

## Ease of Doing Business in India - Procedural Aspects to be Revisited

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While India has moved up in ease of doing business rankings from 100th in 2017 to 63rd in 2020, there is a long way to go. The Indian Government has been treating ease of doing business in India as one of their key objectives since years. In line with this objective, GST was implemented, and digitalisation is being focussed on, along with an attempt to provide single window clearance wherever possible.

For setting up a business in India, few registration requirements under Companies Act and Income Tax Act are being taken care of under a single window with introduction of SPICe+. However, there are still plethora of other registrations to be obtained separately e.g. under GST Acts, Customs Act (IEC), State administered regulations such as under Profession Tax Act, Shop & Establishment Act, etc. Information required to obtain all these registrations are more or less common, but a taxpayer needs to approach multiple authorities to obtain such registrations and provide same data multiple times. To add to it further, there are sector specific registration/licensing requirements, which also need to be adhered to, e.g. under FSSAI in case of Food industry etc.

The story doesn't end here. Each such registration has its own monthly, quarterly and annual compliances, separate audit requirements etc, despite all of these compliances and processes being based on more or less same data of the business transactions.

Diving deeper into indirect taxes, introduction of GST in India was with an intent to promote unified tax across the nation, subsuming multiple central and state taxes. However, the compliances and procedures required thereunder doesn't let the taxpayers miss the pain of pre-GST era. A quick sneak peek into the steps required to be taken by a taxpayer to undertake periodic GST compliances:

- Logging the invoices prepared by it for generation of IRN for invoicing,
- Generate an away bill for the supplies of goods,
- Filing a cumulative invoice statement after the end of the month in the form of GSTR 1,
- Undertaking reconciliation of input tax credit in their books with the corresponding invoices reported by their suppliers in order to avail credit,
- Determine the amount of ITC eligible after considering the various conditions and compute the amount of ITC which need to be reversed.
- Reconfirming the total output supplies by it in GSTR 3B, knock off the input tax credit based on the reconciliation done by it and paying the GST liability applicable.

- Since the taxpayers are required to reconfirm the same thing in multiple instances and have an option to edit the data even at the summary level, sometimes there is a need of reconciliation between these various data points submitted, including due to gaps occurring due to manual errors.

To add to these, while the authorities have the access to the data being submitted by the taxpayers at the time of compliances, in various proceedings, the taxpayers are again asked to resubmit the details already submitted and are required to reconcile various datasets as well.

What could be the remedy? Like some other countries, India should aim to have a single window for registrations of a business in India, with options to select various laws applicable, irrespective of governing regulation, such as tax, sector, State, business constitution etc. In terms of compliances, given that the Government is undertaking exchange of information under Income Tax, Customs & GST and the input and output transaction data is the same data being relied upon, there can be one integrated portal for compliance under various statutes.

Similarly, for global trade, the Indian Customs has gone a long way in terms of digitalising the customs clearance process. However, still the platform has not been upscaled enough to be the repository / information of various documents being generated / used for customs clearance and also provision of relevant data to the Customs official for their periodical audit / checks, as well as providing data to the taxpayers in the form that can be directly used by them for compliances etc.

The import duty structure in India has multiple components, such as basic customs duty, countervailing duty, anti-dumping duty, safeguard duty and social welfare surcharge, etc., that too, computed on different base values. A uniformity on rates and base to compute different components of duty along with reduction in number of levies to the extent possible, can potentially reduce various disputes.

India has been promoting exports through granting multiple export related incentives, schemes and policies which requires the applications for such incentives to be made on multiple different places. A unified and simple incentives policy and applications for incentives etc through a single place would save efforts of the taxpayers and bring much more efficiency in the process.

From an administration perspective, an important aspect would be to equip the officials with adequate IT infrastructure and upskilling their knowledge base, which would help plug the leakages with focussed efforts would be of prime importance.

To conclude, while significant steps are being taken towards ensuring the ease of doing business, there is still long way to go to achieve the true ease of doing business and the journey needs to be accelerated, allowing the taxpayers to focus more on the growth of businesses and by extension, of the nation.