

ROLE OF CBEC IN PROMOTING “EASE OF DOING BUSINESS”



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Outline of the Presentation



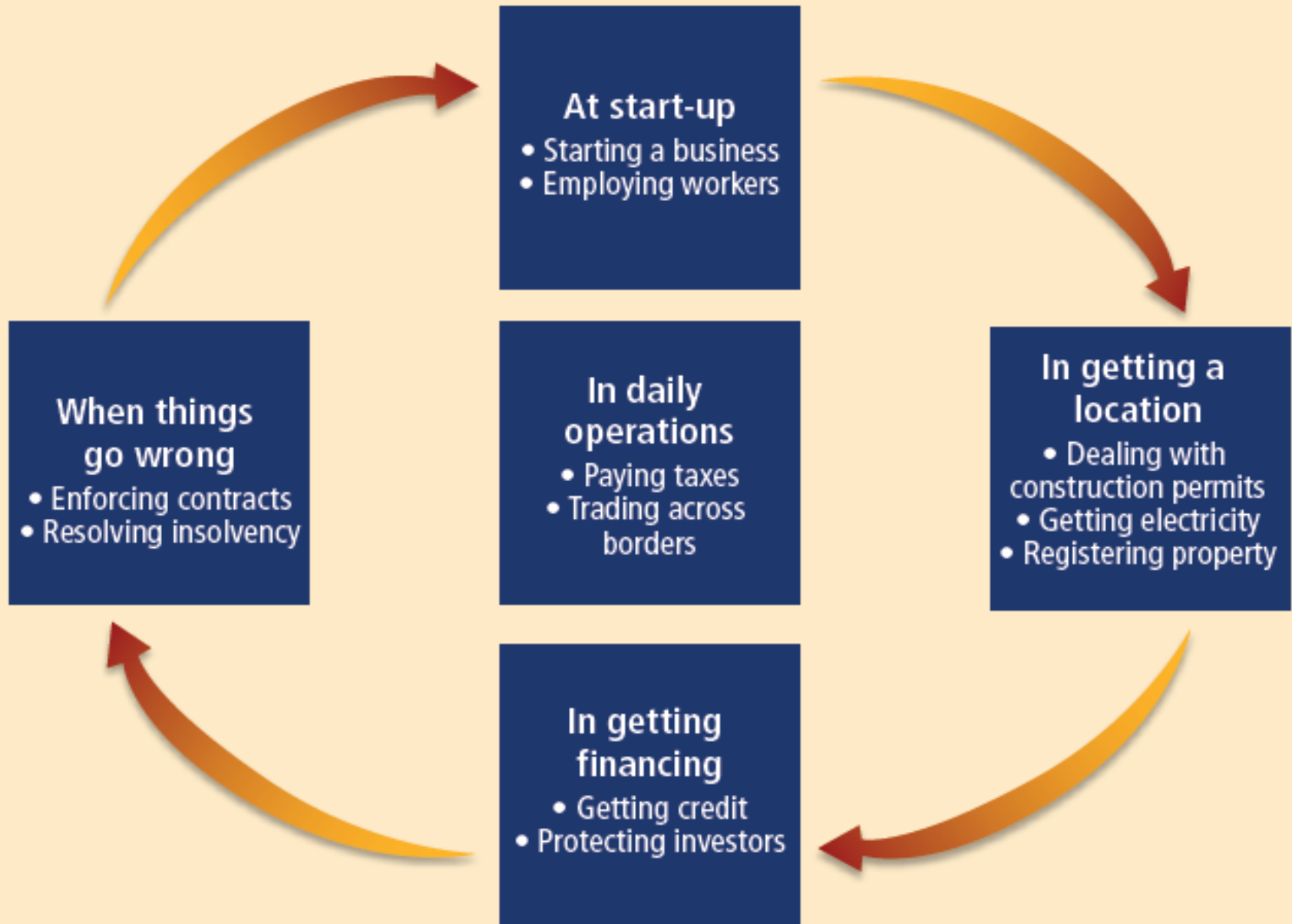
- **Introduction:** Concept of Ease of Doing Business, Doing Business Rankings, Parameters relevant to CBEC
- **Need & Objective of Study**
- **Research Methodology**
- **Data sources**
- **Discussion:** Policy initiatives taken, the impact, and initiatives in pipeline.
- **Findings**

Concept of “ease of doing business”

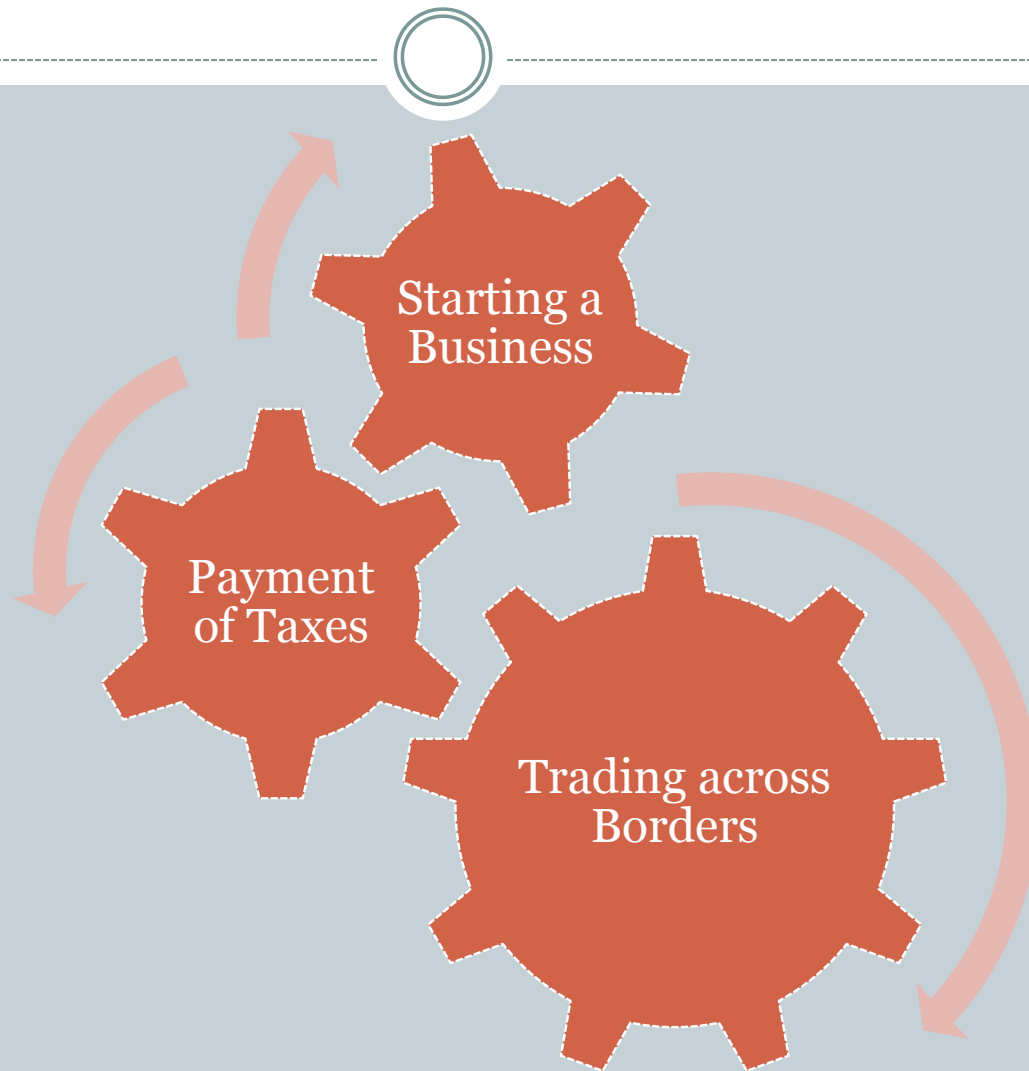


- The ease of doing business index is an index formulated by World Bank which indicates the ease of doing business in a country.
- The economies are ranked from 1-190 on 10 parameters.
- Higher rankings (a low numeric value) indicate better, usually simpler regulations for businesses and stronger protections of property rights. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a business firm.
- The effect of improving these parameters on economic growth is strong.

Regulations as measured by Doing Business affect firms throughout their life cycle



Parameters relevant to CBEC



“Ease of Doing Business” Rankings on some important Parameters (India)*



FY	Starting a Business	Paying Taxes	Trading across Borders	Overall
2017	155	172	143	130
2016	151	172	144	131

*Source: World Bank “Doing Business: Measuring Business Regulations” 2016

Need of the Study



- Taxation policies are a key driver to the business climate of any country.
- Ease of doing business and tax reforms go hand in hand.
- A facilitative tax environment is crucial to creating a more positive image for India as an investment destination.

Objective of the study



- Understanding the Policy initiatives undertaken by CBEC with a view of facilitating the “doing business” environment.
- To evaluate whether the initiatives are resulting in simplification of procedures, standardization of processes and harmonization of practices.

Methodology



- Qualitative study based on analysis of available rules & regulations, notifications, circulars, World Bank Report, TARC, CBEC, DGFT, Budget proposals and other Reports of Trade Associations.
- Empirical study primarily based on secondary data.

Data sources



- CBEC website, www.cbec.gov.in
- Director General of foreign trade, <http://dgft.gov.in/>
- World Bank Report, <http://www.doingbusiness.org/reports/global-reports/doing-business-2017>
- <http://dipp.nic.in/English/Investor/easeDoingBusiness.aspx>
- <http://www.worldbank.org/>
- http://finmin.nic.in/the_ministry/dept_revenue/tarc_report.asp
- E &Y (2016). Budget 2016: Indirect tax proposals aid ease of doing business, New Delhi
- <http://easeofdoingbusiness.org/>
- www.nacen.gov.in
- CII – KPMG (2016). Report on “Vibrant India: Best Place for Doing Business – An Action Plan”

Role of CBEC in
'ease of doing
business'



Initiatives taken



Initiatives in
pipeline: Way
forward

Initiatives Taken: Bird's eye view



1. Rationalization of tax rates
2. Simplification of procedures
3. Encourage compliance and early dispute resolution
4. Promoting Online processes to reduce physical interface
5. Optimization of Risk Management System
6. Customer centric approach

1. Rationalization of tax rates



- 13 cesses levied by other Ministries / Departments and administered by the DoR, where the revenue collection from each of them is less than Rs.50 crore in a year has been abolished
- Major concessions given to ship repair units and aircraft maintenance and overhaul operations
- Duty rationalization done in many commodities to avoid classification disputes and consequent litigation.

2. Simplification of procedures



- No. of Documents required for Import/Export reduced to just 3.
- Interest on outstanding taxes reduced to 15%.
- Provisional payment of drawback to exporters pending fixation of brand rate.
- Full transferability of duty credit scrips to pay dues under all three indirect taxes.
- Electronic monitoring of export proceeds realization, which shall obviate need for submitting documentary evidence by exporters.
- Installation certificates from private chartered engineers allowed.
- Deferred duty payment for select categories of importers and exporters.

3. Encourage compliance and early dispute resolution



- Indirect Tax Dispute Resolution Scheme Rules, 2016
- Penalty provisions rationalized
- Pre show cause notice consultation for duty more than 50 lakhs
- Threshold for filing of Appeals by the department has been progressively raised
- Amendments in prosecution provisions
- Fifty technical issues resolved in tariff conference

4. Promoting Online processes to reduce physical interface



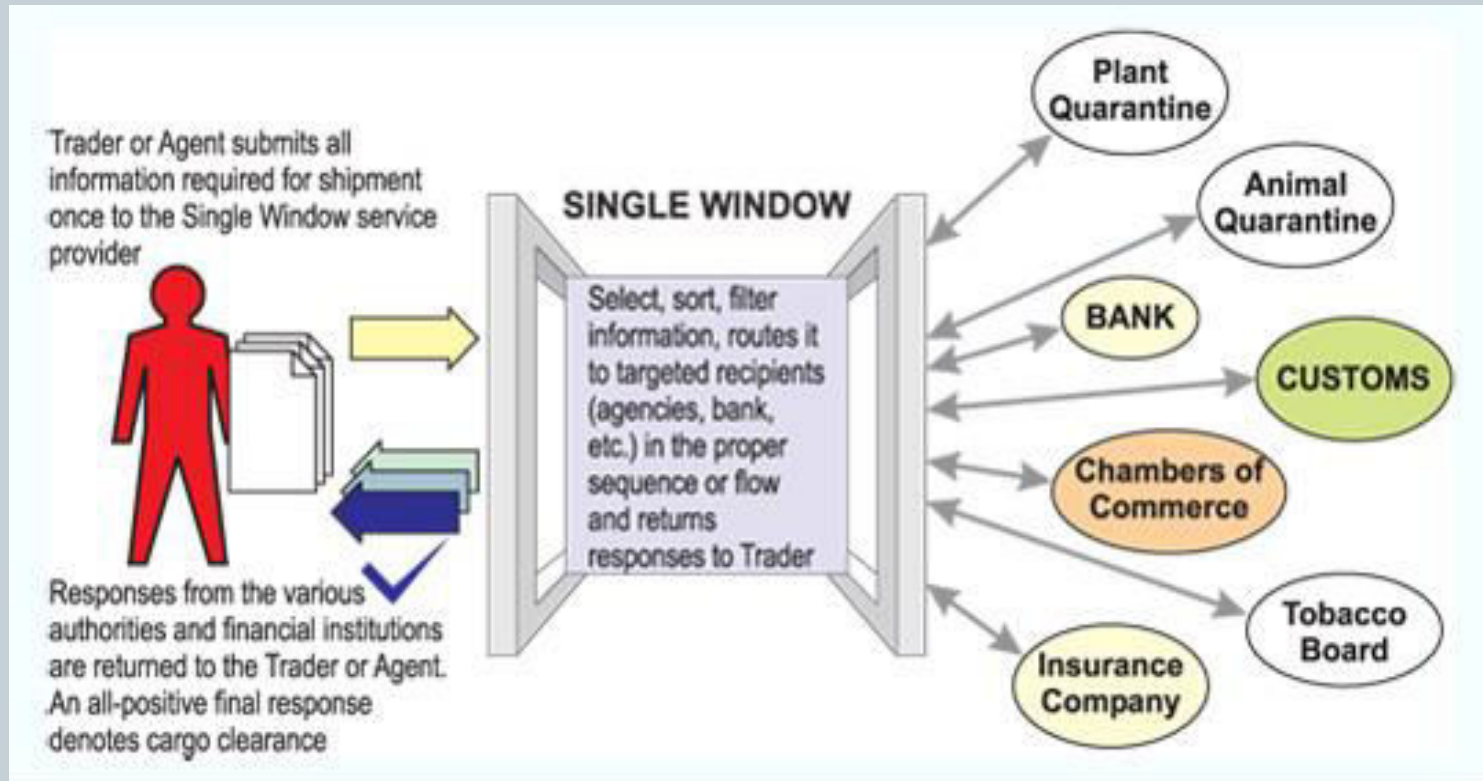
- Online payment, online Return filing
- Introduction of digital signatures for filing documents online.
- Electronic Delivery Orders-SMS service between shipping line & custodians
- Online registration of new Central Excise/ S.Tax assessee in 2 days.
- e-payment of refunds/rebates through NEFT/RTGS.
- 100% disbursal of Drawback electronically.

5. Optimization of Risk Management System



- Authorized Economic Operator (AEO)-faster Customs clearance for businesses having status of authorized economic operator
- New risk parameters identified for audit of units
- Concept of integrated audit initiated
- Introduction of Single Window Interface for Facilitating Trade (SWIFT) for Imports Clearance which connects 6 other government agencies (eg Plant Quarantine, Drug Controller etc) with Customs.

Single Window Clearance



6. Customer centric approach



- Improved tax payer services through new Directorate of Tax payer services Mechanism for coordinating with stakeholders and other Regulatory Agencies
- Customs Clearance Facilitation Committee (CCFC) to address the issue relating to Customs Clearance and infrastructure impacting clearance of goods.
- 24/7 Customs Clearance Operations extended in major Sea and Air ports
- Every 'Wednesday' declared as Tax Payer's Day where the tax payers can meet the officers without any appointment.

Impact



Dwell time report of Mumbai JNCH Port*



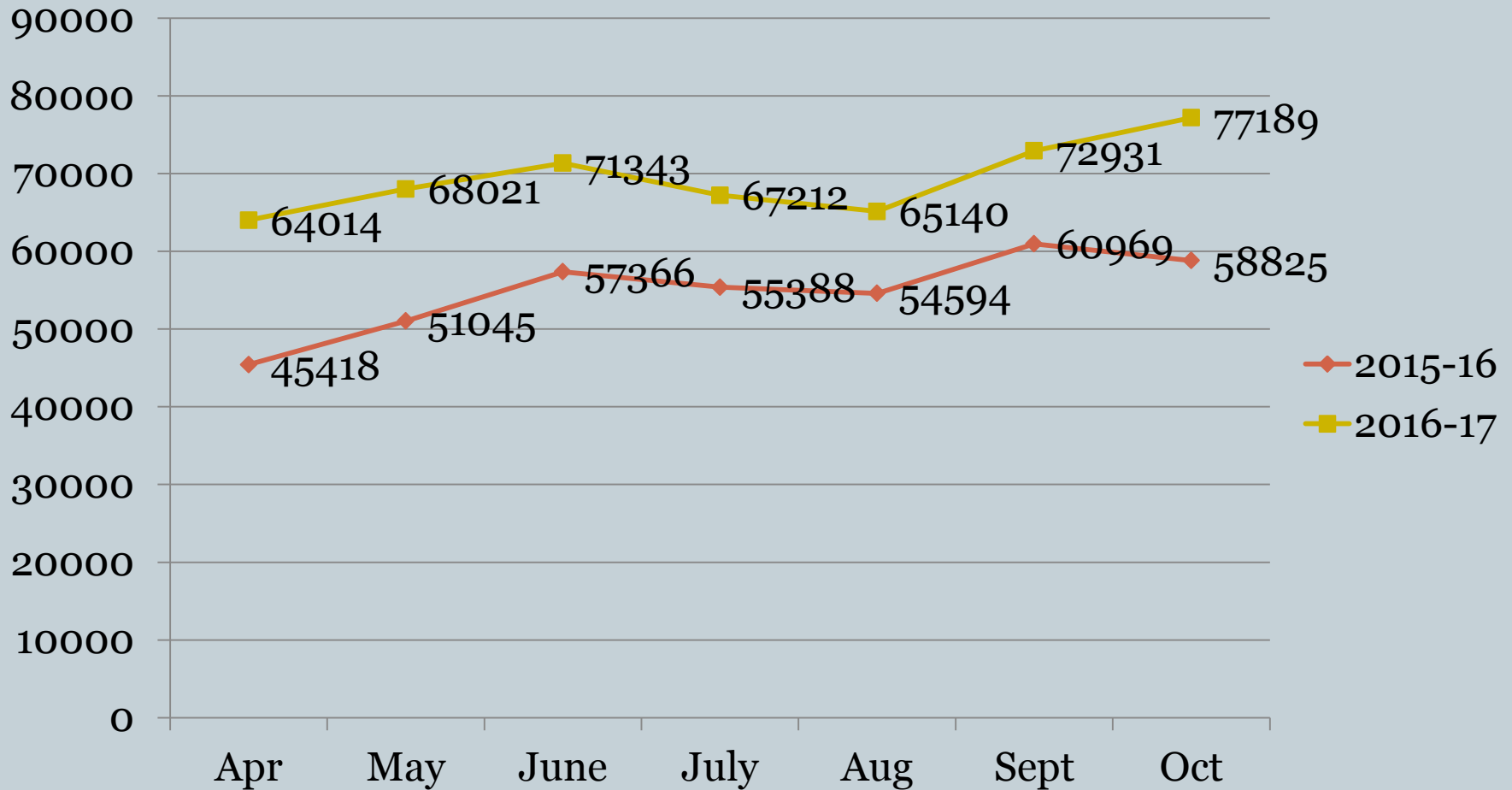
For the Month of Oct	Time taken from arrival of cargo to filing of declaration by importer	Time taken by Customs for assessment after filing of declaration	Time taken by importer for payment of Customs duty	Time taken from payment of duty to registration of documents	Time taken from registration of documents to 'out of Customs charge'	Total Time	Percentage of time taken by Customs
2015	4 days & 19 hrs	1 day	1 day & 5 hrs	2 days & 5 hrs	6 hrs	9 days & 11 hrs	13.24%
2016	4 days & 16 hrs 3 mins	21 hrs 46 mins	18 hrs & 40 mins	2 days & 4 hrs 20 mins	5 hrs & 40 mins	8 days & 18 hrs 28 mins	13.03%

*source:www.cbec.gov.in

Revenue Trend-Indirect Tax



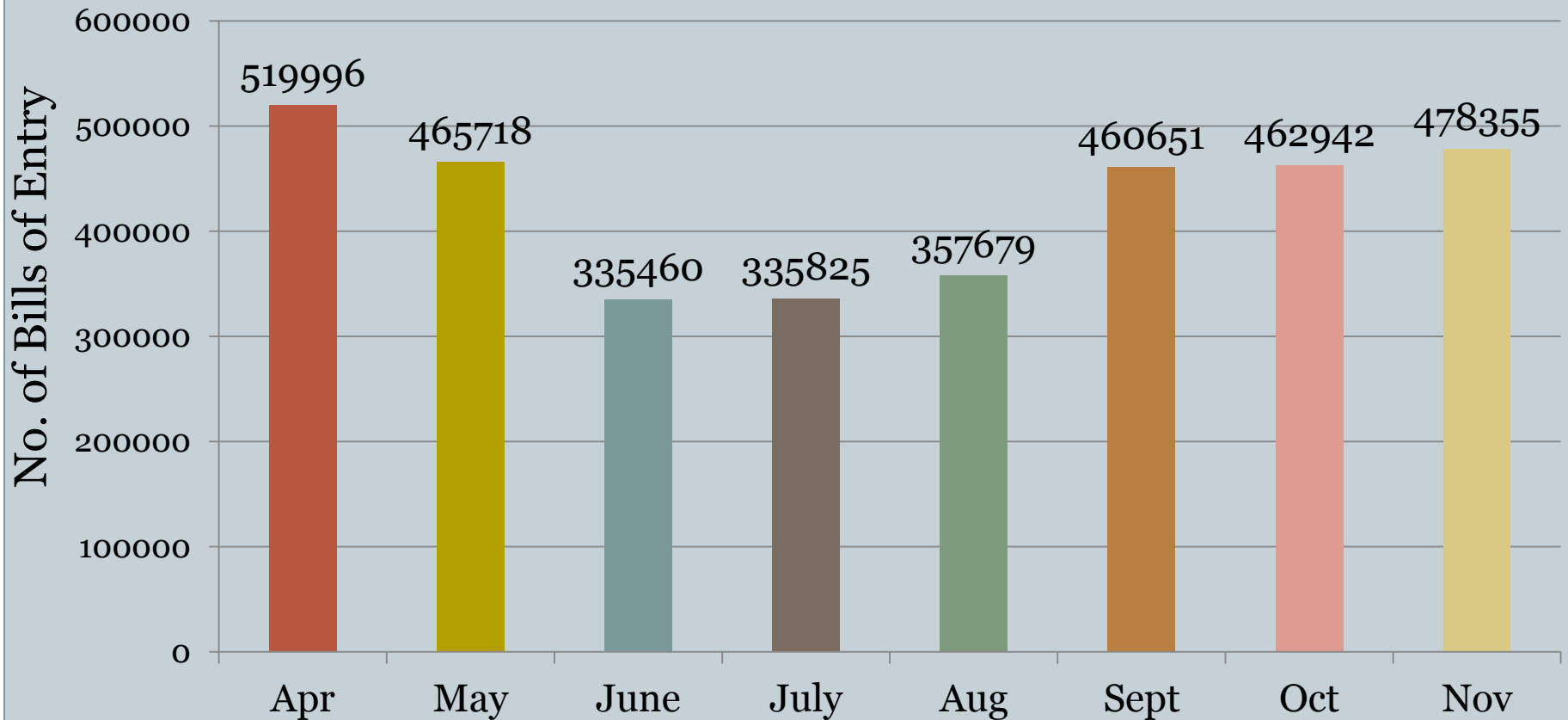
In Cr



Indian Customs Single Window Clearance (SWIFT)



Total: 3416626



Year: 2016-17

Increasing the threshold limit for filing of Appeal



CBEC has issued instructions specifying the threshold for filing of Appeals by the department as Rs. 25 lacs, Rs. 15 lacs and Rs. 10 lacs before Supreme Court, HC and CESTAT respectively resulting in reduced litigation.

Upto June 2016*	CESTAT	High Court
Cases fit for withdrawal	5261	2051
Application filed	2174	980
Actually withdrawn	202	250

Findings



- Reduction in dwell time in Customs.
- Procedural simplification.
- Reduction in litigation.
- Mitigation of conflicting interests.
- Sense of great confidence in the mind of taxpayers.

Way forward



- Goods and Services Tax (GST)
- Customs free borders for neighboring countries
- 100% conversion of Non EDI ports to EDI ports
- Extension of ICEGATE to SEZs
- Risk management
- Extension of 24x7 customs clearance facility for all types of export/import clearances
- eBiz portal

Way forward (contd.)



- Capacity building
- Access to the best practices followed in the world
- Dedicated task force
- Increased tax outreach programs
- Image building
- Big data analysis



