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## GST BILL: UNIFORM TAXATION ACROSS INDIA

The much awaited and highly anticipated Constitution Amendment Bill for Goods and Services Tax ("**GST**") has finally been approved by the President of India post its way in the Parliament (Rajya Sabha on the 3rd August 2016 and Lok Sabha on 8th August 2016) and confirmation by more than 50 percent of state legislatures. In addition, the Lok Sabha on 29th March 2017 has also passed four supplementary bills namely - the Central GST Bill, the Integrated GST Bill, the Union Territory GST Bill and the Compensation to the States Bill. With passing of the above bills, all the hurdles around the GST have been cleared setting the stage for 28 states, along with Delhi and Puducherry, to enact state laws over the next three months to roll out the new tax regime from July 2017.

GST will have a far-reaching impact on almost all the aspects of the business operations in the country, including but not limited to pricing of products and services, supply chain optimization, IT, accounting, tax compliance systems, etc. The GST Bill lays down a destination taxation regime where end users or consumers will be taxed. The GST Council made it a four-tier tax structure with lowest tax slab fixed at 5 per cent followed by 12, 18 and 28 per cent brackets with lower rates for essential items and the highest for luxury and de-merits goods which would also attract an additional cess to compensate states for potential revenue loss during the first five years of implementation.

With GST, it is expected that the tax base will be comprehensive, as virtually all goods and services will be taxable, with minimum exemptions. However, the GST will bring down the number of taxes currently being imposed in the country. Today more than 25 kinds of taxes including Service tax, state Value Added Tax (VAT), Central Excise and several other levies are imposed in the country. The GST Bill is likely to reduce the number of taxes to only around half-a-dozen.

GST will be a game changing reform for the Indian economy by creating a common Indian market and reducing the cascading effect of tax on the cost of goods and services. It will impact the tax structure, tax incidence, tax computation, tax payment, compliance, credit utilization and reporting, leading to a complete revamp of the current indirect tax system.

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## THE MATERNITY BENEFIT (AMENDMENT) ACT, 2016

The President of India has given his assent to the Maternity Benefit (Amendment) Act, 2017 ("**Amendment Bill**") that has made changes in some of the provisions of over 55-year-old law i.e. The Maternity Benefit Act, 1961 ("**The Original Act**") entitling certain benefits to women employees. The New Act provides more ease to women falling under the Maternity benefit Scheme. Some of the Salient features of the New Act are:

### 1) Increase in the duration of maternity leave to 26 weeks:

The Amendment Bill increases the maternity leave benefit to a period of 26 weeks. The maternity benefit should not be availed before eight weeks from the date of expected delivery. Prior to this, woman were entitled to maternity leave benefit of 12 weeks only of which not more than 6 weeks should precede the date of her expected delivery.

### 2) Maternity leave of 12 weeks for mother/s who are adopting or commissioning mothers:

In terms of the Amendment Bill even a woman who legally adopts a child below the age of 3 months or a commissioning mother shall be entitled to maternity benefit for a period of 12 weeks. The 12-week period of maternity benefit shall be calculated from the date the child is handed over to the adopting or commissioning mother. This benefit has been introduced for the first time for adopting and commissioning mother/s. The commissioning mother has been defined as biological mother who uses her egg to create an embryo plant.

### 3) Option to work from home:

After availing the maternity leave benefit, an employer may allow a woman to work from home, if the nature of work assigned to her is such that she may work from home. The terms, conditions and duration for the work from home arrangement would be as per the mutual agreement between the employer and the woman. The Original Act did not provide for an option to work from home.

### 4) Crèche facility:

Upon having 50 or more employees, every establishment is required to have the facility of crèche within such distance as may be prescribed, either separately or along with common facilities. The employer is required to allow four visits a day to the crèche by the woman, which will also include the interval for rest allowed to her. Under the provisions of the Original Act there was no requirement to provide for a crèche facility on the part of the employer.

### 5) Awareness about maternity benefits:

Every establishment is required to intimate in writing and electronically to every woman at the time of her initial appointment regarding every benefit available under the Amendment Bill. The Original Act was silent on these aspects.

The Amendment Bill shall help approximate 1.8 million women workforce in organised sector, and regulate grant of maternity benefit to women employees in certain establishments. India is at the third position globally in terms of the number of weeks of maternity leave after Canada (50 weeks) and Norway (44 weeks).

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### TRADEMARK RULES, 2017

The Trade Mark Rules, 2017 have been notified and have come into effect from 6th March, 2017. These Rules, which replace the erstwhile Trade Mark Rules 2002, have streamlined and simplified the processing of Trade Mark applications. Under the new rules total number of trademark forms has been reduced from 74 to 8 and all kinds of trade mark applications (single class, multi-class, collective marks etc.) are through the same form. Contested proceedings like opposition, rectification is through a single form. It seems to be a very positive step to make the whole process less tedious. To promote e-filing of TM applications, the fee for online filing has been kept at 10% lower than that for physical filing.

Also, based on the feedback of various stakeholders, the fee for individuals, startups, and small enterprises has been reduced to Rs.4500/- against Rs.8000/-.

### SEBI TIGHTENS SETTLEMENT REGULATIONS FOR FIRMS

The Securities and Exchange Board of India ("**SEBI**") has made various amendments to existing norms for settlement of administrative and civil proceedings in order to streamline and strengthen the settlement process. With the amendments, SEBI has the power to charge interest in case of excessive delays in filing of applications and payment of settlement amount. Among others, re-application of rejected or withdrawn applications in deserving cases, subject to payment of additional fees and interest, has been permitted. In case the application is filed after 60 days expiry of specific time period, the settlement amount would be increased with the levy of 6 percent interest per annum and such applications would only be considered in exceptional cases.

### RBI TO FRAME STANDARD PROCEDURE FOR FDI APPROVALS POST FIPB

The Reserve Bank is expected to formulate standard operating procedure ("**SOP**") for approval of FDI proposals by ministries following the government decision to phase out Foreign Investment Promotion Board. The proposal for setting up norms for FDI approval in sensitive sectors, which are currently under government approval of the FDI policy, was discussed at the recent inter-ministerial meeting. In order to further improve ease of doing business, the government has decided to abolish FIPB and form new mechanism for expeditious clearance of foreign investment proposals. Once the FIPB is abolished, the onus of approving FDI proposals would be on the ministries and regulatory authorities concerned. The inter-ministerial committee has also discussed the possibility of approving the FDI proposals along with grant of licenses. In the sensitive sectors like defense and telecom, companies having licenses can only seek foreign investments and the power to approve the FDI proposals may be extended to the concerned ministry.

### SBI TO COMPLETE MERGER OF SIX BANKS IN THREE MONTHS

SBI has sought three months from RBI to complete the merger of six banks which includes five associates and Bharatiya Mahila Bank (BMB). The merger process will begin from April 1st, 2017.The government has already given approval for merger of State Bank of Bikaner & Jaipur (SBBJ), State Bank of Mysore (SBM), State Bank of Travancore (SBT), State Bank of Patiala (SBP), State Bank of Hyderabad (SBH) and BMB. With the merger of all the five associates, SBI is expected to become a lender of global proportions with an asset base of Rs. 37 trillion (Rupees Thirty Seven Lakh Crore) or over $555 billion, 22,500 branches and 58,000 ATMs. It will have over 50 crore customers.

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## DIPP IN TOUCH WITH CORPORATE AFFAIRS MINISTRY TO UPDATE START-UP RULES

The Commerce and Industry Ministry is in touch with the Ministry of Corporate Affairs ("**MCA**") to update the rules for start-ups in line with the government's Start-up India action plan. The Department of Industrial Policy and Promotion ("**DIPP**"), which is the overseeing authority on industrial rules regarding start-ups in the country, had written to the MCA to update company rules and regulations in line with key decisions taken with regards to start-ups. The Start-up India Action plan, launched back in January 2016 incorporates the DIPP's rules regarding such companies. In line with its focus on ease of doing business, the norms allow for easy incorporation and dissolution of start-ups.

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