 stood at over Rs.1,17,000 crore covering over 23,500 exporter accounts. The share of Banks covered by ECGC in export credit disbursement continues to be substantial though declining. All the Government owned banks and 14 private sector banks are under the cover of ECGC. The overall business which includes the covers issued to the exporters, banks and MLT sector, covered during FY 2016-17 stood at over Rs.2,65,000 crore.

As regards Policy business, the Corporation presently underwrites risk on 237 countries of the world and maintains records of about 1,25,000 active buyers all over the world wherein the overall exposure underwritten is to the tune of Rs.1,40,000 crore. During the FY 2016-17, the Company added around 18,000 new buyers to its database. The data on buyers is used for underwriting commercial risks on the buyers.

ECGC also covers risks of project exporters and banks involved in the medium and long term exports. As on 31st March, 2017, around 85 policy covers and about 142 covers to banks were in force. Major projects supported by ECGC, are being executed in Oman, Kenya, Vietnam, Afghanistan and Nepal.

In the International arena, ECGC signed a bilateral agreement with Iranian counterpart, EGFI on May 23, 2016 in the presence of the Prime Minister of India and President of Iran. ECGC hosted and chaired 2nd BRICS Heads of ECAs Meeting in New Delhi on October 13, 2016, 2nd BRICS Technical Workshop on December 01- 02, 2016 at Hyderabad and G12 Heads of ECAs meeting on February 20-21, 2017 at Chennai.

As directed by the Government of India, ECGC has been participating in the International Working Group (IWG) on Export Credits to evolve a set of international guidelines on the officially – supported export credit proposals for Projects/Export of Capital goods involving a credit period of more than 2 years.

The company's contribution in the last decade by way of claim settlements of around Rs.7000 crore has provided the much needed support to exporters and relief to banking system in ensuring adequate lending to exporters.

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Insurance cover for IIEST students

The Indian Institute of Engineering Science and Technology (IIEST) has taken up the unique initiative to bring every student studying at the premier institution under insurance cover. Apart from taking care of the finances in case a student falls ill, the move will ensure a student continues with his/her studies if his/her guardians fail to fund him/her due to some untoward incident.

The university has contacted several government agencies and we are now going to find out the best possible offer through the tendering process. In case of any unusual circumstances, or even in case of the death of parents, a student will be eligible to receive funds for continuing his/her studies.

The students will have to pay a one-time premium during admissions to get an insurance cover for four years.
he four-year cover will be compulsory for first-year students.For other, it will be for their remaining tenure at the institute. IIEST will tie-up with all major hospitals and will call for e-tendering. The premium is likely to be around Rs 800 per students. It will be made compulsory and included as a component in the student fee.

The insurance idea generated from an accident that took place during a football match at the institute last year. A student from Assam got injured in the match and he had to go through a lot of hassles to get back to the campus.

ICICI LOMBARD GETS ICICI BANK BOARD APPROVAL FOR IPO

A senior official associated with the development said the Bank wants to space out the IPO, so that they do not clash with the other issues that will come out this year.

The board of ICICI Bank has approved the stake sale in its general insurance venture ICICI Lombard General Insurance through an initial public offering (IPO). The bank's life insurance venture ICICI Prudential Life Insurance is the first and only listed insurance entity in India.

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"The size and other details of the offer would be determined in due course," it said. ICICI Lombard is a joint venture between ICICI Bank and Fairfax Financial Holdings.

However, sources said that the bank may pare down 8-10 percent for the stake sale. The bankers for the deal have almost been shortlisted and the timeline would also be decided in the next few months.

In a statement to the exchanges, the Bank said that their board on Monday approved the sale of a part of its shareholding in ICICI Lombard in an initial public offering by the company, subject to requisite approvals and market conditions.

A senior official associated with the development said the Bank wants to space out the IPO, so that they do not clash with the other issues that will come out this year. Once the actual stake sale value is decided, the investor appetite will be gauged and the date of listing will be looked at.

It is anticipated that the insurer may get listed by the first quarter of the next financial year. This year, New India Assurance and General Insurance Corporation of India will be listed on the stock exchanges. Apart from this, SBI Life as well as HDFC Life are also looking to get listed on the stock markets.

Recently, ICICI Lombard's foreign joint venture partner Fairfax sold 12.18 per cent in ICICI Lombard to private equity firms Warburg Pincus, IIFL Special Opportunities Fund and Clermont Group. This deal had valued ICICI Lombard at Rs 20,300 crore.

ICICI Lombard General Insurance collected gross domestic premium income of Rs 10,725.9 crore for FY17. Net profit grew by 38.3 percent to Rs 701 crore for the fiscal.

Earlier in 2015, in a discussion paper on listing of Indian insurance firms, Insurance Regulatory and Development Authority of India had said it would direct general insurers (including health and reinsurers) to take steps to get listed after they complete eight years of operations. However, after tough opposition from the insurance sector, this proposal was shelved.

General insurance companies are required to be in business for atleast eight years with three years of profitable growth in order to be listed on the exchanges.

The general insurance company has seen a jump in its valuations as compared to an earlier deal. In October 2015, ICICI Bank board has approved the sale of 9 percent stake in its general insurance venture ICICI Lombard General Insurance to its foreign partner Fairfax Financial Holdings. The deal had valued the company at Rs 17,225 crore.

GOVT SCRAPS PLAN TO MERGE THREE GENERAL INSURERS

The government has scraped the proposal to merge three small state-run insurers and has instead asked the three insurers to come up with a revival plan, an agency reported sources as saying.

The government had planned to merge state-run general insurers Oriental Insurance, National Insurance, and United India Insurance earlier.

These insurers together hold 34 per cent of the total market share and it was expected that a merged entity would fetch better valuations at the time of listing. According to the report, the government may look at listing of the three insurers by FY19.

The government had in January gave its nod to list five state-run general insurers. It was decided that the government stake in these insurers would be cut to 75 per cent.

The move was seen improving corporate governance and risk management of insurers state-run New India Assurance Company, General Insurance Corporation of India (GIC) and other three insurers listed above.

Earlier this week, ET quoting two sources said that New India Assurance is looking to sell 15 per cent to raise Rs 8,000 crore in an initial public offering (IPO), which includes 5 per cent fresh equity, said.

The largest general insurer has already applied to the Insurance Regulatory and Development Authority (IRDA) for an in-principle approval for the IPO and is looking to hit the market in the next 6-8 months.

GST FAQ: ANSWERS TO ALL YOUR QUESTIONS ABOUT INDIA'S BIGGEST TAX REFORM

The Central Board of Excise and Customs has made available a NEW FAQ that answers all your questions about the Goods and Services Tax that will come to effect starting July 1.

1) WHAT IS GOODS AND SERVICES TAX (GST)?

It is a destination based tax on consumption of goods and services. It is proposed to be levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as set off. In a nutshell, only value addition will be taxed and burden of tax is to be borne by the final consumer.

2) WHAT EXACTLY IS THE CONCEPT OF DESTINATION BASED TAX ON CONSUMPTION?

The tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also termed as place of supply.

3) WHICH OF THE EXISTING TAXES ARE PROPOSED TO BE SUBSUMED UNDER GST?

The GST would replace the following taxes:

(i) Taxes currently levied and collected by the Centre:

- Central Excise duty
- Duties of Excise (Medicinal and Toilet Preparations)
- Additional Duties of Excise (Goods of Special Importance)
- Additional Duties of Excise (Textiles and Textile Products)
- Additional Duties of Customs (commonly known as CVD)
- Special Additional Duty of Customs (SAD)
- Service Tax.

Central Surcharges and Cesses so far as they relate to supply of goods and services

(ii) State taxes that would be subsumed under the GST are:

- State VAT
- Central Sales Tax
- Luxury Taxd. Entry Tax (all forms)
- Entertainment and Amusement Tax (except when levied by the local bodies)
- Taxes on advertisements
- Purchase Tax. Taxes on lotteries, betting and gambling.

State Surcharges and Cesses so far as they are late to supply of goods and services. The GST Council shall make recommendations to the Union and States on the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed in the GST.

4) WHAT PRINCIPLES WERE ADOPTED FOR SUBSUMING THE ABOVE TAXES UNDER GST?

The various Central, State and Local levies were examined to identify their possibility of being subsumed under GST. While identifying, the following principles were kept in mind:

(i) Taxes or levies to be subsumed should be primarily in the nature of indirect taxes, either on the supply of goods or on the supply of services.

(ii) Taxes or levies to be subsumed should be part of the transaction chain which commences with import/manufacture/ production of goods or provision of services at one end and the consumption of goods and services at the other.

(iii) The subsumation should result in free flow of tax credit in intra and inter-State levels. The taxes, levies and fees that are not specifically related to supply of goods and services should not be subsumed under GST.

(v) Revenue fairness for both the Union and the States individually would need to be attempted.

5) WHICH ARE THE COMMODITIES PROPOSED TO BE KEPT OUTSIDE THE PURVIEW OF GST?

Article 366(12A) of the Constitution as amended by 101st Constitutional Amendment Act, 2016 defines the Goods and Services tax (GST) as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. So alcohol for human consumption is kept out of GST by way of definition of GST in constitution. Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out and GST Council shall decide the date from which they shall be included in GST. Furthermore, electricity has been kept out of GST.

6) WHAT WILL BE THE STATUS IN RESPECT OF TAXATION OF ABOVE COMMODITIES AFTER INTRODUCTION OF GST?

The existing taxation system (VAT and Central Excise) will continue in respect of the above commodities.

7) WHAT WILL BE STATUS OF TOBACCO AND TOBACCO PRODUCTS UNDER THE GST REGIME?

Tobacco and tobacco products would be subject to GST. In addition, the Centre would have the power to levy Central Excise duty on these products.

8) WHAT TYPE OF GST IS PROPOSED TO BE IMPLEMENTED?

It would be a dual GST with the Centre and States simultaneously levying it on a common tax base. The GST to be levied by the Centre on intra-State supply of goods and / or services would be called the Central GST (CGST) and that to be levied by the States/ Union territory would be called the State GST (SGST)/ UTGST. Similarly, Integrated GST (IGST) will be levied and administered by Centre on every inter-state supply of goods and services.

9) WHY IS DUAL GST REQUIRED?

India is a federal country where both the Centre and the States have been assigned the powersto levy and collect taxes through appropriate legislation. Both the levels of Government have distinct responsibilities to perform according to the division of powers prescribed in the Constitution for which they need to raise resources. A dual GST will, therefore, be in keeping with the Constitutional requirement of fiscal federalism.

10) WHICH AUTHORITY WILL LEVY AND ADMINISTER GST?

Centre will levy and administer CGST and IGST while respective states/UTs will levy and administer SGST/UTGST.

11) WHY WAS THE CONSTITUTION OF INDIA AMENDED RECENTLY IN THE CONTEXT OF GST?

Currently, the fiscal powers between the Centre and the States are clearly demarcated in the Constitution with almost no overlap between the respective domains. The Centre has the powers to levy tax on the manufacture of goods (except alcoholic liquor for human consumption, opium, narcotics etc.) while the States have the powers to levy tax on the sale of goods. In the case of inter-State sales, the Centre has the power to levy a tax (the Central Sales Tax) but, the tax is collected and retained entirely by the States. As for services, it is the Centre alone that is empowered to levy service tax.

Introduction of the GST required amendments in the Constitution so as to simultaneously empower the Centre and the States to levy and collect this tax. The Constitution of India has been amended by the Constitution (one hundred and first amendment) Act, 2016 for this purpose. Article 246A of the Constitution empowers the Centre and the States to levy and collect the GST.

12. HOW A PARTICULAR TRANSACTION OF GOODS AND SERVICES WOULD BE TAXED SIMULTANEOUSLY UNDER CENTRAL GST (CGST) AND STATE GST (SGST)

The Central GST and the State GST would be levied simultaneously on every transaction of supply of goods and services except the exempted goods and services, goods which are outside the purview of GST and the transactions which are below the prescribed threshold limits. Further, both would be levied on the same price or value unlike State VAT which is levied on the value of the goods inclusive of CENVAT. While the location of the supplier and the recipient within the country is immaterial for the purpose of CGST, SGST would be chargeable only when the supplier and the recipient are both located within the State.

ILLUSTRATION I:

Suppose hypothetically that the rate of CGST is 10 per cent and that of SGST is 10 per cent. When a wholesale dealer of steel in Uttar Pradesh supplies steel bars and rods to a construction company which is also located within the same State for, say Rs 100, the dealer would charge CGST of Rs 10 and SGST of Rs 10 in addition to the basic price of the goods. He would be required to deposit the CGST component into a Central government account while the SGST portion into the account of the concerned State Government.

Of course, he need not actually pay Rs 20 (Rs 10 + Rs 10) in cash as he would be entitled to set off this liability against the CGST or SGST paid on his purchases (say, inputs). But for paying CGST he would be allowed to use only the credit of CGST paid on his purchases while for SGST he can utilize the credit of SGST alone. In other words, CGST credit cannot, in general, be used for payment of SGST. Nor can SGST credit be used for payment of CGST.

ILLUSTRATION II:

Suppose, again hypothetically, that the rate of CGST is 10 per cent and that of SGST is 10 per cent. When an advertising company located in Mumbai supplies advertising services to a company manufacturing soap also located within the State of Maharashtra for, let us say Rs 100, the ad company would charge CGST of Rs 10 as well as SGST of Rs 10 to the basic value of the service. He would be required to deposit the CGST component into a Central Government account while the SGST portion into the account of the concerned State Government.

Of course, he need not again actually pay Rs 20 (Rs 10 + Rs 10) in cash as it would be entitled to set-off this liability against the CGST or SGST paid on his purchase (say, of inputs such as stationery, office equipment, services of an artist etc.). But for paying CGST he would be allowed to use only the credit of CGST paid on its purchase while for SGST he can utilise the redit of SGST alone. In other words, CGST credit cannot, in general, be used for payment of SGST. Nor can SGST credit be used for payment of CGST.

13) WHAT ARE THE BENEFITS WHICH THE COUNTRY WILL ACCRUE FROM GST?

Introduction of GST would be a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax and allowing set-off of prior-stage taxes, it would mitigate the ill effects of cascading and pave the way for a common national market. For the consumers, the biggest gain would be in terms of a reduction in the overall tax burden on goods, which is currently estimated at 25 per cent - 30 per cent. Introduction of GST would also make our products competitive in the domestic and international markets. Studies show that this would instantly spur economic growth. There may also be revenue gain for the Centre and the States due to widening of the tax base, increase in trade volumes and improved tax compliance. Last but not the least, this tax, because of its transparent character, would be easier to administer

14) WHAT IS IGST?

Under the GST regime, an Integrated GST (IGST) would be levied and collected by the Centre on inter-State supply of goods and services. Under Article 269A of the Constitution, the GST on supplies in the course of inter-state trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.

15) WHO WILL DECIDE RATES FOR LEVY OF GST?

The CGST and SGST would be levied at rates to be jointly decided by the Centre and States. The rates would be notified on the recommendations of the GST Council.

16) WHAT WOULD BE THE ROLE OF GST COUNCIL?

A GST Council would be constituted comprising the Union Finance Minister (who will be the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers to make recommendations to the Union and the States on

A GST Council would be constituted comprising the Union Finance Minister (who will be the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers to make recommendations to the Union and the States on

(i) the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed under GST;

(ii) the goods and services that may be subjected to or exempted from the GST;

(iii) the date on which the GST shall be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel;

(iv) model GST laws,principles of levy,apportionment of IGST and the principles that govern the place of supply;

(v) the threshold limit of turnover below which the goods and services may be exempted from GST;
(vi) the rates including floor rates with bands of GST;
(vii)any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster;
(viii) special provision with respect to the North East States, J and K, Himachal Pradesh and Uttarakhand; and
(ix) any other matter relating to the GST, as the Council may decide.

17) WHAT IS THE GUIDING PRINCIPLE OF GST COUNCIL?

The mechanism of GST Council would ensure harmonization on different aspects of GST between the Centre and the States as well as among States. It has been provided in the Constitution (one hundred and first amendment) Act, 2016 that the GST Council, in its discharge of various functions, shall be guided by the need for a harmonized structure of GST and for the development of a harmonized national market for goods and services.

18) HOW WILL DECISIONS BE TAKEN BY GST COUNCIL?

The Constitution (one hundred and first amendment) Act, 2016 provides that every decision of the GST Council shall be taken at a meeting by a majority of not less than 3/4th of the weighted votes of the Members present and voting. The vote of the Central Government shall have a weightage of 1/3rd of the votes cast and the votes of all the State Governments taken together shall have a weightage of 2/3rd of the total votes cast in that meeting. One half of the total number of members of the GST Council shall constitute the quorum at its meetings.

19) WHO IS LIABLE TO PAY GST UNDER THE PROPOSED GST REGIME?

Under the GST regime, tax is payable by the taxable person on the supply of goods and/or services. Liability to pay tax arises when the taxable person crosses the turnover threshold of Rs 20 lakhs (Rs 10 lakhs for NE and Special Category States) except in certain specified cases where the taxable person is liable to pay GST even though he has not crossed the threshold limit. The CGST / SGST is payable on all intra-State supply of goods and/or services and IGST is payable on all inter- State supply of goods and/or services. The CGST /SGST and IGST are payable at the ratesspecified in the Schedules to the respective Acts.

20) WHAT ARE THE BENEFITS AVAILABLE TO SMALL TAX PAYERS UNDER THE GST REGIME?

Tax payers with an aggregate turnover in a financial year u p t o [Rs.20 lakhs & Rs.10 Lakhs for NE and special category states] would be exempt from tax. Further, a person whose aggregate turnover in the preceding financial year is less than Rs.50 Lakhs can opt for a simplified composition scheme where tax will payable at a concessional rate on the turnover in a state. [Aggregate turnover shall include the aggregate value of all taxable supplies, exempt supplies and exports of goods and/or services and exclude taxes viz. GST.] Aggregate turnover shall be computed on all India basis. For NE States and special category states, the exemption threshold shall be [Rs 10 lakhs]. All taxpayers eligible for threshold exemption will have the option of paying tax with input tax credit (ITC) benefits. Tax payers making inter-State supplies or paying tax on reverse charge basis shall not be eligible for threshold exemption.

21) HOW WILL THE GOODS AND SERVICES BE CLASSIFIED UNDER GST REGIME?

HSN (Harmonised System of Nomenclature) code shall be used for classifying the goods under the GST regime. Taxpayers whose turnover is above Rs 1.5 crores but below Rs 5 crores shall use 2-digit code and the taxpayers whose turnover is Rs 5 crores and above shall use 4-digit code. Taxpayers whose turnover is below Rs. 1.5 crores are not required to mention HSN Code in their invoices. Services will be classified as per the Services Accounting Code (SAC).

22) HOW WILL IMPORTS BE TAXED UNDER GST?

Imports of Goods and Services will be treated as inter-state supplies and IGST 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.

23) HOW WILL EXPORTS BE TREATED UNDER GST?

Exports will be treated as zero rated supplies. No tax will be payable on exports of goods or services, however credit of input tax credit will be available and same will be available as refund to the exporters. The Exporter will have an option to either pay tax on the output and claim-refund of IGST or export under Bond without payment of IGST and claim refund of Input Tax Credit (ITC).

24) WHAT IS THE SCOPE OF COMPOSITION SCHEME UNDER GST?

Small taxpayers with an aggregate turnover in a preceding financial year up to [Rs 50 lakhs] shall be eligible for composition levy. Under the scheme, a taxpayer shall pay tax as a percentage of his turnover in a state during the year without the benefit of ITC. The rate of tax for CGST and SGST/UTGST shall not be less than [1 per cent for manufacturer & 0.5 per cent in other cases; 2.5 per cent for specific services as mentioned in para 6(b) of Schedule II Viz Serving of food or any other article for human consumption]. A tax payer opting for composition levy shall not collect any tax from his customers. The government may increase the above said limit of 50 lakhs rupees to up to one crore rupees, on the recommendationof GST Council.

Tax payers making inter- state supplies or making supplies through e-commerce operators who are required to collect tax at source shall not be eligible for composition scheme.

25) WILL THE COMPOSITION SCHEME BE OPTIONAL?

Yes.

26) WHAT IS GSTN AND ITS ROLE IN THE GST REGIME?

GSTN stands for Goods and Service Tax Network (GSTN). A Special Purpose Vehicle called the GSTN has been set up to cater to the needs of GST. The GSTN shall provide a shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders for implementation of GST. The functions of the GSTN would, inter alia, include:

(i) facilitating registration
(ii) forwarding the returns to Central and State authorities
(iii) computation and settlement of IGST
(iv) matching of tax payment details with banking network
(v) providing various MIS reports to the Central and the State Governments based on the tax payer return information
(vi) providing analysis of tax payers' profile, and
(vii) running the matching engine for matching, reversal and reclaim of input tax credit.

The GSTN is developing a common GST portal and applications for registration, payment, return and MIS/reports. The GSTN would also be integrating the common GST portal with the existing tax administration IT systems and would be building interfaces for tax payers. Further, the GSTN is developing back-end modules like assessment, audit, refund, appeal etc. for 19 States and UTs (Model II States). The CBEC and Model I States (15 States) are themselves developing their GST back-end systems. Integration of GST front-end system with back-end systems will have to be completed and tested well in advance for making the transition smooth.

27) HOW ARE THE DISPUTES GOING TO BE RESOLVED UNDER THE GST REGIME?

The Constitution (one hundred and first amendment) Act, 2016 provides that the Goods and Services Tax Council shall establish a mechanism to adjudicate any dispute-

- between the Government of India and one or more States; or
- between the Government of India and any State or States on one side and one or more other Sates on the other side; or
- between two or more States, arising out of the recommendations of the Council or implementation thereof.

28) WHAT IS THE PURPOSE OF COMPLIANCE RATING MECHANISM?

As per Section 149 of the CGST/SGST Act, every registered person shall be assigned a compliance rating based on the record of compliance in respect of specified parameters. Such ratings shall also be placed in the public domain. A prospective client will be able to see the compliance ratings of suppliers and take a decision as to whether to deal with a particular supplier or not. This will create healthy competition amongst taxable persons.

29) ARE ACTIONABLE CLAIMS LIABLE TO GST?

As per section 2(52) of the CGST/SGST Act actionable claims are to be considered as goods. Schedule III read with Section 7 of the CGST/SGST Act lists the activities or transactions which shall be treated neither as supply of goods nor supply of services. The Schedule lists actionable claims other than lottery, betting and gambling as one of such transactions. Thus only lottery, betting and gambling shall be treated as supplies under the GST regime. All the other actionable claims shall not be supplies.

30) ARE TRANSACTION IN SECURITIES BE TAXABLE IN GST?

Securities have been specifically excluded from the definition of goods as well as services. Thus, the transaction in securities shall not be liable to GST.

31) WHAT IS THE CONCEPT OF INFORMATION RETURN?

Information return is based on the idea of verifying the compliance levels of registered persons through information procured from independent third party sources. As per section 150 of the CGST/SGST Act, many authorities who are responsible for maintaining records of registration or statement of accounts or any periodic return or document containing details of payment of tax and other details of transaction of goods or services or both ortransactions related to a bank account or consumption of electricity or transaction of purchase, sale or exchange of goods or property or right or interest in a property under any law for the time being in force, are mandated to furnish an information return of the same in respect of such periods, within such time, in such form and manner and to such authority or agency as may be prescribed. Failure to do so may result in penalty being imposed as per Section 123.

32) DIFFERENT COMPANIES HAVE DIFFERENT TYPES OF ACCOUNTING SOFTWARE PACKAGES AND NO SPECIFIC FORMAT ARE MANDATED FOR KEEPING RECORDS. HOW WILL DEPARTMENT BE ABLE TO READ INTO THESE COMPLEX SOFTWARE?

As per Section 153 of the CGST/SGST Act, having regard to the nature and complexity of a case and in the interest of revenue, department may take assistance from an expert at any state of scrutiny, inquiry, investigation or any other proceedings.

33) IS THERE ANY PROVISION IN GST FOR TAX TREATMENT OF GOODS RETURNED BY THE RECIPIENT?

Yes, Section 34 deals with such situations. Where the goods supplied are returned by the recipient, the registered person (supplier of goods) may issue to the recipient a credit note containing the prescribed particulars. The details of the credit note shall be declared by the supplier in the returns for the month during which such credit note was issued but not later than September following the end of the year in which such supply was made or the date of filing of the relevant annual return, whichever is earlier. The details of the credit note shall be matched with the corresponding reduction in claim for input tax credit by the recipient in his valid return for the same tax period or any subsequent tax period and the claim for reduction in output tax liability by the supplier that matches with the corresponding reduction in claim for ITC by the recipient shall be finally accepted and communicated to both parties.

34) WHAT IS ANTI-PROFITEERING MEASURE?

As per section 171 of the CGST/SGST Act, any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices. An authority may be constituted by the government to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.

LEVY OF AND EXEMPTION FROM TAX

1) WHERE IS THE POWER TO LEVY GST DERIVED FROM?

Article 246A of the Constitution, which was introduced by the Constitution (101st Amendment) Act, 2016 confers concurrent powers to both, Parliament and State Legislatures to make laws with respect to GST i.e. Central tax (CGST) and state tax (SGST) or union territory tax (UTGST). However, clause 2 of Article 246A read with Article 269A provides exclusive power to the Parliament to legislate with respect to inter-State trade or commerce i.e. Integrated tax (IGST).

2) WHAT IS THE TAXABLE EVENT UNDER GST?

Taxable event under GST is supply of goods or services or both. CGST and SGST/ UTGST will be levied on intra-State supplies. IGST will be levied on inter-State supplies.

3) WHETHER SUPPLIES MADE WITHOUT CONSIDERATION WILL ALSO COME WITHIN THE PURVIEW OF SUPPLY UNDER GST?

Yes, but only those activities which are specified in Schedule I to the CGST Act / SGST Act. The said provision has been adopted in IGST Act as well as in UTGST Act also.

4) WILL GIVING AWAY ESSENTIAL COMMODITIES BY A CHARITABLE INSTITUTION BE TAXABLE ACTIVITY?

In order to be a supply which is taxable under GST, the transaction should be in the course or furtherance of business. As there is no quid pro quo involved in supply for charitable activities, it is not a supply under GST.

5) WHO CAN NOTIFY A TRANSACTION TO BE SUPPLY OF GOODS OR SERVICES?

Central Government or State Government, on the recommendations of the GST Council, can notify an activity to be the supply of goods and not supply of services or supply of services and not supply of goods or neither a supply of goods nor a supply of services.

6) WHAT ARE COMPOSITE SUPPLY AND MIXED SUPPLY? HOW ARE THESE TWO DIFFERENT FROM EACH OTHER?

Composite supply is a supply consisting of two or more taxable supplies of goods or services or both or any combination thereof, which are bundled in natural course and are supplied in conjunction with each other in the ordinary course of business and where one of which is a principal supply. For example, when a consumer buys a television set and he also gets warranty and a maintenance contract with the TV, this supply is a composite supply. In this example, supply of TV is the principal supply, warranty and maintenance service are ancillary.

Mixed supply is combination of more than one individual supplies of goods or services or any combination thereof made in conjunction with each other for a single price, which can ordinarily be supplied separately. For example, a shopkeeper selling storage water bottles along with refrigerator. Bottles and the refrigerator can easily be priced and sold separately.

7) WHAT IS THE TREATMENT OF COMPOSITE SUPPLY AND MIXED SUPPLY UNDER GST?

Composite supply shall be treated as supply of the principal supply. Mixed supply would be treated as supply of that particular goods or services which attracts the highest rate of tax.

9) WHAT IS MEANT BY REVERSE CHARGE?

It means the liability to pay tax is on the recipient of supply of goods and services instead of the supplier of such goods or services in respect of notified categories of supply.

10) IS THE REVERSE CHARGE MECHANISM APPLICABLE ONLY TO SERVICES?

No, reverse charge applies to supplies of both goods and services, as notified by the Government on the recommendations of the GST Council.

11) WHAT WILL BE THE IMPLICATIONS IN CASE OF RECEIPT OF SUPPLY FROM UNREGISTERED PERSONS?

In case of receipt of supply from an unregistered person, the registered person who is receiving goods or services shall be liable to pay tax under reverse charge mechanism.

12) CAN ANY PERSON OTHER THAN THE SUPPLIER OR RECIPIENT BE LIABLE TO PAY TAX UNDER GST?

Yes, the Central/State government can specify categories of services the tax on which shall be paid by the electronic commerce operator, if such services are supplied through it and all the provisions of the Act shall apply to such electronic commerce operator as if he is the person liable to pay tax in relation to supply of such services.

13) WHAT IS THE THRESHOLD FOR OPTING TO PAY TAX UNDER THE COMPOSITION SCHEME?

The threshold for composition scheme is Rs 50 lakh of aggregate turnover in the preceding financial year. The benefit of composition scheme can be availed up to the turnover of Rs 50 lakh in current financial year.

14) WHAT ARE THE RATES OF TAX FOR COMPOSITION SCHEME?

There are different rates for different sectors. In normal cases of supplier of goods (i.e. traders), the composition rate is 0.5 % of the turnover in a State or Union territory. If the person opting for composition scheme is manufacturer, then the rate is 1 per cent of the turnover in a State or Union territory. In case of restaurant services, it is 2.5 per cent of the turnover in a State or Union territory. These rates are under one Act, and samerate would be applicable in the other Act also. So, effectively, the composition rates (combined rate under CGST and SGST/UTGST) are 1 per cent, 2 per cent and 5 per cent for normal supplier, manufacturer and restaurant service respectively.

15) A PERSON AVAILING COMPOSITION SCHEME DURING A FINANCIAL YEAR CROSSES THE TURNOVER OF RS 50 LAKH DURING THE COURSE OF THE YEAR I.E. SAY HE CROSSES THE TURNOVER OF RS 50 LAKH IN DECEMBER? WILL HE BE ALLOWED TO PAY TAX UNDER COMPOSITION SCHEME FOR THE REMAINDER OF THE YEAR I.E. TILL 31ST MARCH?

No. The option availed shall lapse from the day on which his aggregate turnover during the financial yearexceeds Rs 50 lakh.

16) WILL A TAXABLE PERSON, HAVING MULTIPLE REGISTRATIONS, BE ELIGIBLE TO OPT FOR COMPOSITION SCHEME ONLY FOR A FEW OF REGISTRATIONS?

same Permanent Account Number (PAN) have to opt for composition scheme. If one registered person opts for normal scheme, others become ineligible for composition scheme.

17) CAN COMPOSITION SCHEME BE AVAILED OF BY A MANUFACTURER AND A SERVICE SUPPLIER?

Yes, a manufacturer can opt for composition scheme generally. However, a manufacturer of goods, which would be notified on the recommendations of the GST Council, cannot opt for this scheme. This scheme is not available for services sector, except restaurants.

CUSTOMS CLEARANCE PROCEDURES FOR IMPORT CARGOES

All goods imported in India require customs clearance for home consumption after proper examination, appraisal, assessment and evaluation by the Customs Authorities. After proper verification, the customs duties are appropriately levied. The Customs Authorities do not allow import of illegal/contraband goods and no cargo is allowed to import if the importer does not have the IEC (Import Export) number issued by the DGFT (Directorate General of Foreign Trade). However, if used/ old household goods are imported, the IEC number is not required. The import consignment is allowed to clear for home consumption against filing of bill of entry prepared by the importer. The four copies of Bill of entry are prepared out of which original and duplicate copies are prepared for customs, third copy is issued for the importer and fourth copy is issued for the bank to arrange for remittances

Presently, the goods are cleared through EDI (Electronic Database Interchange) system. Although no Bill of entry is filed but the importers file a cargo declaration with all particulars for customs clearance. If any mistake is found in cargo declaration, the same may be amended subject to prior approval of Deputy/Assistant Commissioner of Customs.

If Bill of entry is filed through non-EDI system, the following documents are furnished with the Bill of entry:

1) Printed copy of Invoice
2) Packing list
3) Bill of Lading/Airway bill
4) GATT declaration form duly filled in
5) Importers/CHA's declaration
6) Licence, if required
7) Letter of credit
8) Insurance document
9) Import licence
10) Industrial license, if required
11) Test report in case of chemical
12) Adhoc exemption order
13) DEEC book/DEPB in original
14) Catalogues, Technical write up, Literature in case of machinery, spares, chemicals etc.
15) Separate split up value for spares and machinery
16) Certificate of origin
17) No commission declaration

Some importers enjoy green channel clearance facilities where routine examination of goods is ignored. However, a written declaration is to be given at the time of filing bill of entry for the commodity imported. Although there will be no physical inspection of goods but customs appraisement shall be done as per normal practice. After customs appraisement duty will be paid to the designated bank or through TR-6 challans.

A separate type of bill of entry is issued for clearance of goods for warehousing but normal procedure is followed in the same manner of normal Bill of entry.

For immediate clearance of cargo, the bill of entry will be filed on " prior entry" system and such bill of entry will be considered as valid if the vessel/aircraft carrying the goods arrives within 30 days from the date of filing of bill of entry. Import of consignment under DEEC (Duty Exempt Entitle Certificate) and EOU (Export Oriented Unit) requires to execute bonds with the Customs Authorities and importer has to pay the duty leviable on the goods in case of failure of bond.

POLITICAL RISK INSURANCE

WHAT IS A POLITICAL RISK?

- Political risks are the inherent, intangible risks facing those doing business internationally, arising from the action(s), or inaction(s), of:
- a foreign government or government entity; or
- the Assured's government; or
- a third-party country
- which:
- deprive a company of all or part of its assets; or
- prevent or restrict the performance of a contract.

WHAT CAN INSURANCE COVER?

1. Foreign investments

- Forced abandonment
- Confiscation, Expropriation,
- Nationalisation
- Deprivation
- Import or export embargo
- Political Violence
- Breach of Government Undertaking
- Currency Inconvertibility
- Business Interruption

2. Contracts

- Non-payment by Government buyers
- Unfair calling of 'On Demand' bonds
- Non-honoring of Letters of Credit
- Import or export embargoes
- Non-delivery of pre-paid goods
- War, Civil War or Revolution
- Currency Inconvertibility
- Contract Repudiation by
- Government Buyers

TYPES OF ASSETS COVERED - PERMANENT ASSETS

Joint Ventures; Subsidiaries; Projects

1. Confiscation, Expropriation, Nationalisation, Forced Abandonment, Forced Divestiture, Selective Discrimination, Cancellation of Concessions / Licenses / Permits / Agreements etc.
2. Political Violence (war, terrorism, SRCC, sabotage, MD etc.)
3. Currency Inconvertibility

TYPES OF ASSETS COVERED - MOBILE ASSETS

- Confiscation, Expropriation, Nationalization, Deprivation
- Political Violence
- Cancellation of Concession/Operating License
- Forced Divestiture / Forced Abandonment

Types of Mobile Assets

- Stocks (warehouses? tanks? pipelines?) Contractors Plant & Machinery
- Leased equipment

INSURANCE FOR EXPORT CONTRACT

- Risks covered - post-shipment
  - A. Country risks (Public and Private Buyers)
    Currency inconvertibility/non-transfer
  - B. Buyer risks (Public Buyer only)
    - Non-payment
    - Non-approval of certificates (externally funded contracts)
  - C. Guarantor risks (Public Bank/Finance Ministry only)
    - Non-honouring of Letter of Credit
    - Non-honouring of payment guarantee

INSURANCE FOR EXPORT CONTRACT

- On-Demand bid or contract bonds
- Bid / tender bonds
- Performance bonds
- Advance payment / progress payment bonds
- Retention / Maintenance / Warranty bonds
- Unfair call: where supplier not in contractual default
- Fair call - political: where exporter's default caused by political perils (e.g. war or embargo prevents shipment)

EXCLUSIONS UNDER THE POLITICAL RISK COVER

Unless specifically included.........

- War
- Contractual Agreements
- Consequential Loss
- Insolvency or Financial Default
- Necessary Permits
- Non-Compliance
- Radioactive Contamination Exclusion Clause
- Physical Damage
- Exchange Controls

KINDS OF POLITICAL RISK INCIDENTS IN RECENT PAST

- The Latin American debt crisis of 1982
- The Cuban debt moratorium of 1988
- East Asian, Russian and Brazilian currency crises of the late 1990s
- The Indonesian unrest of 1998
- The Argentina currency crisis of 2001

Case Study 01

Ajay Kumar Sehgal Vs Branch Manager, United India Insurance Co. Ltd. & Ors.

The insured/complainant and his brothers used to carry on the business under various firms under the same roof but under separate managements. One of the employees of the insured/complainant was carrying cash and some cheques to be deposited in bank which were snatched away by unknown miscreants. Out of this total money the complainant's share was Rs. 20,000/- and rest belonged to his other brothers. The matter was reported to the police and claim filed with the insurer which was repudiated on the ground that there was a violation of the policy terms and conditions as the person who carrying the cash etc. was not the person authorized to carry the cash and not an employee of the complainant.

The insured approached district Forum which did not decide upon the merits of the case but decided the claim was time barred as the claim was repudiated in 1995 and complaint was filed in 1998. The learned state commission in appeal by the complainant observed that the complaint was not time barred as there had been exchange of correspondences regularly from both the sides of both the parties. This clearly showed that the matter had not come to an end hence not time barred.

The court referred to an early decision on this point clearly held that:"even if the person in question was carrying the money for the complainant it would be unreasonable for the insurer company to repudiate the claim on theground that the person carrying was not the person authorised to carry the same."In this case, the person carrying the money was an employee of the complainant and was carrying the money. The loss of the money from his custody is not disputed and therefore the insurer was liable to pay the sum of Rs. 20,000/ along with interest @12% p.a. from the date of repudiation till payment.

Held: Rs. 20,000/- along with interest @12% p.a.

Case Study 02

The insurance company cannot repudiate the claim in total that vehicle used for hire

This appeal has been filed challenging the judgment and order of the National Consumer Disputes Redressal Commission (hereinafter, `National Commission') which upheld the concurrent finding of the District and State Consumer Forums that the car at the time of the accident was being driven on hire and was outside the scope of the insurance policy. The appellant who is the original complainant had taken a comprehensive insurance policy in respect of his private car being No. WB-34C/1919 vide policy No.311701/3/99/7172 of 1999 and the complainant paid the insurance premium duly.

As per the complainant, United Bank of India's regional office is his tenant and many of its employees are known to him. One of its employees had approached the complainant to hand over the aforesaid vehicle for a few hours for urgent use by the employees of the Bank. The complainant handed the aforesaid vehicle by way of a good gesture and did not take any rent from the Bank in this regard. The vehicle met withan accident during the subsistence of the policy. The complainant had lodged a claim before the respondent but it refused to allow the claim inter alia on the ground that the vehicle was given on hire and as per the policy terms such use was not permitted and the insured was not entitled to any compensation for such unauthorised use.

The Judgement

It is not in dispute that the appellant has taken a comprehensive insurance policy nor is it in dispute that the accident took place during the subsistence of the policy. The policy was, therefore, valid on the date ofthe accident. What is disputed by the insurance company is that the vehicle was not used for personal use but was used by way of being hired, though no payment for hiring charges was proved. However, according to the insurance

company, by using the vehicle on hire, the appellant had violated the terms of the insurance policy and on that basis the insurance company was within its right to repudiate the claim.

In the case the entire stand of the insurance company is that claimant has used the vehicle for hire and in the course of that there has been an accident. Following the guidelines in various other similarjudgements, the Court is of the opinion that the insurance company cannot repudiate the claim in total. "For the reasons stated, we cannot affirm the order of the forum below. We direct the respondent insurancecompany to pay a consolidated sum of Rs.2,50,000/- even though compensation claimed is Rs.5,00,000/-. In the facts and circumstances of this case, the said sum is to be paid to the appellant by the insurance company without any interest within a period of six weeks from date. However, if the insurance company delays the aforesaid payment beyond six weeks, then this amount will carry an interest of 9% from the date of the expiry of the period of six weeks till the date of actual payment."