

SMART
Journal of Business Management Studies
(An International Serial of Scientific Management and Advanced Research Trust)

ISSN 0973-1598 (Print) ISSN 2321-2012 (Online) Vol. 12 No.2 July – December 2016

Editorial

Krishi Kalyan Cess

A Cess is a tax that is collected by the Government, to be used for a specific purpose. Collections from the levy of cess can be used only for the purpose for which it has been collected and not for any other purpose. Swachh Bharat Cess is levied only for maintaining cleanliness. Similarly, Krishi Kalyan Cess has been introduced for improving agricultural facilities in our country, which could benefit significant percentage of agricultural and rural population. This Cess is not levied on the income of an individual but levied on all services on which service tax levied.

Finance Minister of India, Shri. Arun Jaitley, while announcing the Budget 2016, introduced this new cess which would be levied @ 0.5% on the value of all taxable services. This would be levied over and above the Service tax and the Swachh Bharat Cess. The Krishi Kalyan Cess is levied for the purpose of financing and promoting agriculture and this cess is applicable from 1st June 2016.

This new Krishi Kalyan Cess Would be applicable to all your payments for services like Telephone Bill, Internet Bill, Rent Payment, Restaurant Bill Payment, Under Construction Property, Air Travel Agent, Digital Advertisements, etc. It is to be noted that the Service Provider cannot simply mention 15% tax on the invoice and he is required to mention the breakup of the invoice.

Though the Union Budget 2016 has endeavored to give impetus to the “Make in India” and “Start-up India” campaign of the Modi Government, the imposition of Krishi Kalyan Cess did not permit manufacturers to avail input tax credit. Thus it is likely to hamper these initiatives by adding to the cost of goods and resulting in price hike.

A section of the tax payers feel that the logic of introducing new levies every year, under the banner of new and different cesses, seems unwarranted at this stage when India Inc is pinning hopes on the on-going Budget Session for the 122 Constitutional Amendment Bill, to finally see the light of the day.

The Twenty Fourth Issue (Vol-12, No-2) of the SMART Journal of Business Management Studies consists of seven articles, written by authors of repute, on different themes of contemporary relevance. I hope readers would find the journal academically challenging and strategically stimulating.

Date:08.07.2016

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