

DAILY FINANCIAL NEWS ANALYSIS

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Tax exemptions for businesses

- **Ministry of Finance:** businesses with an annual turnover of up to **Rs 40 lakh** are GST exempt.
- Initially, this limit was **Rs 20 lakh**.
- Additionally, FINMIN said that those with a turnover **up to Rs 1.5 crore** can opt for the **Composition Scheme** and **pay only 1 per cent tax**.

- It said, once GST was implemented, the tax rate on a large number of items was brought down.
- As of now, the **28 per cent rate** is almost solely restricted to **sin and luxury items**.
- Out of a total of about 230 items in the 28 per cent slab, about **200 items** have been shifted to lower slabs.

- The Ministry also informed that significant reliefs have been extended to the **construction sector**, particularly the **housing sector** which has been placed at the **5 per cent tax** rate.
- GST on **affordable housing** has been reduced to **1 per cent**.
- It said that the **taxpayer base** has almost **doubled** since the rollout of GST.

- The numbers of assessee covered by the GST at the time of its inception were about 65 lakh and now the assessee base exceeds 1.24 crore.
- The Finance Ministry said, all processes in GST have been **fully automated** and till now **50 crore returns** have been filed online.
- **131 crore e-way bills** have been generated since the launch of the system, of which about **40 per cent** are for the **inter-state transport of goods**.

- The number of **e-waybills generated** has been growing steadily, with the highest single-day generation of more than 25 lakhs bill taking place on 29th February this year.



- The **US** and **China** have held talks over their so-called "**phase-one**" trade deal after the discussion was **delayed earlier this month**.
- **US Trade Representative**: Both sides saw progress and are committed to the agreement.
- **Intellectual property rights, eliminate forced technology transfer, remove impediments to American companies** in the areas of financial services & agriculture.

- The **pressure on Chinese companies** from Washington. Trump or Biden administration, one thing's for sure: the pressure won't stop.
- Beijing is watching all of this political theatre.

- Finance Minister Nirmala Sitharaman has said that the COVID situation provides a **unique opportunity for establishing exemplary cooperation** between **government, regulators** and the **industry** in the country.
- Addressing a gathering of industrialists and other participants during a virtual function organised by Confederation of Indian Industry today, Ms. Sitharaman asserted that **every announcement** the government has made to overcome the COVID situation in the country had a **structural reform component** with it.

- She said, Government is **reaching out to the industry to understand their concerns.**
- The Finance Minister also stressed on the need to **move fast on cabinet cleared disinvestments** and added that the government is working with **RBI** to ensure **adequate support** to the **banks** in the country.
- She said, some sectors such as **tourism, real estate, hospitality and airlines** have been affected disproportionately due to the pandemic.

- Ms. Sitharaman informed that **curative steps** have been taken and the **hospitality industry** will soon emerge from the effects of the slowdown.
- She said that the government's emphasis on unhindered movement of goods and people across the country will ensure speedy recovery of the economy.

- The experts have called the **Faceless E-assessment Scheme** as a game changer and said that the new scheme will ensure uniformity in approach while putting an end to the possible harassment of honest tax payers.
- Addressing a webinar organized by **Press Information Bureau** (Western Region), Chairman, Confederation of Indian Industries (CII)-Goa, Blaise Costabir said, the **anonymous nature of the process** will discourage high-pitched assessments and will lead to objective, fair and just assessment orders which can be finalized quicker.

- He added that **technology intervention** in the faceless system will also **help to build trust** within industry and wealth-creators.
- Meanwhile, Joint Commissioner of Income Tax from Bengaluru, Dr. Vinod Sharma said that **cases related to international taxation** and those which require the IT Department to **carry out searches** have not been included under the new law.

- **Punjab National Bank** said that the moratorium on repaying loans till **August 31** as announced by the Reserve Bank of India (RBI) should not be extended as green shoots are emerging in the economy.
- Similar views were recently expressed by leading bankers like HDFC Chairman Deepak Parekh, SBI Chairman Rajnish Kumar and CII President Uday Kotak.



- They said some borrowers who have the **ability to pay** are **taking advantage** of the relaxation.
- In March, the **RBI extended the moratorium** as a step to mitigate the burden of debt servicing and enable continuity of viable businesses impacted by COVID-19 pandemic.
- The RBI initially allowed it for **three months** ending May, but later extended it till August.

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