

PRE BUDGET MEMORANDUM –ICC NORTH BENGAL

Real Estate

Issue:

The key problem areas with respect to Input Tax Credit claims made by real estate developers include:

Each input cost in terms of materials, labor, etc. has to be separately and one by one analysed to provide estimates of total GST payable.

The cost of commodities is liable to change (sometimes more significantly) over the lifecycle of the construction project making it challenging to provide exact estimates of upfront costs and file for input tax credit on that basis.

No mechanism is currently in place to offset the increase in other (non-GST) costs while the benefit of input tax credit is only applicable to GST paid.

Suggestion:

- A suitable mechanism to compensate the cost increased in non GST products.
- A fixed parameter to be introduced to ascertain upfront costs while filing for input tax credit.
- 1-2 slab/segments of input costs may be introduced to simplify the whole process.

Justification:

- To offset the increase of cost of on non GST items and to support the industry at basic level will help the industry grow at normal pace.
- Simplification of whole process and counting of materials, etc during estimates for total GST payable- result in ease of doing business.
- Process will help in calculating exact estimates of upfront costs.

TEA

Issue:

For the tea industry a GST of 5% must be uniformly applied on all allied products. Lack of suitable tax incentives for export oriented companies.

Custom issues/procedures to be implemented through dedicated single window system for Tea Exporters,at this region also.

Suggestion:

Indian companies with a global outlook must be provided some tax incentives. Export-oriented companies should be given more incentives including duty drawback and license sales, etc. To attract foreign investments, the government must focus on increasing budgetary allocation for infrastructure development and ease of doing business.

Justification:

- Will notice significant funding opportunities for upcoming brands in the tea industry.
- There is also a need to lower income tax and put more money in the consumer's hands to encourage domestic consumption of the product.
- Small or home entrepreneurs should be freed from GST obligations and the government must ensure parity between online and offline suppliers based on a slab of turnover.
- Such reforms will help in attracting foreign investments and also eradicate primitive slow practices of the industry.
- Focus on increasing budgetary-tax reforms and simplification on implications and special allocation for infrastructure development and ease of doing business will help the industry grow and develop an INDIA TEA BRAND.
- More awareness and conducive policies in this sector can help more entrepreneurs to set up their business in this segment and help in increasing Brand value and Employment opportunities.
