

# VOICE OF FICCI



## SHAPING THE AGENDA

November 2020



### From the Secretary General

Prime Minister Modi's address at the FICCI Annual convention on 12 December, was truly inspirational. The Prime Minister suggested the industry invest its energy in finding ways to make agriculture, service, manufacturing, and social sectors complement each other. He also reiterated that members should look at investing in agriculture and rural India for it is the villages and small cities that will support and aid the growth of 21st century India.

FICCI's 93rd Annual Convention was addressed by policymakers, ministers, secretaries, government dignitaries, and industry champions over three-days. Mr Uday Shankar, President FICCI attended a meeting with the Finance Minister. Senior VP, Mr Sanjiv Mehta led the discussions with the Finance Secretary and team. With the AGM now behind us, is it now time that we gear up for the Union Budget 2021-22. The Media & Entertainment division of FICCI submitted Budget recommendations to the Ministry of Information & Broadcasting for both direct and indirect taxes. Also, one of the major recommendations that the Chambers presented is to provide Infrastructure status to Media & Entertainment Sector that will enable the sector to get easy finance. Recommendations have also been made on equalization levy.

FICCI and the Indian Space industry welcomed the Draft Spacecom Policy 2020. The landmark provision under the policy to allow Indian entities to establish and operate satellite systems to provide capacity for communication services with authorizations will provide a significant impetus towards and develop the interest of the private sector in manufacturing and related technologies for the space sector.

Through its representation in the Indian Mining Sector, FICCI highlighted the importance of the Indian Mining Industry for India's overall GDP & economic development. We also shared a note on critical challenges hampering the growth of the sector and submitted recommendations to address the same. FICCI has suggested that wider industry stakeholders' deliberations should be held prior to the introduction of mining reforms. This past month, the Chambers also gave in its recommendations on the Emergency Credit Line Guarantee Scheme (ECLGS) and SEIS scrips. FICCI believes that the increase in the upper ceiling of the loan from INR 50 cr to 100 cr under the government's ECLGS may benefit the MSMEs, including hotels in the Travel and Hospitality Industry.

Additionally, a comprehensive list of 13 suggestions for the NBFC sector was submitted to the newly appointed RBI Deputy Governor that include measures for enhancing liquidity, widening options for raising resources, modification in the capital adequacy ratio for NBFCs, modification in the external commercial borrowing norms, allowing one-time restructuring for NBFCs, bringing down the cost of borrowing, modifying accounting treatment of NBFCs, providing NBFCs access to CRILC database and allowing usage of e-KYC from NBFCs. Specific suggestions relating to the Health Sector and Infrastructure were also submitted.

We, at FICCI, look at ending this calendar year riding on growth and we hope to do one better in the year to come.

Wishing you all the very best for the year to come.

Dilip Chenoy

### Issues with Tunisia

The Suggestions from FICCI were submitted to FT WANA, DOC

1. Import duty on Agricultural implements should be equal to European products so that Tunisia farmers get products at affordable prices.
2. Business visa process should be easier & quick and to be issued for longer duration.

For detailed suggestions, please write to

Mr Gautam Ghosh at [gautam.ghosh@ficci.com](mailto:gautam.ghosh@ficci.com)

### Joint Working Group (JWG) meeting between India and Egypt

The representation from FICCI for JWG between India and Egypt was made to FT WANA, DOC.

For detailed representation, please write to

Mr Gautam Ghosh at [gautam.ghosh@ficci.com](mailto:gautam.ghosh@ficci.com)

### Required Government Support to Transport Industry

AC buses and sleeper buses are yet to be allowed by the State government whereas many of the neighbouring states have already opened up for passenger transport and Tourism.

Buses to be allowed to hill stations such as Kodaikanal and Ooty without e-pass to increase tourism flow in the hill stations.

Interstate Operations are also restricted hence the state government has to be given permission and also get permission from neighbouring states for us to operate the interstate operations be it a/c, non a/c, and sleeper coaches. Sightseeing destinations such as Marina Beach, Museum, Mahabalipuram, Rameswaram, Kanyakumari, and various other tourist destinations to be opened up for increasing the domestic tourism. This was submitted to Commissioner of Tourism and Managing Director of TTDC, Government of Tamil Nadu.

For detailed representation, please write to

Mr P Sridharan at [p.sridharan@ficci.com](mailto:p.sridharan@ficci.com)

### Submission from FICCI on the NBFC Sector

A comprehensive list of 13 suggestions for the NBFC sector has been submitted to the newly appointed RBI Deputy Governor. These include measures for enhancing liquidity, widening options for raising resources, modification in the capital adequacy ratio for NBFCs, modification in the external commercial borrowing norms, allowing one-time restructuring for NBFCs, bringing down cost of borrowing, modifying accounting treatment of NBFCs, providing NBFCs access to CRILC database and allowing usage of e-KYC from NBFCs. This was submitted to Deputy Governor, Reserve Bank of India.

For detailed suggestions, please write to

Mr Anshuman Khanna at [anshuman.khanna@ficci.com](mailto:anshuman.khanna@ficci.com)

'Voice of FICCI' is a service to all our members and shared with key policy makers and thought leaders. The document is a compilation of FICCI's views on macro-economic issues. These issues come to us directly from members, or through deliberations in conferences and seminars on sectoral issues, as also through Government notifications.

## FICCI E-commerce Recommendations – Pre-Budget Memorandum 2021-22

The recommendations were focused upon Finance Minister presented Union Budget for FY 2020 and proposed a new section for the purpose of widening the scope of Tax Deducted at Source (TDS) on e-commerce transaction (i.e., Section 194-O of the Income tax Act, 1961 (the Act)). Section 194-O envisages deduction and payment of TDS by E-commerce operators for facilitating sale of goods and services of e-Commerce participant through its digital electronic facility or platform and In the Finance Bill 2020, the Government has also widened the TCS rules a per Section 206-C.

It is submitted that the introduction of TDS will negatively disrupt the business conducted through the e-commerce platforms. Application of TDS will be additional burden on working capital of e-commerce sellers mostly belonging to MSME sector. These were submitted to Joint Secretary, Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry.

For detailed recommendation, please write to  
*Ms Leena Jaisani at leena.jaisani@ficci.com*

## FICCI's comments on Draft Space Based Communication Policy of India-2020

Indian Space industry welcomes Draft Spacecom Policy-2020. The landmark provision under the policy to allow Indian entities to establish and operate satellite systems to provide capacity for communication services with authorizations will provide a significant impetus towards and develop the interest of private sector in manufacturing and related technologies for the space sector.

As part of the call for comments on the draft policy circulated by the DOS; FICCI has consulted and compiled various inputs and suggestions from industry into this document. It is hoped that these inputs by industry may be considered to allow for smoother implementation of the policy, and to enable greater ease of doing business and integration of Indian Private Space industry into this key national effort. This was submitted to ISRO.

For detailed recommendation, please write  
*Mr Vivek Pandit at vivek.pandit@ficci.com*

## Urgent need for clarification on applicability of taxes on sale of natural gas and inclusion of natural gas under Goods and Services Tax regime

Despite repeated request from the industry bodies, natural gas has not been covered under the GST regime and number of taxes viz., VAT/CST, Excise Duty (on CNG) and GST (on shipping, regasification charges & transportation tariff) are applicable on supply of Natural Gas. This has significantly increased the cost of natural gas as fuel vis-à-vis alternate fuels (e.g., coal, pet coke, etc.) since input tax credit is not available on VAT/CST paid on procurement of natural gas whereas full input tax credit is available on competing fuels. This has also increased the cost of development of gas discoveries with significant stranded input tax. Further no such taxes apply on import of Natural Gas (other than a nominal 5% customs duty) which discourages domestic companies. This puts use of natural gas at a disadvantage compared to alternate fuels running contrary to stated objective of increasing the share of natural gas in the Indian energy basket. The industry has long demanded inclusion of natural gas under GST to bring it at par with

other fuels. Accordingly, the government should urgently advise all the state governments to comply with the Supreme Court judgment on issue of C form for purchase of non-GST goods for use in manufacture of any goods. This would help to mitigate the hardships faced by the buyers and provide great relief to the customers in key manufacturing sector of the country which have otherwise been severely impacted by the current COVID-19 pandemic. This was submitted to Secretary, Ministry of Petroleum & Natural Gas.

For detailed recommendation, please write  
*Mr Vivek Pandit at vivek.pandit@ficci.com*

## Extending the scope and qualification criteria under the Tonnage tax by including Inland and Coastal vessels

The Indian shipping companies owning qualifying ships of 15 Net Tonnage and above and registered under Merchant Shipping Act (M S Act) were given the choice to choose between the Corporate tax and Tonnage tax mechanism with a lock-in period of 10 years, Later through an amendment, dredgers were added to the list of qualifying ships. However, the vessels registered under Inland vessels Act, 1917 and the Coasting Vessels Act 1938 for some reasons, were not considered as qualifying ships for the purpose of the Tonnage Tax.

Under the government's ambitious Sagarmala program, it is estimated that:

Requirement of about 300 ships (for registry under various instruments of M S Act) and about 2000 ships (for registry under Inland Vessels Act 1917).

Deployment of various types of specialized vessels such as cutter suction dredgers, barges, floating cranes amongst others is required for the construction of new ports and modernization of existing ports. Such vessels are generally registered under Inland Vessels act.

Additionally, the existing fleet of Inland vessels in India is aging and, by design, are not best suited for sustainable long-haul carriage of cargo through the national waterways in cost-effective manner, in particular NW 1 and NW2. Investors are exploring various innovative designs/models that can optimise the carrying capacity and commensurate required depth (draft) which is likely to give much-needed impetus to the local shipbuilding industry.

Therefore, in order to attract investment in this sector, it was recommended to consider extending the scope and the qualification criteria under the Tonnage Tax by including Indian companies owning qualifying ships registered under The Coasting Vessels as well as Inland vessels Act. This was submitted to Additional Secretary, Ministry of Shipping, Government of India.

For detailed recommendation, please write to  
*Mr Vivek Pandit at vivek.pandit@ficci.com*

## FICCI Recommendations on Commercial Real Estate

- a) No Government grants but only enabling notifications
  - i. All multinational outsourcing operations in India should convert to foreign exchange contracts
  - ii. Modifications to FEMA to enable developers to raise cheaper ECB loans and offer rentals in foreign currency
  - iii. Department of Economic Affairs under Ministry of Finance to confer infrastructure status for IT/ITES developments which will help developers raise debt funding at lower costs and enable broad based participation from equity investors

- b) Government to help in GST pass through so that the GST collected on rent can be set off with GST paid on IT parks developed for the purpose of IT/ITES tenants use. This should be applied retrospectively from date of implementation of GST on 1st July 2017
- c) Government to waive GST being levied on transfer of development rights it constitutes sale of land/immovable property on which GST is not applicable. Any amounts levied in the past should be refunded

These recommendations were submitted to Joint Secretary (Housing), Ministry of Housing and Urban Affairs, Government of India.

For detailed recommendations, please write to  
Ms Neerja Singh at [neerja.singh@ficci.com](mailto:neerja.singh@ficci.com)

### The recommendations of the BRICS Business Council to the BRICS Governments

The recommendations of the BRICS Business Council (BBC) to the BRICS Governments are summarized, as following:

#### Agribusiness:

1. Build a conducive ecosystem for Agri start-ups and Models of Incubation
2. Ensure Sustainable agriculture
3. Maintaining Soil Health and Soil Fertility Management
4. Promote Digital Ecosystem for Agriculture
5. Minimizing the impact of COVID-19 on agricultural trade
6. Harmonization of regulatory rules and market access
7. Explore BRICS Product labelling
8. Promote Agricultural education and training

#### Aviation:

9. Exchange of BRICS countries best practices in developing civil aviation, airport infrastructure and air cargo transportation

#### Deregulation:

10. Move towards barrier free BRICS – Adopt BRICS Barrier Free Declaration 2020
11. Merge efforts to recover from pandemic crisis faster and learn together how to live in a new world
12. Launch formalized BRICS best practices in deregulation exchange
13. Facilitate BRICS people mobility

#### Digital Economy:

14. Promote safe and powerful digital infrastructure development for providing reliable connectivity at affordable prices in remote and rural areas
15. Develop BRICS Digital Literacy Plan of Action to address the Industry 4.0 challenges (in cooperation with Skills Development Working Group)
16. Promote national e-commerce platforms and develop recommendations on common standards for them
17. Strengthen cooperation in the field of technologies exchange through e-commerce channels and provide access to available technologies for SMEs

18. Protect the rights and legitimate interests of individuals and business units in the digital economy

#### Energy and Green Economy:

19. Encouraging carbon disclosure
20. Development of green certificate mechanism
21. Enhancing Cooperation in peaceful use of nuclear energy
22. Take anti-COVID Joint Actions

#### Financial Services:

23. Launch BRICS Alliance on AI Development as an instrument to pursue mutually shared interests in managing the impact of AI on finance and its wider implications across national economies and on society
24. Establish a system for sustainable and priority financing of eco-friendly vehicles favoring Electric and natural Gas (LNG and CNG) Transportation (EGT) in BRICS countries
25. Launch a mechanism to support interaction between the BBC and the New Development

#### Bank

26. Create a BRICS SME Performance Database and communication platform designed to reduce borrowing interest rates and improve efficiency of state support measures for SMEs
27. Create a list of SME projects targeted for support by state-sponsored Intellectual Property Pledge Financing (IPPF-based financing)
28. Launch a BRICS national investment and support e-platform for the BRICS financial community

#### Infrastructure:

29. Increase logistics connectivity among the BRICS countries and within their regions, as well as in the BRICS plus format to foster trade and accelerate economic development. Study opportunities to reduce barriers for international trade and economic activity. Prior attention should be focused on regulation and simplification of the customs' procedures
30. Support joint projects of the BRICS countries in the field of infrastructure development. Highlight the importance of the development and implementation of transport network infrastructure projects, including rail, road, sea and air. Support development of railway and maritime transport in the BRICS countries
31. Improve mechanisms of promotion and support of infrastructure projects (by extending practice of PPP-projects, establishing Project Preparation Fund through NDB, applying syndicated loans, and support of unsolicited bids/proposals)

#### Manufacturing:

32. Exchange of the BRICS countries best practices in waste management, development of Smart cities solutions and electromobility.

#### Skills Development:

33. Create a sustainable space to exchange BRICS skills development experience, supporting and developing both physical training centres and digital knowledge hub, which would act as a

repository of sharing of BRICS Skills Development best practices/ experiences/relevant projects/key national initiatives

34. Support further development of the BRICS Future Skills Challenge to enhance multicultural cooperation
35. Promote the development of new and continuing cooperation projects within the BRICS skills development area (Atlas of emerging jobs, Scenario building for emerging sectors, BRICS Future Skills Training Base, work with talented youth, capacity building, technology innovation, etc.)
36. Assure financial means for the promotion of technical cooperation projects amongst BRICS countries

For detailed recommendations, please write to  
 Mr Anshuman Khanna at [anshuman.khanna@ficci.com](mailto:anshuman.khanna@ficci.com)

### **FICCI's recommendations on the Emergency Credit Line Guarantee Scheme (ECLGS) and SEIS scrips**

The following recommendations on the scheme were made:

1. The increase in the upper ceiling of the loan from INR 50 crores to INR 100 crores under the Government's Emergency Credit Line Guarantee Scheme may benefit the MSMEs including hotels in the Travel and Hospitality Industry. However, if the current situation does not improve, the loan may become a burden for these MSMEs who are in the survival stage. If the revival is later than expected, the government should make a provision to amend the terms of the loans if required.
2. The move may benefit 50% of hotels across India. They would need additional loans for refurbishment of their hotels which was non-functional during the lock down period, pay staff salaries, marketing and other related expenditure during these unprecedented times.
3. The scheme should be made available to the owner of the asset who is invested in the Asset.

The following recommendations for relief measures for the tour operators and travel agents;

1. The Service Exports from India Scheme (SEIS) scrips that is due to the tour operators for the financial year 2018-2019 must be paid at the earliest. This is only possible if the Government starts accepting the forms. This amount of SEIS will help all destination management companies in tiding over this crisis period with the much-needed working capital.
2. Restoration of SEIS scrips for duty credit of 10% to Tourism, Travel & Hospitality Industry.

These were submitted to Assistant Director General, Ministry of Tourism, Government of India.

For detailed recommendations, please write to  
 Mr Manish Ahuja at [manish.ahuja@ficci.com](mailto:manish.ahuja@ficci.com)

### **Key recommendations for survival and revival of Travel, Tourism and Hospitality Industry**

The Relief measures on operating Costs for Tourism & Hospitality Industry:

- Extension of another two years on the moratorium for all statutory dues specific to the Tourism & Hospitality Industry.

- Interest on Loan Waiver Moratorium for the Period March to August 2020 to be extended beyond INR 2cr. This is currently applicable for loans up to INR 2cr only.
- Service Exports from India Scheme (SEIS) scrips for duty credit of 10% to Tourism industry & Inclusion Foreign Trade Policy (FTP).
- The Service Exports from India Scheme (SEIS) scrips which is due to the tour operators for the financial year 2018-2019 must be paid at the earliest. This amount of SEIS will help all destination management companies in tiding over this crisis period with the much-needed working capital.
- Grant infrastructure status to all hotels.
- Exemption from Minimum Alternate Tax (MAT) payment for FY 2020-21 and FY 2021-22 to all entities having MAT credit yet to be utilised in their books.
- Provide Input Tax Credit on GST for the next 2 years.

Increase of Domestic & Inbound Tourism

- Increase National Tourism Budget by 25%.
- The Government should provide tax rebate of up to rupees 1.5 lakhs for spending on Domestic holidays in the lines of the Leave Travel Allowance (LTA).
- Create a separate Tourism fund under the aegis of Ministry of Tourism to support the Hospitality and Travel Industry in this time of crisis. The fund should be accessible to the Industry as a collateral free 10-year loan. The first two years should be interest free and thereafter, a very minimum rate of interest should be applicable for the remaining 8 years. This will help businesses to stabilize till Tourism gets back on track.
- Increase number of Tourist Trains by adding one hundred trains to bolster Domestic & Inbound Tourism
- Allocate separate fund for next three years to promote Domestic & Inbound Tourism
- Allocate separate fund for Infrastructure Development in Tourism.

#### **Standard SOP for Tourists:**

- A national tourism policy should be issued by the Ministry of Tourism, Government of India which covers common protocols for entry of a tourist into a state. This will act as a uniform guideline for all states to follow.
- A common national travel advisory on safety measures and protocols for all tourists visiting any state in India will have a positive impact and encourage people to travel.

These were submitted to Director General, Ministry of Tourism; Additional Director General, Ministry of Tourism & Joint Secretary, Ministry of Tourism, Government of India.

For detailed recommendations, please write to  
 Mr Manish Ahuja at [manish.ahuja@ficci.com](mailto:manish.ahuja@ficci.com)

### **Key recommendations for survival and revival of Travel, Tourism and Hospitality Industry**

The Hospitality industry is also looking forward to the proposed restructuring of the loans. However, the required financial parameters proposed in the resolution plans will be impossible to meet as there is no business and therefore hotels will be unable to avail the opportunity to restructure their loans. Based on our consultations within the FICCI



Travel and Tourism Committee as well as with partners from across the tourism ecosystem, we would like to make the following suggestions for consideration of the RBI.

Extend the period of restructuring till March 2024. Given the deep impact on the hotel industry and the outlook for business, which is confounded by uncertainty, the industry expects the following pattern of turnover -

2020-21 – 15% - 20% of pre-COVID turnover; EBIDTA - Negative

2021-22 – 35% - 40% of pre-COVID turnover; EBIDTA - Nil

2022-23 - 60% - 65% of pre-COVID turnover; EBIDTA - Marginal

2023-24 - 80% of pre-COVID turnover; EBIDTA – near Normal

It may be noted that besides minimal occupancy, hotels have also seen a near 50% decline in room tariffs in the current year. Revenues from Banquets have also come down by nearly 90% as there are rigid restrictions placed on the number of people allowed in any gathering. The Food and Beverage segment is also under pressure as even though the restaurants are open, they are at only at 50% capacity and footfalls are minimal.

Given that it could take as much as three to four years for the hotel industry to see a return to some semblance of normalcy in its operations, it is imperative that the period of restructuring for this sector be extended till March 2024.

Interest for the lockdown period to be subsidized by the government. As mentioned earlier, this is one of the last sectors to be allowed operation as part of unlock guidelines issued and as on date all the operations of the hotels are not operational. Effectively complete operation was halted for almost five months as compared to one or two months for other sectors. Therefore, industry requests government to subsidize the interest due for the lockdown period and compensate the banks directly.

Grant infrastructure status to all hotels to allow them to avail electricity, water and land at industrial rates as well as better infrastructure lending rates with access to larger amounts of funds as external commercial borrowings. It will also make them eligible to borrow from India Infrastructure Financing Company Limited (IIFCL). This has been a long-standing request of the industry and in 2013, the Government granted infrastructure status only to new hotels with a project cost of more than INR 200 crore each (excluding land costs). However, the status should be given across all hotels so that every hotel benefit from this status.

These were submitted to Minister of State for Tourism and Culture (IC), Government of India

For detailed recommendations, please write to  
Mr Manish Ahuja at [manish.ahuja@ficci.com](mailto:manish.ahuja@ficci.com)

## **FICCI's Key Recommendations for the survival and revival of the Travel, Tourism and Hospitality Industry**

### **Ministry of Finance**

1. In view of the current situation, the moratorium on all working capital, principal, interest payments, loans and overdrafts need to be extended by another one year. Also, the interest rate should be low of re-payment.
2. RBI's resolution framework: One-time rescheduling of principal and interest dues of borrowers in Hospitality Sector may be permitted in line with the revised estimated cash flows of each

project. While the proposed capping of extension in repayment tenure is two years based on the assumptions on which the projections are made, the future looks bleak. Given that it could take as much as three to four years for the hotel industry to see a return to some semblance of normalcy in its operations, it is imperative that the period of restructuring for this sector be extended till March 2024.

3. Further, the requirement of additional provisioning should be linked to the tangible security available with lenders, viz., additional provisioning at 5% for Security Cover more than/equal to 1.5-Times.
4. The repayment period for the hotel industry under the Emergency Credit Line Guarantee Schemes (ECLGS) should be 10 years.
5. TCS exemption under GST: OTAs are liable to collect TCS @ 1% under GST while remitting payments to airlines and hotels. TCS compliance contributes significantly towards working capital needs of the OTA sector and would also impact airline and hospitality sector if a tax holiday under GST is considered for them. Therefore, we request TCS exemption for OTAs in line with GST holiday granted to airline and hospitality sector. Estimated TCS liability for entire OTA sector would be INR 460 Crores.
6. TDS by OTAs under Income Tax: Budget 2020 proposed a new TDS levy similar to TCS under GST law, whereby OTAs are required to withheld 1% to 5% TDS while remitting payments to airlines, hotels etc. Keeping in with the fact that entire industry is heading towards a loss year, the proposed provision should be rolled back.
7. TCS on sale of Overseas Tour Packages: The proposed TCS on sale of overseas packages in the Finance Bill 2020 is detrimental to tourism business in India. The proposed TCS will not only increase the cost of packages sold by Indian tour operators, it will also shift all sales of outbound tourism to overseas suppliers denying the government of all Income tax and GST revenue. Therefore, in order to allow domestic tour operators a level playing field and a chance to revive their business, it is recommended that proposed TCS should be rolled back.
8. Payments of other statutory liabilities by Travels Agency Sector which should be deferred are as given below:
  - a. TDS under income tax including Salary TDS: INR 1,570 Crores.
  - b. PF and ESI deposit including employee contribution: INR 446 Crore.
9. The Government should provide tax rebate of up to INR 1.5 lakhs for spending on domestic holidays in the lines of the Leave Travel Allowance (LTA).
10. Create a separate Tourism fund under the aegis of Ministry of Tourism to support the Hospitality and Travel Industry in this time of crisis. The fund should be accessible to the Industry as a collateral free 10-year loan. The first two years should be interest free and thereafter, a very minimum rate of interest should be applicable for the remaining eight years. This will help businesses to stabilize till Tourism gets back on track.
11. Bail out packages to fund and support the salaries in the Tourism and Hospitality Sector.

### **Ministry of Commerce**

1. Export status for foreign exchange earnings for inbound tours and hotels.

2. Request DGFT to extend the license taken by hotels to a period of five to six years.
3. Grant infrastructure status to all hotels to allow them to avail electricity, water and land at industrial rates as well as better infrastructure lending rates with access to larger amounts of funds as external commercial borrowings. It will also make them eligible to borrow from India Infrastructure Financing Company Limited (IIFCL). This has been a long-standing request of the industry and in 2013, the Government granted infrastructure status only to new hotels with a project cost of more than INR 200 crore each (excluding land costs). However, the status should be given across all hotels so that every hotel benefit from this status.

#### Ministry of Finance/ Ministry of Commerce

1. The Service Exports from India Scheme (SEIS) scrips which is due to the tour operators for the financial year 2018-2019 must be paid at the earliest. SEIS was part of the 2015-2020 Foreign Trade Policy. The last financial year for this scheme is 2019-20. The scheme allows exporters to get 5% of their net foreign exchange earnings. For the financial year 2018/19, 7% was paid. The portal is open in June/July and the funds are paid out by September /October each year. We are now waiting for the portal to open to apply for the FY 2019/20, which is the last year of the scheme.
2. The funds will be the greatest boost for the industry. Even if this is paid out in Jan/Feb 2021, we must be allowed to upload the forms and papers, go through any questions from DGFT and have an approved document to enable the government to pay us.

#### Ministry of External Affairs and Ministry of Home Affairs

1. Medical Value Travel. Government to include Ayurveda and Wellness under medical visa to boost the segment.

#### Ministry of Civil Aviation

1. India should enter a travel arrangement with Russia i.e., a travel bubble specifically between Russia and Goa, wherein people can fly in on a charter, stay in Goa and then fly back. Going by the number of Russians that come to Goa (almost 1.3 lakh in 2019-2020 out of the 2.1 lakh foreign arrivals) it would be a win-win situation for all as Goa has the hotel inventory as well as the flight inventory to cater to these tourists.
2. There are 11 Russian regions from where we get the maximum number of tourists and the bubble can be specifically between these regions and Goa. The 11 regions in Russia are Moscow, Kazan, Perm, Ekaterinburg, Ufa, Rostov, Samara, St Petersburg, Novosibirsk, Krasnodar and Krasnoyarsk.
3. There should be no quarantine, travellers should be required to bring with them a COVID-negative test report, which would be good enough for them to board the aircraft. We can also incentivise it either by granting free visa to the first 1,000 tourists or anybody who arrives between October and November will be offered visas free of cost.
4. Allow international flights to resume normal operations with all safety protocols in place.

#### Ministry of Tourism

1. The states and union territories should have a targeted marketing campaign to communicate the safety measures taken by the government at various tourist attractions and the private stakeholders to ensure the safety of the tourists when travelling to

the destination This will help to educate tourists and build their confidence to travel for tourism purposes.

2. Government should look at convenient policies and procedures for MICE operations as it forms a large segment of our business.
3. Hotels should be given permission to host all kinds of banquets and conference in the hotel, with a ceiling of 50% of venue capacity and maintaining social distancing norm to allow hotels to earn some revenue when other source of business has dried up.
4. Target a six months promotional campaign for PIOs and NRIs such as Return to your Roots to boost demand in 2021.
5. Promote Religious tourism and Buddhist circuit.

State borders to open up their borders and allow the tourists with a valid COVID test report to proceed directly to the Ayurveda hospital/centre without quarantine.

These were submitted to Minister of State for Tourism and Culture (IC), Government of India.

For detailed recommendations, please write to  
 Mr Manish Ahuja at [manish.ahuja@ficci.com](mailto:manish.ahuja@ficci.com)

#### Interest Rate Rationalization

Through the representation, FICCI highlighted the issue of interest rate differentiation between differently rated corporates and how this is having an adverse impact on moderately rated good corporates which otherwise have impeccable record of servicing their debt obligations and maintaining financial discipline. FICCI further highlighted that Interest rate differentiation implies that the interest cost for the BBB rated company is 40-50% higher than an AA rated company which makes it completely unviable for the BBB rated companies. Thus, FICCI recommended Department of Financial Services to examine and discuss this issue with RBI and banks on how the interest rate differentiation can be rationalized

The representation was submitted to Secretary, Department of Financial Services, Ministry of Finance.

For detailed representation, please write to  
 Mr Arpan Gupta at [arpan.gupta@ficci.com](mailto:arpan.gupta@ficci.com)

#### Reforms in Indian Mining Sector

Through the representation, FICCI highlighted the importance of Indian Mining Industry for India's overall GDP & economic development. FICCI also shared a note on critical challenges hampering the growth of the sector & submitted recommendations to address the same. The major challenges highlighted included lack of thrust on exploration, Time-consuming & Cumbersome Regulatory Clearances, High Mining Taxation, etc. FICCI further submitted key recommendations addressing each of these concerns for Government intervention. Thus, FICCI suggested that wider industry stakeholders' deliberations should be held prior to the introduction of mining reforms. This was submitted to Joint Secretary, Prime Minister's Office, Government of India.

For detailed representation, please write to  
 Mr Arpan Gupta at [arpan.gupta@ficci.com](mailto:arpan.gupta@ficci.com)

#### Budget Recommendation: Media & Entertainment Sector

Media & Entertainment Division of FICCI submitted recommendations for Union Budget 2021-22 to the Ministry of Information & Broadcasting, Government of India. The recommendation was

submitted to Ms TCA Kalyani, Joint Secretary, and Mr PK Abdul Kareem, Economic Advisor, Ministry of Information & Broadcasting, Government of India. This would help the Ministry of I&B in preparing Ministry of I&B's recommendations to the Ministry of Finance for Union Budget 2021-22.

Recommendations were made for both direct and indirect taxes. One of the major recommendations is to provide Infrastructure status to Media & Entertainment Sector. Infrastructure status to Media & Entertainment Sector is needed to get easy finance to this sector. In the direct taxes, it has been recommended to include Media and Entertainment sector in Section 72. A of Income Tax Act 1962 for carry forward of losses in case of amalgamation or merger for service industry. Services industry undertaking in general are not allowed such carry forward except for Software and Telecom services. Recommendations were also made on equalisation levy.

For the broadcast sector, recommendations on tax withholding on transponder hire charges have been made.

For the sunrise sector like Gaming and AR/VR, it has been recommended to bring down the import duty on gaming consoles, Headsets, Headgears as these goods are mainly imported and high customs duty on these products impedes the growth of this industry in India.

For the film sector, suitable changes in the rule 9A and 9B have been recommended for the deduction of cost of production of feature films.

Recommendations were made to Joint Secretary; Mr PK Abdul Kareem, Economic Advisor, Ministry of I&B, Government of India.

For detailed recommendations, please write to  
*Ms Leena Jaisani at leena.jaisani@ficci.com*

### Representation on Industry Issues

An interaction with Industry Minister, Rajasthan was organised with FICCI Rajasthan Members. Members discussed their problems & suggestions with Minister related to Land Tax, Building & Construction Worker Cess, no extra burden of taxes this year on MSME sector, issues related to open access, captive generation and sale of renewable energy to third party, facilities in RIICO industrial areas.

For detailed representation, please write  
*Mr Atul Sharma at atul.sharma@ficci.com*

### Applicability of the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 and Press Note 3 of 2020 dated April 17, 2020 to investments from Hong Kong

While the Amendment Rules and the Press Note cover an entity of a country sharing land border with India, they do not set out a list of countries which would be covered within their ambit. This leaves room for doubt as to whether investments from special administrative regions / autonomous areas of China, and specifically Hong Kong, which do not share land border with India, would also require prior government approval. It is understood that the DPIIT has considered investments via Hong Kong at the same pedestal as China, requiring prior government approval, however, the same has neither been expressly stated within the Amendment Rules and the Press Note nor subsequently clarified by way of an amendment or press note. It has been submitted that including investments from Hong Kong within the ambit of the Amendment Rules and the Press Note would adversely impact the inflow of foreign investment via Hong Kong to India where foreign

investors have used Hong Kong as a holding structure to route their investment to various countries including India. Therefore, an amendment / clarification may be issued excluding investments via Hong Kong based entity only for cases where the direct investor is an entity from a non-Adjoining Nation and there is no linkage to Chinese entities or Chinese investor or Chinese citizens, and the beneficial owners are not from an Adjoining Nation, from the purview of the Amendment Rules and the Press Note. The note was submitted to Secretary, DEA, Ministry of Finance.

For detailed note, please write to  
*Ms Abha Seth at abha.seth@ficci.com*

### Disclosures on financial results & forensic audit - Under LODR Regulations

FICCI has reiterated that companies should be required to disclose outcome of Board meetings as early as possible but no later than 30 minutes of the conclusion of the meeting; instead of requiring companies to disclose financial results within 30 minutes of conclusion of the discussion on that agenda item (as suggested in SEBI's Consultation Paper on review of LODR Regulations). The other issue highlighted was on the new requirement for disclosure on forensic audit by listed entities. It was submitted that the requirement of reporting the initiation of a forensic audit would prove to be highly detrimental for all stakeholders including shareholders, management, the board, etc. Even if finally, the investigation concludes no wrongdoing, a premature disclosure itself will lead to significant value erosion and impact the reputation of the company which can be very unsettling for investors and could lead to significant volatility and speculation in the market. It has submitted that this disclosure requirement should be dispensed with. Alternatively, subject to protecting independent conduct of boards, companies may be required to share a summary of forensic audits on conclusion of the audit, only when any wrong doings are found. Such disclosure requirements should take into account various aspects like confidentiality, sensitivity, IPR etc., and should not be made applicable to any internal investigations initiated by the company. This was submitted to ED, SEBI.

For detailed note, please write to  
*Ms Abha Seth at abha.seth@ficci.com*

### Extension on Gazette Notification S.O. 2184(E)-reg: Amendment in the Ethylene Glycol

The Chemical industry is fully participating in the initiative to have the BIS certification of various notified products. However, we understand that BIS has still not resumed the appointments of scientists for quality investigation and BIS authority is not in a position to complete the pending procedures due to interruptions caused by COVID-19.

Despite the best efforts and full cooperation, overseas producers are now continuing to face challenges with respect to situations and circumstances arising out of COVID-19 restrictions, like international travel, quarantine restrictions etc. Ethylene Glycol is a major component and imports are important and critical to support multiple domestic downstream industries mainly manmade fibres /textiles. Therefore, recommendation was sent to extend the order for Ethylene Glycol (MEG), ref S.O. 2184(E) dated 29 June 2020 from current 27 December 2020 to at least 30 June 2021. This was submitted to AS (Chemicals).

For detailed representation please write to  
*Mr Manoj Mehta at manoj.mehta@ficci.com*

## Industry Concerns regarding Implementation of Haryana Biomass Policy – 2018 by the Government of Haryana

HERC through one of its orders dated 20.12.2019 fixed the levelized tariff for biomass projects for FY 19-20 and FY 20-21 at INR 10.83 per unit. The time period allotted by HAREDA to establish these projects, is 24 months from date of signing of PPA with HPPC. HERC fixed the levelized tariff at INR 4.21 per unit after the discount against already accepted CERC tariff of Rs 8.0 per unit before discount in two-part tariff scheme. In addition, the process of tariff determination vide a bid process has been upheld by Ministry of New and Renewable Energy (MNRE), Government of India, and Hon'ble Supreme Court in many cases and hence the PPA for this project needs to get signed at the committed bid price. This was submitted to Chief Minister, Haryana.

For detailed representation, please write to  
 Ms Rita Roy Choudhury at [rita.roychoudhury@ficci.com](mailto:rita.roychoudhury@ficci.com)

## Discussion paper on Practical Suggestions to Unlock Private Finance for India's Sustainable Economic Recovery

The India-UK Sustainable Finance Working Group, is co-chaired by Mr Hitendra Dave, Managing Director – Head of Global Banking and Markets, HSBC India and Mr Richard Abel, Managing Director, UK Climate Investments and comprises senior executives from some of India's largest lenders (banks and non-banks), investors (asset managers, pension funds) and has amongst its members some of the largest issuers and borrowers to represent the interest of the beneficiaries of such capital/finance. The working group is represented across sectors ranging from renewable energy to automobiles to allow for a holistic cross sector overview. Three sub-working groups (SWGs) have been formed, namely on Taxonomy, Attracting International Capital, and Attracting Domestic Capital for Domestic Projects, with each SWG headed by people of eminence in their respective fields. These SWGs have provided practitioners' perspectives and suggestions for increasing sustainable finance flows in the country.

The India-UK Sustainable Finance Working Group (IUKSFWG) submitted a Discussion Paper on Practical Suggestions to Unlock Private Finance for India's Sustainable Economic Recovery and long-term sustainable development objectives, to Secretary, Ministry of Environment, Forest and Climate Change on 22 November '20. The paper has prioritised ten short-term action points which can unlock potential capital and hasten growth. The IUKSFWG was given recognition in the joint statement released by Finance Minister of India and Chancellor of the Exchequer of UK during the 10th Economic and Financial Dialogue. This was submitted to Secretary, MoEFCC.

For detailed representation, please write to  
 Ms Rita Roy Choudhury at [rita.roychoudhury@ficci.com](mailto:rita.roychoudhury@ficci.com)

## FICCI's representation seeking redressal on difficulty in claiming refund of unutilized Input Tax Credit in respect of Export to Electricity

FICCI Power Committee made a Representation regarding seeking redressal on difficulty in claiming Refund of unutilized Input Tax Credit in respect of Export of Electricity to Mr Ajay Bhushan Pandey, Secretary (Revenue), Ministry of Finance, Government of India.

Electricity is goods and when electricity is supplied outside India, same

is termed as Export of goods as defined under Section 2(5) of the IGST Act. Further, Section 16(1) of the IGST Act provides that supply of goods by way of export shall constitute zero-rated supply under GST. Section 16(2) of the IGST Act provides that export of exempted goods will be treated as a zero-rated supply. Supply of electricity falls under exempted list of Notification No.2/2017-Central Tax (Rate) under Tariff heading 27160000. Section 16(3)(a) of the IGST Act provides for refund of unutilized ITC in case where goods are exported without payment of tax under bond/ LUT.

Further, rule 89(2) of the CGST rules provides that refund application shall be accompanied by the specified documents to establish proof of export, one of which is a statement containing the number and date of shipping bills or bills of export and the number and the date of the relevant export invoices, in a case where the refund is on account of export of goods. Further, as per the instruction no. 11 given under GST RFD-01 refund application, it is mandatory to submit details of shipping bill and Export General Manifest (EGM) in Statement-3 where refund is claimed against export of goods.

Unlike export of physical goods through conventional modes such as road, sea or air, export of electricity, being an intangible good and transmitted through transmission lines, electricity does not have bill of export or shipping bill as proof of export. There are no provisions under the Indian Customs laws which prescribe filing of any documents for export of electrical energy as is required in case of export of other tangible goods viz., bill of export or shipping bill for export or EGM. Thus, since introduction of GST, refund claims by power generators for power exported to neighbouring countries are facing difficulties in submitting the claims for eligible GST refund in absence of proof of export in terms of shipping bill or EGM.

Regional Energy Account (REA) report issued by the Regional Power Committees, which is a statutory body established by Central Government under the Electricity Act 2003, may be considered as a proof of export. The Regional Energy Account, published monthly, shows the number of units of electricity supplied along with destination of supply for electricity supplied by Generating Company to various procurers including importers outside India. The REA is published by the regional power committee on its website as well. Being issued by an independent statutory body, the REA can thus be used as proof of export for the purpose of processing GST refunds.

Therefore, there is a need to look into the implementation of the necessary amendments in the GST provisions to accept 'Regional Energy Account' as proof of export in lieu of shipping bill and EGM. Further, it was requested to kindly consider incorporating suitable changes in the common portal of GST and relevant GST forms for mentioning the details of such other documents instead of details of shipping bills and EGM, at the time of making the refund application. These were submitted to Secretary (Revenue), Ministry of Finance, Government of India.

For detailed representation, please write to  
 Ms Rita Roy Choudhury at [rita.roychoudhury@ficci.com](mailto:rita.roychoudhury@ficci.com)

## FICCI's representation on Pre-Budget Memorandum 2021-22

FICCI made a representation on Pre-Budget Memorandum 2021-22 comprising the specific recommendations related to the power-sector to Mr SN Sahai, Secretary, Ministry of Power, Government of India. The suggestions made are divided into three sections pertaining to policy issues, indirect taxes and direct taxes.



Some of the key highlights of the recommendations are:

- 1) Cross subsidy charge and additional charges should not be levied on open access. Under Section 178 of the Electricity Act, 2003, Central Electricity Commission has the power to make regulations to carry out the provisions of this Act and such regulations already provide for reduction of surcharge and cross subsidy. It is requested that the matter is taken up with the Ministry of Power to advise the Central Electricity Commission to investigate the matter and to make rules for reduction of surcharge and cross subsidy on open access.
- 2) It is suggested that a cap should be imposed on electricity duty that can be levied on power consumed from captive sources especially since, at times, the rates are set even higher than electricity duty levied on power drawn from the grid where the State has at least some contribution by way of legacy investments.
- 3) The steep hike in coal cess is adversely impacting the sustainability of Captive Power Plants which are highly power intensive industries, where coal contributes significantly in terms of production cost. Thus, it is recommended to rationalize cess on coal or the GST Compensation cess.
- 4) For the purposes of claiming additional depreciation whether generation of power amounts to manufacturing of article or thing is under litigation which is settled by various favourable judgments. The same has been codified by adding words to Section 32(iiia) 'in the business of generation or generation and distribution of power' after manufacture or production of any article or thing vide Finance Act, 2012 and 2016. For avoiding similar type of litigation Act should be amended to incorporate business of generation or generation and distribution of power in proviso to Sections 32(1) (ii a), Sec 32AD and Sec 115BA of the Act.
- 5) The CBDT Circular No. 17/2020 has clarified that TCS will not apply to transactions carried out through stock exchange and power exchange. However, this raises ambiguity for off-market transactions in such items as also transactions in actionable claims, foreign currency, etc. Clarity on these items is very crucial to banking and financial sector. It is therefore recommended that the term "goods" should be defined clearly in the ITA for the purpose of TCS under section 206C (1H) and it should specifically exclude items such as shares, securities, actionable claims, money/ foreign currency etc. from its scope. These were submitted to Secretary, Ministry of Power, Govt. of India.

For detailed representation, please write to  
*Ms Rita Roy Choudhury at rita.roychoudhury@ficci.com*

### Visa Related Issues for MVT

A list of issues pertaining to Visa were submitted to the Department of Commerce, Ministry of Commerce and Industry, GoI, for action. These issues included matters on Visa Fee, Database collection, visa regulations and delay in obtaining visa, etc.

For detailed representation, please write to  
*Mr Praveen Mittal at praveen.mittal@ficci.com*

### Representation seeking redressal on difficulty in claiming Refund of unutilized Input Tax Credit in respect of Export of Electricity

Since introduction of GST, refund claims by power generators for power

exported to neighbouring countries are facing difficulties in submitting the claims for eligible GST refund because of absence of specific documents to establish proof of export, such as number and date of shipping bills or bills of export and the number and the date of the relevant export invoices and Export General Manifest (EGM). Export of physical goods is through conventional modes such as road, sea or air, whereas export of electricity is through transmission lines, electricity does not have bill of export or shipping bill as proof of export.

Recommendation - It is requested to kindly look into the implementation of the necessary amendments in the GST provisions to accept Regional Energy Account report issued by the Regional Power Committees, a statutory body established by Central Government under the Electricity Act 2003, as proof of export in lieu of shipping bill and EGM. Further, we also request you to kindly consider incorporating suitable changes in the common portal of GST and relevant GST forms for mentioning the details of such other documents instead of details of shipping bills and EGM, at the time of making the refund application. This was submitted to Secretary (Revenue), Ministry of Finance.

For detailed representation, please write to  
*Ms Ira Khanna at ira.khanna@ficci.com*

### Exemption from the Applicability of E-Invoicing & Dynamic QR Code on Duty-Free Shops at Airports

Sale at the Duty-Free Shops (DFSs) at the International Airports are considered as export of goods as the goods are finally taken outside India by the international passengers (unregistered person) and hence, the same are treated as Zero rated supply. The invoice issued by DFSs to these international passengers is considered as 'shipping bill'. For providing the seamless refund of inward supplies, such supplies are considered as export transactions under the GST law. The exports effected by duty-free shops are made to B2C unregistered person and presently, there is no requirement for issuance of E-invoice on supplies made to unregistered person under GST law.

Because of the legal provisions, export supplies effected by the duty-free shops located at the Airports shall attract the provisions of both E-invoice and Dynamic QR Code even though such transactions are basically supply to individual unregistered person.

Government has specifically exempted certain class of taxpayers like an insurance or a banking company, financial institutions, non-banking financial institution, goods transportation agency, passenger transportation service providers and SEZ (SEZ units are predominantly engaged in exports/zero rated supplies) units from generation of E-invoice and Dynamic QR code as it would be very unfeasible and difficult to generate Invoice Reference Number and capturing Dynamic QR code considering the nature and frequency of the invoice. The case of Duty-Free Shops is quite similar.

The quantum of sale transactions done by Duty Free Shops are voluminous in both quantity and frequency. Generation of E-invoice and Dynamic QR code on every transaction done would bring practical difficulties and excessive compliance burden on DFSs in implementing the provisions of E-invoice and Dynamic QR code.

Recommendation - It is requested that similar to SEZ units, Duty-Free Shops are also located in the customs area and thus they may also be excluded from applicability of E-invoice and Dynamic QR Code. This was submitted to Chairman, CBIC, Ministry of Finance

For detailed representation, please write to  
*Ms Ira Khanna at ira.khanna@ficci.com*

## Issues Arising out of implementation of Tax Collection at source (TCS) provisions under section 206C(1H) of Income Tax Act, 1961

Issue 1 - As per Clause 4.4.2(ii) of CBDT's Circular No.17 dated September 29, 2020, Since sub-section (1H) of Section 206C of the Act applies on receipt of sale consideration, the provision of this sub-section shall not apply on any sale consideration received before 1 October 2020. Consequently, it would apply on all sale consideration (including advance received for sale) received on or after 1 October 2020 even if the sale was carried out before 1 October 2020.

It is not clear whether the clarification by CBDT implies that TCS will need to be collected by a qualifying person at the time of receiving any Advance from customers on or after 1 October 2020. If the expectation is that TCS will need to be collected at the time of receiving an Advance, even though no sale has fructified, then also the practical difficulties will arise related to TCS collection and ERP systems, depending upon the scenario that may evolve.

Recommendation - In order to avoid confusion and system configuration issues and to simplify compliance, it is suggested that (a) the provisions of Section 206C (1H) be made applicable on raising of sales invoice instead of on receipt of sale consideration. This method would make the compliance process simple; (b) Alternatively, if the decision is to continue with the system of collecting TCS at the time of receipt of sale consideration, then it is submitted that CBDT issues an appropriate clarification to the effect that in case of Advance, TCS shall be applied only at the time when the Advance is adjusted against sale value and not at the time of receipt.

Issue 2 - As per Clause 4.6.1 of CBDT's Circular No.17 dated September 29, 2020, no adjustment on account of sale return or discount or indirect taxes including GST is required to be made for collection of tax under Section 206C(1H) of the Act, since the TCS collection is to be made with reference to receipt of amount of sale consideration. This implies that no adjustment can be made to the value of original sale invoice raised by the seller for the purpose of TCS collection. However, practically, after a sale invoice is raised, few instances may occur leading to adjustments to the value of sale invoice, such as (a) Sale does not fructify due to various issues; (b) Seller may raise a revised invoice because of change in quantity delivered or reduce the sale invoice value by offering a discount to the customer; (c) A Sale Return takes place (either partly or fully).

Recommendation - It is requested that in order to avoid confusion and to ensure that TCS is charged correctly, CBDT may consider some change in the method of TCS collection.

Issue 3 - TCS is applicable on sale of Goods but to be collected at the time of receipt of sale consideration (section 206C (1H)), but the section is not clear how to deal with sales which are composite in nature – i.e. where both Goods and Service are involved in a sale.

Recommendation - It is requested that the provisions of Section 206C(1H) shall not be applicable to the Hospitality industry, as it is mainly a service industry.

Alternatively, it is submitted that CBDT issue guidelines with regard to applicability of TCS on composite sale so as to avoid compliance issues for the assesses. This was submitted to Joint Secretary (TPL)-I, CBDT, Ministry of Finance.

For detailed representation, please write to  
*Ms Ira Khanna at ira.khanna@ficci.com*

## Perquisite Valuation under the Income Tax Act and Medical Reimbursements for Employees & Retired Employees

- I. Perquisite Valuation under Section 17(2) of the Income Tax Act, 1961 in respect of Company owned Accommodation provided to Employees.

The method of determination of perquisite value in respect of company owned accommodation suffers from various inequities, such as (a) the perquisite value and the consequent tax implication on a company owned accommodation is significantly more than on an accommodation taken on lease by an Employer.; (b) when the salary of employees increases, in respect of the employee staying in the same company owned flat, the perquisite value and related tax implication will be much more as compared to the other employee staying in the accommodation taken on lease by the Employer, here the perquisite value will be fair and stable since it is linked to the lease rental value; (c) for a similar company owned accommodation, employees with different salaries will have different perquisite value.

Recommendation - It is suggested that (a) in case of company owned accommodation, the concept of fair rental value be introduced to ensure that right amount of perquisite is determined for tax purposes; (b) Sections 17(2)(a)(i) and 17(2)(c)(i) be deleted. Instead, Section 17(2)(a)(ii) and 17(2)(c)(ii) be amended appropriately to include company owned accommodation as well such that the perquisite valuation of such accommodation be based on the fair rental payable for such accommodation; where fair rental is not determinable, then the perquisite valuation of such accommodation be determined based on the municipal valuation – as is being followed for determining Income from House Property under Section 23(1) of the Income Tax Act.

- II. Medical Reimbursements for Employees & Retired Employees for COVID treatment – both Domiciliary Treatment & Hospitalization.

Under section 17(2)(viii) of the Income Tax Act, medical reimbursements received by employees from employers for domiciliary treatment of any disease is fully taxable as a perquisite in the hands of the employee with effect from 1st April 2019. Further, medical reimbursements received by employees from employers are not taxable in respect of expenditure incurred in approved hospitals and for prescribed diseases.

Recommendation - It is suggested that (a) that any expenditure reimbursed by employers to employees, including retired employees, towards treatment of COVID-19, either at home or in hospitals should be exempt and not taxed as a perquisite in the hands of employees / retired employees; (b) Section 17(2)(viii) of the Income Tax Act and the Income Tax Rules 3A(1) & Rule 3A(2) be suitably amended to specifically exempt from the purview of perquisite (and not subjected to income tax) reimbursement by employers to employees and retired employees. These were submitted to Chairman, CBDT, & JS (TPL)-II, CBDT, Ministry of Finance.

For detailed representation, please write to  
*Ms Ira Khanna at ira.khanna@ficci.com*



## VOICE OF FICCI

Voice of FICCI is a monthly compilation of all the representations and recommendations of the industry, which FICCI had made / taken up with the Government. The recommendations are mentioned briefly in Voice of FICCI along with the Team Leaders' name and their email ids.

### ADVERTISEMENT OPTIONS & RATES

VOICE OF FICCI (Frequency - Monthly)					
ADVERTISEMENTS	RATES in (Rs)				
	1 Issue	3 Issues	6 Issues	9 Issues	12 Issues
Full Page Ad (Colour)	25,000	65,000	1,25,000	1,80,000	2,25,000
Half Page Ad (Colour)	15,000	35,000	65,000	90,000	1,15,000

\*\* Tax applicable as per GST rate – 18% GST

### KEY BENEFITS FOR ADVERTISERS

- Wide Circulation base of over 7000 direct Members of FICCI.
- Circulation to Select Ministers, Chief Ministers, Joint Secretaries, Secretaries, MP's, Think Tanks, NITI Aayog Members, Inclusive Governance Council Members, UN Agencies in India
- Strengthen Brand Recognition, Reach & Recall
- Reach & connect opportunity a wide base top decision maker's in the industry in India and overseas.

All advertisements accepted in soft copy only in printable high-resolution PDF or High Resolution JPEG format in 600 dpi.



Please contact

Ms Tripti Kataria for advertisement opportunities  
at [tripti.kataria@ficci.com](mailto:tripti.kataria@ficci.com); Mobile No: 9818000591



## SUBSCRIPTION FORM

Enclosed is a cheque/DD No..... Dated .....  
 drawn on.....  
 in favour of '**Federation of Indian Chambers of Commerce & Industry**', New Delhi.

Kindly send the copies of Business Digest to the following address:

Name ..... Designation .....  
 Company .....  
 GST No.....  
 Address .....  
 Pin ..... Tel .....  
 Fax..... Email .....

<b>Subscription Details</b>		<b>Rahul Siwach/Dinesh Bhandari</b> M: +91 98 1899 3322 / 99 6848 7504 E: rahul.siwach@ficci.com, dinesh.bhandari@ficci.com
12 Issues	Rs 2500 Including GST	

*Please send this form duly filled in along with the payment to:*  
**Federation of Indian Chambers of Commerce and Industry**  
**Federation House, 1 Tansen Marg, New Delhi - 110 001**

**For more details contact at :**  
*tripti.kataria@ficci.com / rahul.siwach@ficci.com / dinesh.bhandari@ficci.com*  
 +91 98 1800 0591 / 98 1899 3322 / 99 68487504