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By Department of Accountancy, Patuck-Gala College, Santacruz (E)

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Service tax on tour operators: Indian Chamber of Commerce and Industry approaches government

NEW DELHI: The aviation and tourism committee of the Indian Chamber of Commerce and Industry has approached the government on the issue of levying service tax on 60 percent of the total invoice value for tour operators from January 22. The association is making a written representation to the government on the matter and thinks this will severely cripple the sector further post demonetization.

With effect from the January 22, the government expects tour operators to pay 60 percent service tax on 60 percent of the invoice value. Currently, tour operators pay 10% on the invoice value for booking hotels and for other tours the tax is payable on 30% of the bill. The new service tax rule is being seen as a precursor to GST. Subhash Goyal, chairman of the aviation and tourism committee of the Indian Chamber of Commerce and Industry is of the opinion that the tax will further encourage online portals which are either foreign funded or foreign based as they will not have to pay any service tax and there won't be a level playing field. We can't export taxes as per the international norms. For instance, it's not in the purview to charge taxes on services which are provided abroad like trips organized for countries in Europe and South East Asia. If the GST also comes at a high rate the industry would be finished," said Goyal. With demonetization hitting the industry sector experts were expecting a breather in the form of lower taxes. "Recovery is fragile. It would have been helpful to keep the environment static till it fully recovers. We will consider anything that our industry peers consider appropriate. Building infrastructure and working on security concerns are more important drivers for boosting travel than service regulatory changes," said Rakshit Desai, managing director at FCM Travel Solutions.

Sameer Pradhan S.Y.BMS (19)

Real Estate Regulatory Authority in Maharashtra: Know your rights as a homebuyer in Mumbai

The Real Estate (Regulation and Development) Act, 2016 (RERA) came into effect in 13 states and united territories, including Maharashtra, today.

Here is how the law will help you:

<u>Registration</u>: - The law makes it mandatory for every builder to register his project with the housing regulatory body. The developer has to submit the project details, his credentials, plans and approvals. What this means: Homebuyers won't be cheated by fraudsters, who make false promises

<u>Disclosure: -</u> A builder can't advertise his project without getting a nod from the regulator. He has to put up details of the project on the website

What this means: The homebuyer will get easy access to information. This will help him make an informed choice.

Payment: - For years, buyers have been paying 20% of the amount as booking amount. The amount has now been reduced to 10%, which should be paid only after registering the agreement for sale with the builder. The agreement can be terminated only if the buyer defaults on payment thrice, that too after giving him a 15-day notice.

Delayed possession: - The builder has to hand over the apartment as promised in the agreement. If he delays handing over the possession, the onus of paying the EMIs will fall on the builder. The builder will have to pay a fine, until he gives possession to the buyer.

What this means: Developers will make more accountable. Also, homebuyers won't have to suffer owing to the delay caused by the builder.

Quality of construction: RERA protects homebuyers against quality defects for five years after possession. The builder has to rectify the flaws within 30 days of a complaint

What this means: Better service for homebuyers.

No discrimination: - Homebuyers can't be denied flats on the basis of religion, caste and gender.

What this means:- The practice of building homes for a particular group or restricting others room buying homes in a project, which has become routine in the Mumbai Metropolitan Region, will come to an end.

Vijay Gupta S.Y.BMS (36)

Telecom price war started by Jio is in final stages, will end soon: S&P

KOLKATA: India's big phone companies may be burning cash amid brutal competition for market share, but the fight for subscribers by offering rock-bottom prices triggered by the entry of Reliance Jio Infocomm "is in its final stages", S&P Global Ratings said on Tuesday.

The global rating agency expects the Mukesh Ambani-run 4G new entrant to "rationalize its competitive strategy at some point over the next 12-18 months and start focusing on achieving sustainable revenue and margins"."Jio, through heavy discounting, has managed to grab 10% of the country's telco subscriber base in less than a year, but costly discounting practices cannot last forever," Ashutosh Sharma, S&P Global Ratings credit analyst, said. But the global ratings agency conceded that Jio's aggressive tactics have been "a strain on revenue, profitability and cash flows of all contestants in this game".

India's raging telecom battle, according to Sharma, has "all the ingredients of a 'Hunger Games' movie, the combination of rivalry, power plays and elimination of the weak, has investors, financiers, analysts and the government on the edge of their seats".

Jio's dramatic entry last September has been particularly disruptive, in that, voice, which accounted for 80% of the sector's revenues, was offered free for life by the youngest mobile carrier. Jio's data rates too continue to be priced below incumbent carriers. Small wonder, Airtel, Vodafone India and Idea have been compelled to closely match Jio's free voice calls and low-priced data offers to hold on to customers and maintain market position even at the cost of a sustained fall in revenue and profits.

In fact, sustained market disruption by Jio, according to experts, has hastened the need for consolidation compelling players without scale to exit. Biggies Vodafone India and Idea are in the process of merging as are RCom, MTS and Aircel while Bharti Airtel has acquired Telenor's India business.

Going forward, S&P Global Ratings expects the telecom sector to consolidate with the top three Telcos — the Idea-Vodafone combine, Bharti Airtel and Jio — eventually controlling 75-85% of industry revenue, but this, it said, could still be a year or two away.

The global rating agency also expects Telco margins and cash positions "to be further challenged before they get better". Analysts at S&P Global Ratings expect (telco) leverage levels to remain elevated and margins to be narrow, which, in turn, would result in industry revenues declining 5-10% in the current fiscal through March 2018. But they said revenue declines for the top three players — Idea-Vodafone, Bharti Airtel and Jio — would be in the lower end of the range while "smaller players like the Reliance Communications-Aircel (combine), and the telecom arms of the Tata Group, would see sharp declines". **Rushna Shaikh S.Y.B.Com -A (69)**

Six financial decisions you can't put off any longer

1. Set your financial life in order

To avoid problems for your dependants, you must set your financial life in order at the earliest. Here are five tasks you must not delay

2. Store passwords

Since our financial matters are gradually becoming digital, it is recommended to make a hard copy of all your user names and passwords including net banking, email, ATM, mobile banking, even social media accounts and put it in a locker or any other safe place. If you have stored all these in a password manager (it keeps all your passwords in an encrypted vault and offers security against identity theft and fraud), note down its password and keep it safe. More importantly, keep your spouse or legal heirs in the loop

3. Appoint nominees

This crucial task is disregarded by most people as they consider it dispensable. However, appointing nominees-while opening a bank account, buying an insurance policy or investing in stocks or mutual funds-makes the process of passing on benefits or assets very smooth. Though a nominee is technically just a trustee till the investments are passed on to legal heirs, it reduces the hassle for family members and does not add to the emotional trauma.

4. Buy a critical illness cover

A contingency fund can take care of one-time surgery or hospitalization, but critical illnesses can wipe out most of your savings if you are not prepared. So considering the rising incidence of illnesses like cancer and cardiac diseases and rising healthcare costs, it's important to not just have health insurance, but also a critical illness cover.

5. Go for estate planning

Estate planning and documentation is one of the most critical tasks. First, prepare a will, clearly listing the heirs to avoid legal disputes and register it. Next, prepare a list of all your acquired assets, ongoing investments and liabilities. Create a separate folder for each: bank deposits, insurance policies for life, health, car, as well as traditional plans or Ulips, small savings schemes, post office schemes, stocks and mutual fund investments, real estate deals, loan EMIs, among others. Make sure these have all the details, including dates of commencement and maturity, amounts, premium paying dates, etc. Keep your spouse in the know and deposit these in a bank locker.

6. Cover your loans

If you are servicing a big loan, say for a house, at the time of death, it could saddle your dependants with a huge burden. To avoid this, make sure that your life insurance covers all your loans as well. A term plan should ideally be 8-10 times your annual income to replace the lost income and take care of the day-to-day and future needs of your family. To this, add the value of all the loans so that these can be repaid easily. Another available option is a plan that only covers loans. Here, the cover amount reduces in line with the loan.

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