



## Bangalore Chamber of Industry and Commerce

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### **Interactive Session with Mr. Y G Parande, IRS, Member (Budget / Service Tax / Computerization), Central Board of Excise & Customs, Department of Revenue, Government of India, New Delhi on Thursday, March 25, 2010.**

Following the General Committee Meeting, there was an Interactive Session with Mr. Y G Parande, IRS, Member (Budget / Service Tax / Computerization), Central Board of Excise & Customs, Department of Revenue, Government of India, New Delhi on the Key Proposals of the Union Budget 2010-11 with the members of the Chamber.

Welcoming Mr. Y G Parande, Mr. K R Girish, President congratulated the Union Government for its calibrated approach on the withdrawal of the stimulus package and also for not tinkering with the Service Tax rates in the Union Budget proposals. However, he expressed industry's disappointment for not coming out with a clear cut roadmap for implementation of GST. He also briefly brought to the attention of Member Budget on the following issues:

- a) Service Tax on IT Software, Immovable Property, Construction and Health Services
- b) Excise Duty on two-wheelers
- c) Inverted Duty structure on Medical equipments
- d) Customs Duty for domestic goods used for construction projects

He then handed over a copy of the Post-Budget Memorandum on Union Budget 2010-11 relating to Indirect Taxes to Mr. Parande.

Mr. Parande while responding to the issues raised by Mr. K R Girish, at the outset thanked the Chamber for providing an opportunity to address the members on the Union Budget proposals. He said that the Union Budget 2010 – 11 basically aimed for fiscal consolidation as the country is just coming out of the global recession. He said that the Budget is clearly prioritized on Clean Energy and Food Processing as major thrust Sectors.

With regard to GST, he said that the rate for Central GST (CGST) and State GST (SGST) is still to be worked out and a consensus amongst the States and the Centre need to emerge. He said the Empowered Committee had more or less discussed all the other major issues with the States and has come to an agreement on implementing GST. The agreement has also been reached on what taxes will be subsumed under Central GST viz., Service Tax, Central Excise Duty and all the Cess whereas in the case of State GST there are still some open issues yet to be resolved. The Union Government is taking a cohesive approach with all the stake holders and trying to convince them so that once the law is implemented it will be more durable. This consensus attitude takes time, he further added.

He then responded to some of the following queries raised by the members:

#### **a) Service tax on renting of immovable property**

Mr. Parande mentioned that this issue relates to levy of Service Tax and there has been a divergent judicial pronouncement on this issue. The intervention of the Government is to tax everything and leave the negative aspects.

## b) Retrospective Amendments

Mr. Parande briefly mentioned that the Government has come out with the following retrospective amendments with the basic objective to facilitate trade and industry, namely:

- 1) Notification on Refunds
- 2) Cenvat Credit
- 3) Notification on refund on accumulation of Credit

In this background, the Member-Budget said that industry should support the amendment proposed in the Budget regarding levy of Service Tax on construction services with retrospective amendments.

## c) Service Tax on Health services

On the issue of the Service Tax levied on the health services, Mr. Parande said that the issue is under active consideration of the Union Government and the Government do not want to levy tax on the medical checkups of the individuals and this will only affect the Executive Healthcare checkups and Medical checkups provided by the employer which are subject to the levy of Service Tax.

Following his remarks, there were questions raised by the participants which included the following:

- 1) Necessity for single GST
- 2) Strengthening of the existing Banking system making it fully equipped to handle huge transaction following the implementation of GST
- 3) Excise duty on Tea and Tea/Coffee Pre-mixes

Mr. Shekar Viswanathan, Vice President, BCIC thanked Mr. Y G Parande for having acceded to address the members of the Chamber at a very short notice and assured that the Chamber will always give constructive suggestions and extend all the support and cooperation for the smoother implementation of the GST. He then appealed to Mr. Parande to include BCIC in the major consultative forums with regard to GST as the Chamber has come out with an exhaustive study and also submitted its Memorandum to the Union Government. He thanked all the participants and concluded the meeting with vote of thanks to the Chair.