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Tax dept seeks Rs 32,320cr from Hutchison over Vodafone deal

NEW DELHI, AUGUST 29 /--/ The Income Tax Department has slapped a Rs 32,320 crore demand in tax, interest and penalty on Hong Kong-based Hutchison for alleged capital gains it made on the USD 11 billion sale of its mobile business in India to UKs Vodafone Group in 2007.

In a filing to the Hong Kong stock exchange, billionaire Li Ka-shings CK Hutchison Holdings Ltd said its unit, Hutchison Telecommunications International Ltd (HTIL) has been served with a tax demand of about Rs 7,900 crore, Rs 16,430 crore of interest and another Rs 7,900 crore in penalty.

The CK Hutchison unit continues to dispute the validity of those taxes, it said.

This is the first time a tax demand on the Hong Kong firm is being raised. So far, the Indian government had been pursuing the tax from Vodafone. Vodafone was initially slapped with Rs 7,990 crore tax demand for not withholding tax from payments it made to Hutchison. The outstanding after including interest and penalty runs over Rs 20,000 crore.

It challenged the levy and the Supreme Court in January 2012 ruled that the company was not liable to pay any tax over the acquisition of assets in India from Hutchison.

Thereafter, the government in May 2012 amended the tax laws with retrospective effect and claimed taxes. Vodafone has disputed such levy and the matter is before an international arbitration panel.

Besides Vodafone, the retrospective legislation was used to levy a principal tax liability of Rs 10,247 crore on another British company, Cairn Energy Plc. That matter too is before an international arbitration panel. HTIL, an indirect wholly owned subsidiary of CK Hutchison Holdings Ltd, received from the tax department a draft assessment order dated November 24, 2016 alleging gains made on sale of its entire 67 per cent in the India business to Vodafone.

"HTIL received on February 13, 2017 from Income Tax an assessment order dated January 25, 2017 in respect of tax of approximately Rs 7,900 crore on "capital gains" in connection with the 2007 deal plus aggregate interest of approximately Rs 16,430 crore," the filing said.

Further, "HTIL received on August 9, 2017 from Income Tax authorities a penalty order dated July 3, 2017 for a penalty of approximately Rs 7,900 crore", it added. The taxes cannot be validly imposed on HTIL, the filing said, adding that the order issued by the income tax is on the "basis of retrospective legislation seeking to overturn the judgment of the Supreme Court of India in January 2012, which ruled that the acquisition (by Vodafone) was not taxable in India, are in violation of the principles of international law".

"Accordingly the company continues to believe that the orders would not have any effect on the companys financial condition or the results of its operations for any period," it said without saying what course of action would it take. Vodafone had in 2007 acquired 67 per cent stake in the mobile-phone business owned by Hutchison Whampoa, now part of CK Hutchison. The draft assessment order alleged gains of about Rs 37,400 crore in the 2007 sale to Vodafone International Holdings BV.

The deal happened when HTIL was a listed company. Subsequent to that, HTIL was privatised and ceased business operations. Neither HTIL nor its subsidiaries have any presence in India. (PTI)

SAIL and Rly's ink LTTC agreement

EOI CORRESPONDENT

KOLKATA, AUG 29/--/ Steel Authority of India Ltd. (SAIL) and Indian Railways have entered into a strategic agreement on Long Term Tariff Contract (LTTC) on 29th August,2017. The agreement was signed in the presence of senior officers of Railways and SAIL in the office of CCM of SE Rly at Kolkata.

The agreement was inked by Kaushik Mukhopadhyay, CCM, SE Rly on behalf of Railways and by +Debabrata Maiti, GM (Rail Movement) on behalf of SAIL and is valid for a period of three years.

SAIL is one of the premier customers of Indian Railways, having a rail coefficient of over 95%. This agreement involves as many as 15 zones of Indian Railways for loading and unloading terminals, with different commodities applicable to LTTC, viz, Iron & Steel, Pig Iron, Slag, Limestone, Dolomite, Manganese Ore etc. with a Benchmark Gross Freight Revenue (BGFR) of Rs 3,417.74 crore and with corresponding tonnage of 19.3MT effective from 1st Sept'2017. At present this is the highest LTTC agreement in terms of Gross Freight Revenue of Railways.

SAIL is on the verge of completion of a major modernisation program at its different steel plants and is expected to attain substantial incremental growth. SAIL expects that infrastructural improvement at loading and unloading areas will reduce the detention and thereby improve the overall turn-around time of railway wagons in the future.

Airline industry improves baggage handling

EOI CORRESPONDENT

KOLKATA, AUG 29/--/ Baggage management by the world's airlines improved again in 2016 as the industry focuses on technology investments and prepares for a step-change in handling by June 2018. According to the SITA Baggage Report 2017, released today, the rate of mishandled bags was 5.73 bags per thousand passengers in 2016, down 12.25% from the previous year and the lowest ever recorded.

Ilya Gutlin, SITA President, Air Travel Solutions, said: "It is frustrating for passengers and airlines when bags go missing but the days of not knowing where your bag is will soon to be a thing of the past. We are on the brink of a new era in airline baggage management because the world's airlines are committing to track baggage throughout its journey. At SITA we are providing several tracking innovations that will allow the air transport community to scale up their tracking capabilities without massive capital investments."

The IATA Resolution 753 is coming into force in June 2018 and from then every bag must be tracked and recorded at four mandatory points -at check-in; aircraft loading; at transfer between carriers; and on arrival as the bag is delivered back to the passenger. When this is in place airlines will be able to share the information with their passengers and code share partners allowing them to track their bag, just like a parcel. Having this information means passengers will stay informed and all parties involved in their journey can take action if flights are disrupted and their bags are delayed.

A critical pinch-point in the bag handling process is when passengers and their luggage need to move from one aircraft to another, or from one carrier to another. Bags have a higher risk of being mishandled at this time, particularly if connections are tight. In 2016, close to half (47%) of delayed bags were in the process of being transferred.

Mr Gutlin added: "We are using technology to transform baggage management which will improve both the passenger experience and help to reduce the cost to the airlines. To be successful we need to cooperate and collaborate across the industry and challenge ourselves to find new ways of working and sharing data to upgrade the experience for air travelers and to improve operations."

Rlys at 'critical juncture', safety to be priority: Lohani

NEW DELHI, AUGUST 29 /--/ Safety will be the focus area of the Indian Railways, which is at a critical juncture and faces an "image perception" problem, newly-appointed Railway Board chairman Ashwani Lohani has said.

Lohani said in a letter to employees on Monday that Indian Railways had suffered a "serious dent" in the recent past due to "certain unfortunate incidents".

Lohani's letter dated August 28 -- before the fourth derailment in 10 days today morning -- also indicated at reforms in the country's largest passenger carrier.

"At this critical juncture when we are facing a serious issue with the image perception of the railways, I expect all my fellow railwaymen to pitch in wholeheartedly to set this perception right," Lohani wrote.

The former Air India CMD made it clear that safety would be the principal focus area of the public sector behemoth which carries nearly three crore passengers per day.

"We have to always be on our guard to ensure the highest level of safety in train operations and instill a renewed sense of confidence in our esteemed passengers.

"The great Indian railways has suffered a serious dent in the recent past due to certain unfortunate incidents. Such incidents often overshadow the great work that this organisation performs day in and day out," Lohani wrote. He also identified quality of catering, linen and cleanliness, which he said was crying for attention, as other areas of concern and stressed on the need to adopt a mission mode to bring improvements in a very short time. "Our operating ratio needs to be brought down considerably, not only by reducing expenditure but by increasing freight loading and also finding other means of non-conventional revenue generation to achieve a spurt in revenues," he added.

In the fourth train derailment in the country in 10 days, the engine and nine coaches of the Nagpur-Mumbai Duronto Express derailed between Vasind and Asangaon stations in Maharashtra early today following a landslide today. There were no reports of any injuries.

Sudhin Mathur, Managing Director, Motorola Mobility India and Country Head, Lenovo MBG with the lucky winners of Moto G5S Plus at the launch event in New Delhi.

Room rent in hospitals exempted from GST

NEW DELHI, AUGUST 29 /--/ Rent paid by patients for hospital rooms will be exempted from the Goods and Services Tax (GST), the government said on Tuesday. Issuing clarifications on levy of GST on the tariff for various accommodation services, the Central Board of Excise and Customs (CBEC) said the tax on rooms in the hotel, guest house or inns will be payable on the actual amount charged and not on declared or published tariff. "Declared or published tariff is relevant only for the determination of the tax rate slab," the clarification issued in form of Frequently Asked Questions (FAQs) said. No GST is applicable on room tariffs of less than Rs 1,000. A 12 per cent tax will be levied on the tariff of more than Rs 1,000 and less than Rs 2,500 while an 18 per cent levy would come in for room rents of between Rs 2,500 and Rs 7,500. A GST of 28 per cent will be charged on tariff greater than Rs 7,500. The tax will be levied on the entire amount, including charges for extra bed. "GST rate would be determined according to the declared tariff for the room, and GST at the rate so determined will be levied on the entire amount charged from the customer," it said. For room upgrades, the FAQs said the tax applicable on the higher category rooms will be charged on the actual tariff paid. "If declared tariff of the accommodation provided by way of an upgrade is Rs 10,000 but amount charged is Rs 7,000, then GST would be levied at the rate of 28 per cent on Rs 7,000," it said. Tariff declared anywhere, like on websites through which business is being procured or printed on tariff card or displayed at the reception, will be the declared tariff. "In case different tariff is declared at different places, highest of such declared tariffs shall be the declared tariff for the purpose of levy of GST," it said. (PTI)

SC asks Swamy to amend plea on Jet-Etihad deal

NEW DELHI, AUGUST 29 /--/ The Supreme Court Tuesday asked BJP leader Subramanian Swamy to file an amended plea, seeking to quash an alliance between Jet Airways and Abu Dhabi-based Etihad Airways, by also challenging the bilateral agreement between India and the UAE on increasing the number of flights.

A bench headed by Chief Justice Dipak Misra was informed by Additional Solicitor General P S Narsimha, representing the Centre, that Swamy was to specifically challenge the agreement between India and the United Arab Emirates (UAE) on increasing the number of flights between India and the UAE.

Swamy told the bench, which also comprised Justices P C Pant and D Y Chandrachud, that he has already filed an amended plea in the matter. "You (Swamy) have to file an application for amendment which has to be first allowed by this court," the bench said, adding, "you have to file an amended application specifically challenging it." Swamy then sought four weeks time to file an amended plea which was allowed by the court.

The court had in March last year asked Swamy to implead other airlines as parties to the list as they may also get affected if the court decided either in favour or against the Jet-Etihad deal.

Swamy had earlier questioned the governments decision to execute the agreement in favour of Abu Dhabi under the existing Air Services Agreement between the governments of India and UAE claiming that the lions share of seats would go to Etihad and the Indian carriers would lose. He had said the seat-sharing agreements between India and UAE would adversely impact Indian interests. Swamy, in his plea, has sought quashing of the deal alleging it was against public interest as there has been squandering of natural resources, that is the sky and the airspace.

In 2014, the court had sought the Centres response on Swamys interim pleas seeking the Cabinet note concerning Jet-Etihad Airways deal and copy of the transcript of tapped telephonic conversation of former corporate lobbyist Niira Radia in which she had allegedly talked about the civil aviation sector. Swamy, in his plea, has also referred that a memo sent by the PMO to Ministry of Civil Aviation on May 22, 2013 had raised serious reservations in respect of the growth of the middle eastern carriers including Etihad, the development of middle eastern hubs for servicing traffic from India at the cost and expense of Indian carriers as well as domestic hubs.

He had submitted that even the Comptroller and Auditor General (CAG) has found there has been "reckless allocation" of airspace to foreign airlines. In the first-ever investment by a foreign airline in an Indian carrier, Jet Airways had in November 2013 announced plans to sell 24 per cent equity to Etihad Airways for about Rs 2,058 crore, as part of a strategic alliance that would lead to a major expansion in their global network. Swamy had also sought a CBI probe against the government officials who had cleared the deal. (PTI)

Volkswagen India offers attractive benefits in Durga Puja

Kamal Basu, Head of Marketing & PR, Volkswagen Passenger Cars--EOI Piks

EOI CORRESPONDENT

KOLKATA, AUG 29/--/ Volkswagen, Europe's car manufacturer, celebrates the arrival of Durga puja with attractive customer benefits on the purchase of a brand new Volkswagen car across the market of West Bengal. Volkswagen welcomes the auspicious festival with assured gold coins and additional benefits across all the carlines. Speaking at the occasion, Kamal Basu, Head of Marketing & PR, Volkswagen Passenger Cars, Volkswagen Group Sales India Pvt. Ltd. said, "Volkswagen believes in celebrating the spirit of festivities along with our customers and this Durga Puja, we celebrate the festival with exciting customer benefits aimed at enhancing the overall car buying experience. We are extremely thankful to our dealer partners who play a key role in enabling us to reach out to our customers. We wish our customers a very 'Happy Durga Puja' from the Volkswagen family." Over the years, Volkswagen has offered its best products to the Indian market and with the addition of the recently launched Tiguan and GTI to its product portfolio, it reiterates its commitment towards India. Tiguan is one of the bestselling SUVs in Europe and also boasts of several class leading premium lifestyle features like Pedestrian Safety (Active Hood), 6 Airbags, Hill Start Assist, Auto Hold, Self-sealing tyres. Volkswagen has developed and customized its festive offers specific to the region and this festive season it assures a Gold coin on every booking and additional exciting benefits. These offers are valid until September 20, 2017 across all Volkswagen dealerships in West Bengal.

USFDA hikes fee for processing ANDA by $ 1 lakh for FY18

HYDERABAD, AUGUST 29 /--/ Citing high workload, the US Food and Drug Administration (USFDA) has increased the fee for processing Abbreviated New Drug Applications (ANDA) by over $1 lakh to $1.71 lakh for the fiscal year 2018. The hike was made under the Generic Drug User Fee Amendments of 2017 (GDUFA II). The fee in FY17 was $70,480. According to a notification on USFDA's website, the fee for Drug Master File was reduced to $47,829 for 2017-18 from $51,140 in the last fiscal. "The FY 2018 application fee is estimated by dividing the number of FAEs that will pay the fee in FY 2018 (948) into the fee revenue amount to be derived from ANDA application fees in FY 2018 ($162,888,000). The result, rounded to the nearest dollar, is a fee of $171,823 per ANDA," FDA said in a statement.

These fees are effective on October 1 2017, and will remain in effect through September 30, 2018.

The move is expected to put pressure on Indian drugmakers selling in the US market, a senior official of a city-based pharma company said.

However, the FDA has reduced the inspection fee for overseas Finished Dosage Firms to $2,26,087 from the previous $2,72,646. Similarly, the inspection fee for overseas API (Active Pharma Ingredient) plants was fixed at $60,367 from $59,234 previously.

WABAG announce Q1 FY18 results

KOLKATA, AUG 29/--/ Va Tech Wabag Limited, Indian multinational company in the water sector announced its financial results for the quarter ended 30th June, 2017. Consolidated Revenue recorded up by 15% to Rs. 669 crore, consolidated EBITDA up by 52% to Rs 42 crore, consolidated PAT up by 61% to 8.4 crore, order intake of more than Rs. 700 crore, order Book of over Rs. 8,250 crore including framework contracts of about Rs. 860 crore. Commenting on the results, Rajiv Mittal, Managing Director, Va Tech Wabag Limited said, "I am very happy to have kick started the year with a good repeat order from Bangalore Water Supply and Sewerage Board (BWSSB). The executions on all projects are happening at a good pace and we look forward to another good year in terms of overall growth." The major order won recently is a Rs 386 crore design, build and operate order from the Bangalore Water Supply and Sewerage Board (BWSSB) for a 150 MLD Sewage Treatment Plant (STP) at K&C Valley in Bengaluru. (EOIC)

After note-ban, GST dents India Inc profits: Icra

MUMBAI, AUGUST 29 /--/ Introduction of the GST has hurt revenue growth and led to a major contraction in profit margins for India Inc, which was just coming out of the demonetisation reverses, a report said on Tuesday.

The growth in aggregate revenues of 448 companies slowed down to 5.3 per cent over the preceding January-March period as against the 8.3 per cent growth witnessed for the quarter-ago period and 10.6 per cent in the year-ago period, said the report by domestic ratings agency Icra.

It was a much pronounced impact on the bottomlines, with the margins contracting by as much as 1.80 per cent to 15.7 per cent on a year-on-year basis, one of the slowest in many years, the report said.

"Lower primary sales ahead of the GST roll-out and discounts offered by companies to clear pre-GST inventory, played a key role in depleting earnings, especially in sectors like automobiles, consumer durables and Fast Moving Consumer Goods (FMCG)," it said, explaining the margin impact.

The impact in performance has happened when corporate India "had started showings signs of recovery from the demonetisation move," Icra said.

This was largely because consumption-oriented sectors witnessed a de-stocking ahead of the implementation of the Goods and Services Tax (GST) -- the biggest indirect tax reform -- from July 1, it said.

Apart from the GST, recovery in raw material prices, especially metals and rubber also led to contraction in earnings across few sectors, while sector-specific dynamics like increasing competitive pressure in telecom and regulatory hurdles in pharmaceuticals played a spoil sport, it said. A recovery in raw material costs also contributed to margin pressure, especially in the automobile sector, which also had carry over impact of transition to BS-IV, the ratings outfit said. (PTI)