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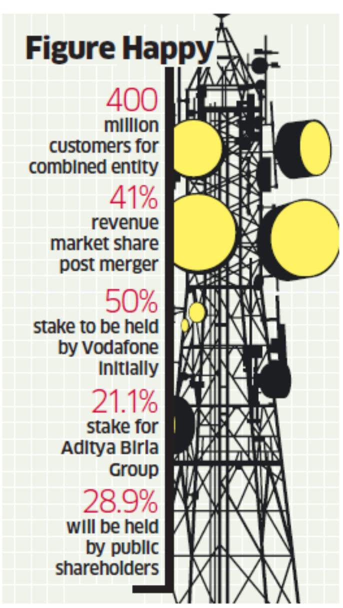
NEWSLETTER

CCI gives unconditional nod to Vodafone-Idea merger

The competition regulator approved the proposed merger between Vodafone India and Kumar Mangalam Birla-owned Idea Cellular and if suceeded, it would be India's largest telecom company by subscribers.

Idea Cellular confirmed the Competition Commission of India's approval to the merger under sub section (1) of section 31 of the Competition Act.



UK-based Vodafone Group Plc's India unit and Idea, ranked at two and three, respectively, will have almost 400 million customers and a 41% revenue market share when they merge.

The Aditya Birla Group, the promoters of Idea, will gradually increase its stake in the combined entity, while Vodafone Group will reduce its holdings, with both partners eventually owning equal stakes.

However, the plan is yet to get approval from the Securities & Exchange Board of India, which will decide whether the merger would trigger an open offer.

GSTIN not necessary if exempt goods imported, exported

The custom department has clarified that importers and exporters of goods that are exempt under the goods and services tax (GST) do not need to obtain a GST registration number and can clear their consignments by quoting their Permanent Account Number (PAN).

It is clarified and assured that there is no hold up of import and export consignments, wherever goods and services taxpayer identification number (GSTIN) is legally not required. Importers, exporters and customs brokers are requested to quote authorised PAN in the bills of entry or shipping bills for such clearance.

GSTIN is a 15-digit unique code assigned to each registered business or trader. It replaces TIN (taxpayer identification number), the unique 11-digit number allotted to each business entity that was registered with the commercial tax department in the previous indirect tax regime. The Central GST Act exempts businesses engaged exclusively in the supply of goods (import and export) that are exempt from GST from obtaining registration under the new indirect tax regime.

Lok Sabha passes bill to amend companies law

The Lok Sabha on Thursday passed the Companies Act (Amendment) Bill, 2016 that seeks to make significant changes to the 2013 law to remove complexities and improve ease of doing business, strengthen corporate governance standards and prescribe strict action against defaulting companies. The bill will now go to the Rajya Sabha. The bill has been brought to improve ease of doing business.

Key provisions of the bill are:

- The amendments raise the threshold for the easy compliance scheme to Rs 100 crore from Rs 20 crore, making more companies eligible for the simple compliance regime. The bill seeks also to ease rules for private placement of securities and fix an eight-year limit on reopening of past accounts against no limit in the earlier regime.
- It proposes to ease the compliance burden for unlisted companies. They can hold annual general meetings in places other than the registered office as well.
- The bill seeks to harmonise insider trading rules with those of stock market watchdog SEBI. Companies with common directors will be allowed to give loans to each other, another measure flagged as a concern in the 2013 law.
- It proposes to make incorporation of companies easier by allowing self-declarations instead of affidavits from subscribers to memorandum and first directors.
- Equity share capital will be the deciding consideration for establishing associate and subsidiary companies, and not both equity and preference share capital as provided now.
- Penal provisions have been moderated to provide for lower penalty for procedural defaults and on one person companies and small companies.

CBDT: GST not to be added for TDS computation

The Central Board of Direct Taxes (CBDT) has clarified that, where the recipient of a service is required to deduct tax at source (TDS) when making a payment to the supplier, the amount of TDS shall be computed without grossing up for the goods and service tax (GST) component, which is also part of the bill.

To enable TDS to be computed exclusive of the GST component, it is vital that the GST component is indicated separately.

There are several payments, such as works contracts which attract GST (at 18%) and which also attract TDS (at 10% on fees for technical services) under the Income Tax Act. Agreements in the construction sector are prime examples of works contracts, which entail both a supply of goods and services.

To illustrate, if the payment under a works contract is Rs 10 lakh, GST will be Rs 1.8 lakh. The issue was whether the TDS would be on Rs 11.8 lakh or Rs 10 lakh? If the GST component is indicated separately, CBDT clarifies that TDS will be against Rs 10 lakh which is the income of the service provider. In other words, Rs 1 lakh will be the TDS component. The CBDT has clarified that this circular will also apply to existing contracts entered into before July 1, when GST was introduced.

Snapdeal terminates merger talks with Flipkart, will take an 'independent' path

Snapdeal an E-commerce firm, terminated talks for a takeover by larger rival Flipkart, in order to "pursue an independent path" to continue its operations.

The company was reported to be in talks for selling its business to Flipkart in a $900-950 million deal.

The company said it has a "new and compelling direction - Snapdeal 2.0" and has made significant progress towards the ability to execute this by achieving a gross profit this month.

One of the leading contenders in the Indian e-commerce space, Snapdeal has seen its fortunes falling amid strong competition from Amazon and Flipkart.

The deal, if it had gone through, would have marked the largest acquisition in the Indian e-commerce landscape.

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