

Draft

Quick Insight on GST-Entertainment Industry

Some Indirect Tax Issues & Resolutions

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Entertainment Industry Sectors

Entertainment Industry is very wide and inclusive term it encompasses as well as covers several business sectors such as: -

- ✓ Motion Pictures and Televisions Industry
- ✓ Cine Actors and Cine Actresses
- ✓ Content & Script Writing Industry
- ✓ Broadcasting & Telecasting Industry
- ✓ Talent and Celebrity Management Industry
- ✓ Music & Music Celebrity Industry
- ✓ Internet and Digital Media Industry
- ✓ Media & Publishing Industry
- ✓ Intellectual Property Industry
- ✓ Event Management Industry
- ✓ Theme and Amusement Industry
- ✓ Brand Endorsements and Public Relations Industry
- ✓ Logistics Industry
- ✓ Merchandising Industry
- ✓ Business Support Services Industry
- ✓ Any other activities which are ancillary and incidental to any of the above activities.

All above listed industries are illustrative only but not comprehensive in itself because the business activities

connected or interlinked with them are changing continuously viz. what is considered latest and new today may become obsolete next day with technology development happening today and they are integrated & interlinked with each other very closely or they can act as independent profit/cost centers for any enterprises. Looking at the current trend big players in all above sectors are trying to achieve backward as well as forward integration using the options of Merger and Acquisition in Entertainment Industry so that all streamlines of services are available under one roof.

An attempt has made hereby to discuss some apparent issues faced by the Entertainment Industry concurrently and such issues to be addressed by probable solutions as per our understanding to reach finality of ease of doing business in India in respect of above industry which are as under: -

- ❖ Registration Issues
- ❖ Statutory Permission Issues & permission to Levy of Local Body Tax in case of Entertainment and Amusements Industry
- ❖ Compliance Issues
- ❖ Admissibility of Input Tax Credits (ITC)
- ❖ Piracy Issues
- ❖ Infringement of Intellectual Property Laws
- ❖ Sword of Penal Laws & nascent stage of technology laws
- ❖ Synchronization with other business laws

While deliberating and discussing the issues and probable solutions considerable care has been taken to discuss the issues holistically without using any technical jargons or section wherever possible as lot of people using this booklet may not be familiar with technical terms of law.

Registration Issues

Under the old regime, there was an option of centralized registration on PAN India basis whereby every person can do the compliance of laws as applicable considering all its transactions from the permanent.

Under GST, every registered person is required to obtain separate registrations in each state depending on its nature of business activities for claiming the set off of local CGST and SGST which creates the tons of registration issues for the Business Units.

Probable Solutions – Registrations

1. In respect of all Registered Taxable Persons providing services as defined under the provisions of GST Law, conditions of obtaining separate registrations in each state either as regular person or casual taxable person etc. should be done away with completely so it effectively promotes the ease of doing business in India

for domestic players as well as international players in the business arena;

2. Such clarifications shall be clearly spelt out in law itself so there is absolutely no vagueness or inconsistency in the minds of all the stakeholders connected with compliances pertaining to the registration of any business units in general;
3. As per the provisions of the GST Law, it has been provided that by way of the implementation of GST if there is any loss of any revenue by State or Union Territory then it shall be compensated by Center anyways based on the statistical data available on records of the Government;

Statutory Permission Issues & Levy of Local Body Tax in case of Entertainment and Amusements Industry

Statutory Permission Issues

1. One of typical features of Entertainment Industry that to enhance the picture quality of the movie and to get connected with local people, it needs to be shot at the several locations in country as well as outside India;
2. For doing the shooting within India, any Film Productions units requirements several permissions to be obtained under local departments/bodies viz.

Municipal Corporation, Panchayats, Fire Safety Departments, Traffic Authorities etc. as well as local police authorities etc.

3. Process of getting such permissions is often time consuming as well as expensive and due to manual processing of such application it often gets delayed which unnecessarily increases the cost of production of such films because such permissions flow in time;

Levy of Local Body Tax

4. Under the GST regime, an authority is given to Municipality /Gram Panchayat /Regional governing council and/or District Bodies to levy collect taxes on entertainment and amusement. Such official permission is termed as synonymous with Entertainment Tax Effect which in principle against the implementation of GST because GST is termed as One Nation One Tax and all other taxes are subsumed in the GST w.e.f 1st July 2017.
5. Such levy increases the cost of tickets which acts as deterrent for people visiting Multiplex and Theatres in general.

Probable Solutions – Statutory Permissions/Local Body Tax

1. Sovereign should introduce single window approval policy monitored by any appropriate authorities for approval of any kinds of permissions required by Business Unit of Entertainment Industry for the purpose of their activities;
2. Such permissions should be approved electronically without any interface required to obtain such permissions;
3. Once any permission granted to any Business unit of Entertainment Industry and it should not be revoked by any of the authorities during the time line specified by applicant at the time making such application with suitable option for extension if shooting dates are extended because of various natural events like calamities, public unrest, riots etc. and it can be revoked by Order by District Magistrate by detailing the reasons of such revocations;
4. For granting such provisions, suitable fees may be charged to applicant which would generate revenue for the Sovereign to facilitate such shooting in any part of the country;
5. If above policy is framed, introduced and implemented it will help the industry to concentrate on their core aspects of the industry as well as it will save time and cost for the industry;

6. Provision of Local Body Tax as permitted to various authorities like Municipality /Gram Panchayat /Regional governing council and/or District Bodies to levy collect taxes on entertainment and amusement should be done away with as it defeats the purpose of introduction and implementation of GST in general and plus it would reduce the cost of tickets which in turn would help Entertainment Industry at large;

Compliance Issues

Returns (Monthly & Annual) & GST audit u/s 2(13)

If we take the holistic view of the Entertainment Industry or all industries connected with such industry bearing few established players most of them are either small or medium sized enterprises operating in these business segment which always poses the issues of finance to managing their day -to -day affairs of their business operations as expenses are incurred upfront and economic outflow arises or accrues at extremely later date. This industry always faces a dearth of skilled persons who maintain appropriate and adequate records for the accurate reporting of information in the timely manner.

Each Registered Taxable person needs to adhere to the compliance burden because every registered person is required to file four monthly GST returns/reports viz. GSTR 3B, GSTR 1, GSTR 2 & GSTR 3 and annual return in GSTR 9C for each place of business registered in India. Such provisions result into yearly filing of 49 returns for each registered place as well as for each registered place all the documentary records and documents are required to be maintained as the same can be subject to verification & review if any inquiries are initiated under the provisions of GST Act 2017 & Rules thereunder.

For each registered place of business (POB) every Registered Taxable Person is required to obtain separate GST Audit Report u/s 2(13) of the GST Act if aggregate turnover as defined under section 2(6) of the CGST Act whereas under Income Tax Law or Corporate Tax Law one needs to obtain only one single consolidated report on the Financial Statements of the enterprise.

Section 2(6) “aggregate turnover” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess. Similar verbatim definition has been

provided in case of Turnover in State /Union Territory (Section 2(112)).

If above definition is examined by analyzing several limbs of definition then aggregate value of all taxable supplies (does it mean that all taxable value should include Outward as well as Inward Taxable supplies?), and similarly for Exempt supplies (including Non-Taxable Supplies) (does it mean that all exempt supplies (including Non-taxable supplies) values should include Outward as well as Inward exempt supplies?)

As of now GSTR 2 & GSTR 3 are postponed and in future Government is trying to introduce single return for all kind of Inward as well as outward supplies similar to the returns filing provisions under all old regime.

Probable Solutions – Compliance and GST Audit

Returns Compliances

1. As Government is planning to introduce single return for the disclosure of all kinds of outward and inward supplies in the most simplistic manner, it should be implemented immediately but at the same time such system of one return should be tested practically envisaging all kinds of transactions and issues;

2. Platform provided for doing the compliance should have the capacity as well as bandwidth to handle the traffic load on its platform so that all and every type of stakeholders shall be able to comply with law in timely manner and such platform shall not cause any stress to any stakeholders in general;

3. For filing and adhering to various compliances by any enterprises for the purpose of reporting, disclosures and depositing of government dues in time as per the provisions of various laws that are applicable to the enterprises all timelines should be appropriately aligned in the timely manner so that all stakeholders don't get stressed out for doing such compliances and at the same time very little time is left out for enjoying their personal life. For E.g. TDS dues under Income Tax Law needs to be deposited by 7th of succeeding month, Employment dues like PF & ESIC needs to be deposited by 15th of succeeding month, GST dues needs to be deposited by 20th succeeding month and similarly compliance calendar for various returns to be filed under various laws. If Sovereign as Trade Facilitator to promote the ease of doing business then all date should be aligned to a single date instead of multiple dates for payment of taxes as well as single date for the filing of all kinds of returns. Such step will definitely promote the ease of doing business in India as well as it will promote the well being of business enterprises as it will promote

effective and efficient working of business enterprises in general.

4. If single date is introduced every kind of compliance then Sovereign shall provide the opportunity to all stakeholders to do compliance in time with announcement as well as assurance that no interest or no late fee or no penalty or no prosecution would be initiated during such transitional time frame.

GST Audit Limit

5. First and foremost, clarity is required in respect of definition of term aggregate turnover vis-à-vis turnover definition as applicable because of various laws applicable to any enterprises (viz. Income Tax Law, Corporate Law etc.) We feel that definition of turnover shall be aligned as turnover/gross receipts/Income from Operations etc. as generally understood by business enterprises viz. Turnover of Outward Supplies only (including Exempt and Non-Taxable Supply) exclusive of all taxes with all its grammatical connotations and/or extensions;
6. Audit limit of Rs.2 crores as per section 2(13) should be aligned by considering only turnover of outward supplies which will includes exempt and non-taxable supply but it shall exclude all kind of RCM supplies, Business Transactions carried out by business unit

having same PAN Number (viz. Branch Transfers), Transactions arising because of related party definitions between Employer and Employee and any kind of Taxes collected on outward supplies; If such definition is aligned then reconciliation issues with reference to outward supply reconciliations would be minimized which would reduce probable litigation because of such clarity in general;

7. In respect of all financial statements drawn by any enterprise whether mandatorily and/or voluntarily only one single and consolidated financial statements are prepared for the purpose of reporting to all stake holders interested in reviewing the information of business units from various perspective rather than reporting individually independently for each units of operations or each business vertical, Sovereign should ensure that there should be only one single GST audit for each unit considering the PAN India Turnover instead of separate and independent GST Audit report for each business unit based on individual registration numbers;
8. For the purpose of GST Audit if Turnover limit of 2 crores if aligned as above then separate disclosure and/or Tabulations can be desired in respect of transactions between the various units of business units having same PAN Numbers and Transactions arising out of Employer – Employee Relationship or Principle and Agent Relationship and so on.

Input Tax Credits Issues (ITC Issues)

1. In respect of all Registered Taxable persons viz. supplier of goods and/or services since GST is considered as One Nation One Tax and it aims at removing the cascading effect of taxes levied at each level of activities on PAN India basis, levies charged by way intra-state transactions or inter-state transactions should be freely available without any restrictions of ifs and but for claiming Input Tax Credit (ITC) by either parties receiving and providing such goods or services and/or both and only final consumers bears the cost of levy of such taxes as he is the final consumer of such goods or services etc.

2. ITC credit in respect of Immovable Property Services in respect of such services availed in any other state other than state in which one is registered as Registered Tax Payer which is as under: -
 - a. For E.g. In respect of Hotel Accommodation services as per the provisions of the section 7, Hotel would charge only levy of CGST +SGST because such transaction would be considered as Intra State transaction in view of place of supply of such services even such services are availed and utilized by the Service Receiver who might be

registered in other state which in normal circumstances would have attracted levy of IGST.

b. Similar situations would arise too when temporary studio set is constructed for the shooting of movie or television serials and/or pre-production expenses are incurred by film productions units for doing the Reiki of the shoot locations along with entire team of production units;

3. Another significant and essential cost incurred by Entertainment Industry is on food & beverages & outdoor catering where such purchase of Goods and/or Services are essential component of cost of production as it is customary to provide such facilities to people connected or incidental during the shootings whether within the state where they are registered or outside the state whether they are not registered which is expressly disallowed u/s 17(5)(b) of the Act. Such disallowance increases the cost of production of the business unit and hampers the working capital of the production as cost incurred is huge and absolutely necessary.

4. In the case of many films or serials productions if they are not able to do well as well as could not be exploited to the extent of Break Even Level (Cost of Production= Cost of Recoveries/Revenue Generated)

and unutilised ITC of GST paid on inputs and input services will remain unutilized and may have to be expensed out as part of business operations cost. Under the present provisions of GST, such unutilised credit can't be claimed as refund in the genuine cases.

Probable Solutions -ITC

ITC on Immovable Property Services

1. In respect of Hotel Accommodation services as per the provisions of the section 7, Hotel would charge only levy of CGST +SGST because such transaction would be considered as Intra State transaction in view of place of supply of such services even such services are availed and utilized by the Service Receiver who might be registered in other state which in normal circumstances would have attracted levy of IGST. If above abnormality is removed then it will help all stake holders to reduce the cost of production to the extent of admissibility of Input Tax Credit (ITC) in case of input services relating to immovable property services under the provisions of GST Act.;
- 2 Similar situations would arise too when temporary studio set is constructed for the shooting of movie or television serials and/or pre-production expenses are

incurred by film productions units for doing the Reiki of the shoot locations along with entire team of production units;

- 3 Expenses incurred on food & beverages & outdoor catering are necessary and customary to provide such facilities to people connected or incidental during the shootings whether within the state where they are registered or outside the state whether they are not registered and it has no element of personal benefit especially when it is with reference to entertainment Industry and such restrictive entry should be specifically deleted by providing explanation under section 17(5)(b) of the Act or if that is not possible Suo motto reversal @5% of such ITC claimed on such expenses should be provided under the law.
5. All above expenses are incurred by the industry essentially with the intention of absolute necessity from the view of furtherance of business/profession and/or vocation etc.;
6. In the case of many films or serials productions if they are not able to do well as well as could not be exploited to the extent of Break Even Level (Cost of Production= Cost of Recoveries/Revenue Generated) and unutilised ITC of GST paid on inputs and input services should be allowed to be claimed as refund u/s 54 of GST Act 2017 and suitable amendment

should be carried out in the GST law for the same as such beneficial move will help them to cut down their losses in general subject to detailed verification to ensure such claims are genuine as well as reasonable.

7. Once above probable solutions are adopted and implemented that it will help to reduce the cost of production of the business unit as well as it would improve working capital of the industry in general;
8. In respect of all Registered Taxable Persons providing services as defined under the provisions of GST Law, conditions of obtaining separate registrations in each state either as regular person or casual taxable person etc. should be done away with completely so it effectively promotes the ease of doing business in India for domestic players as well as international players in the business arena;
9. Appropriate authorities can introduce rigorous or stringent compliance procedures by formulating reporting returns, reports and/or audit reports under the provisions of the GST Act 2017 along with non-discretionary penalties for any kind of lapses so that above the board compliance methodology is promoted and augmented against each stakeholders of the economy in general.

Piracy Issues

Entertainment Industry has been constantly under the fear of piracy issues either before the release of the movie or after the release of the movie and if such movie is leaked in the market before its release, fate of the box collections is completely destroyed and money spent on production cost consisting of such movie viz. fees paid to the lead actor and actresses, supporting actor and actresses, Film Directors, Cinematographer, Musicians & Composers, Content Writers, Location Shot Products, Cameraman, Logistic & Ground Personnel , Sales and Promotion Cost etc. may not be recovered resulting total loss arising out of such productions.

Typically, such Film Producers covers up their entire cost of productions based on box collections within two weeks of its theatrical release. Sometimes such films producer's sale of their musical rights, overseas rights or satellite rights etc. prior to release of their films as they don't want to face the business risk of piracy issues connected with industry.

Piracy issue is not only faced in India by Indian Film Producer known as "Bollywood" but similar issues are also equally faced by Foreign Films Producers popularly known as "Hollywood". At the end of the day it is part and parcel of business enterprises of the entertainment industry.

Even theatrical business model is under constant threat because of smart phones with huge storage capacity can record the entire movie during the show and thereafter it can be released by using several social networking platforms instantaneously.

Similar situation arises for Music Industry as song can be downloaded from one phones to another phone and thereafter it can be circulated freely for several people which results into loss of revenue for music industry in general.

People get inclined to promote the piracy because of high content prices, low income level and cheaper infrastructural options results into promotion of piracy. For instance, unlimited data download packages provided by almost all mobile operators in India are far significantly cheaper as compared to similar data packages provided in UK.

Probable Solutions – Piracy

- ❖ Government should introduce stringent anti-piracy provisions whereby any one found of guilty of such anti-piracy should be punished on fast track mode and stringent prosecution proceedings with hefty fines should be provided for the people indulging in such piracy.

- ❖ Considering significant costs involved in cost of productions movies/serials / theatricals releases/ music productions etc. everywhere care should be taken obtain insurance cover to protect the bread and butter of the productions in whatever form.
- ❖ Sovereign should initiate stricter norms for download and upstream linking of such mixed and unmixed high resolutions files by introducing significant hacking unbreakable protocols so that unauthorized access to any such files is very closely monitored using latest GPS technology to locate the area of such download as well as if any disruptions are identified then it can be immediately detected and prompt actions can be initiated to protect the damage arising out of such piracy in general.
- ❖ Suitable mechanism should be introduced to track the upload and download arising out of any kind social networking websites by using high end encryption to identify such piracy maniac to safeguard the interest of entertainment industry.

Infringement of Intellectual Property Laws

In the olden era of Entertainment Industry all arrangements were done verbally and orally without documenting the same in the form of written agreement specifying the terms and conditions of any

arrangements which created lot of issues when any dispute arose amongst all the parties to the contract. Such disputes were settled amicably within the close doors without going for formal arbitrations and/or litigations.

As the industry started getting formalized with changes in law and with the development of IPR laws viz. Copy Rights, Trade Marks, Patents etc. to preserve as well as monetize one's IPR rights by way of exploitations to derive additional economic inflow from such entertainment activities. Now almost everything is documented in the form of duly executed and stamped agreements so that if any dispute arises then the same can be produced and challenged in the court of law if required.

In recent past, "Barfi" movie produced by UTV Motion Pictures faced significant music due to infringement of Trade Mark "Murphy" and which was settled by paying huge some of money out of court.

Similarly, Emami Ltd, listed company sued Arbazz Khan Productions for using the Zandu baam trade mark in the famous song "Munni Badnam Hui "in the film "Dabang "which was again settled out of court by paying the compensation and Malika Arora khan agreeing to endorse the brand name.

Similarly, for the infringement of music rights, producer Rakesh Roshan paid whopping sum of 20 Million as damages to Ram Sampath who had alleged that the title song of KRAZZY had been plagiarized from his tunes which he had composed earlier.

Probable solutions -infringement of IPR laws

1. It is recommended that water tight legally binding agreement should be drafted and executed to ensure that any enterprise claiming the rightful, beneficial and legal owner of any kind of IPR Rights arising out of such contractual arrangements whether expressly stated or not enjoys immunity from any kind of litigations;
2. Wherever possible from the stage of conception , one should register all kinds of idea, story, title, brand names, logos, designs, visual rights, scripting rights, character looks, acronyms, key words, website rights, social networking rights, Individual Personality rights, merchandizing rights, animation and graphical rights or any kind of visible or invisible rights etc. should be registered well in advance under the IPR laws with well executed documentation so that it acts as hedge against such unwanted litigations arising out of the violations of IPR rights;

3. Wherever such rights are acquired from any other person then such arrangements of acquisitions shall be formally executed, stamped and registered with appropriate authorities without any ifs and buts though it would result into outflow of funds initially but it will protect the pound as well as flash in the future;
4. In connection with contractual arrangements for the development & creation of such IPRs, preferably Non-Disclosure agreements should be executed to protect the interest of the concerned parties legally and as soon as they are developed and created, the same should be immediately registered by drafting appropriate legal documents by making all the parties connected with such development viz. Owner & , Developer, Creator Cum Confirming Party so that all kind of future litigations that can be avoided;
5. There is elite class of professionals who are well versed with intricate aspects of every kind of IPR law as well as they are familiar with all kinds of litigation happening under IPR laws , such persons can provide the services of vetting out of the ideas, concepts, story line, base line etc. and they opine and confirm that they are not plagiarized as well as authenticate such resource materials as genuine creation of the IPRs their services should be availed so to mitigate any kind of probable litigations in general. Their

authentication can be relied upon but it can't be 100% authenticate as what kind of issue will come up for litigation is very difficult to predict in today's scenario.

Sword of Penal Laws & nascent stage of technology laws

All of us (including Sovereign, Judicial authorities, Ministerial heads and their teams etc.) need to accept that this industry is represented mostly by creative people viz. Directors, Cinematographers, Musicians, Writers, Lyricists, Dancers, Actors and Actresses etc. and so on. They are creative brain behind any movie and ideas generated by them are their brain Childs which can be generated all of sudden or sometimes it takes ages to formulate such ideas which take the shape of creative visual and spoken communication in the form of movie whose predominant intention is to entertain people rather causing harm to any person or class of persons in general.

It has been observed and see that provisions of Indian Penal Code 1860 are issued extensively by layman or some class of organizations under various sections viz.

- Effect on religious sentiments (section 295A)
- Impositions of defamations (Section 499 & 500)
- Sale of Obscene objects or doing obscene acts etc. (Section 293 & 294)

With development of technology in every sphere of business activities several things can be done even when same things are not done by the person acting in the movie viz. mimicking, voice overs, image morphing etc.

Probable Solutions – Penal Laws & Technology laws

1. While handling any kind of legal issues by Sovereign, Judicial authorities, Ministerial heads and their teams etc.) either at pre-production level or at production level or at post production or at the time of release of such movies benefits of doubt should be given to brain child ideas of creative people as their intention is never to harm anyone under any circumstances;
2. It is often said that Penal laws are like double edged swords and if it is used effectively and efficiently it can benefit all stakeholders and it will generate positive outcome for all and
3. if used ineffectively and inefficiently then it would cause damages to all stakeholders and it will result into negative outcome for all.
4. All people connected with this industry should use all kind of technology platforms to convey the real ideas and message of the movie conception, pre-production, production, post production as well as pre-launch sessions of sales promotions and marketing so that misconception about the ideas, theme, purpose etc. can be cleared in the mind set of all target audience so that no issue legal litigations are faced at any juncture in the entertainment sector;
5. Today technology is acting fastest means of communication so one should use technology medium very discreetly to differentiate between good and bad and all of us are being

real time users of technology we should ensure that only correct and authenticate information is shared in the public domain so that it does not result into miscommunication for any stakeholders;

6. Sovereign needs to improve on the working of cyber laws whereby issues are quickly identified as well as they are quickly resolved in mutual interests of all stakeholders in general.

Synchronization with other business laws

Very often it has been observed that every business enterprise has to comply with several laws that are applicable to the unit in direct or indirect manner. Under each law in the form of compliance, review or assessments tons of similar information is called for regularly and repetitively which acts as deterrent to intention of improving of ease of doing business in India. Some illustrative areas where overlapping or disconnect is seen is summarized below: -

1. Definition of Aggregate Turnover under GST Law vis-à-vis Turnover as understood generally in Trade community or definition of turnover under Income Tax Law or definition of turnover under Corporate Law;
2. Reporting of GST Turnover under the provisions of Income Tax Act 1961 while filing Income Tax Returns? Under GST person can have multiple registration either in the same state because of separate locations or independent business verticals or it can have several branches all over the India whereas under Income Tax law he would file only one income tax returns based its

PAN Number? Thus, question arises which GST turnover should be reported while filing Income Tax Return by the registered Taxable person;

3. Multiple GST audit report based on each GST registration number whereas under Income Tax Law and/or Corporate Law it needs to have only one consolidated audit report?
4. Definition of Work Contract Services under GST Law vis-à-vis as understood by general Trade Parlance Theory by common layman;
5. Maintenance of books of accounts under GST Law is necessary vis-à-vis exemption granted under income tax law for the presumption system of taxation u/s 44AB or u/s 44AD or u/s 44ADA or u/s 44AE of the Income Tax Act 1961;
6. Compliance due dates under GST law for each registration clashing with other due dates specified under several laws;
7. Turnover based waiver notification for the quoting of HSN Code under GST law whereas under GST law provisions in respect of e way bills it is mandatory to quote HSN Code when value of movement of goods exceeds Rs.50000;
8. Levy of GST on related persons transactions especially transactions between Principal/ Agent and Employer/ Employee relationship which will create tons of litigations in future which if they are synced with other laws that are applicable to any business enterprise it will open up pandora box of litigations for every business enterprises vis-à-vis Related Party transactions as understood under Income Tax Law or

Corporate Law or as per Accounting Standards notified by the ICAI.

9. Under GST laws certain transactions are considered as expressly disallowable in the hands of Registered Taxable Person (RTP) for the purpose of ITC claim admissible as per the provisions of section 17 of CGST Act 2017 whereas same expenses are claimed as eligible business expenditure without any disallowance under the provisions of the Income Tax Act 1961;
10. Transactions within the state/union territory would attract dual structure of taxes viz. CGST +SGST/UTGST whereas transactions outside the state/union territory would attract IGST? Why to have such different rate structure as such multiple rate structure with different rates of taxes creates confusion amongst all stakeholders?
11. Under GST law, under several circumstances ITC reversals has been provided under Rule 42, Rule 43 & Rule 44 of CGST Rules depending on nature of transactions and consequently effect of such reversals while drawing up general financial statements under other laws is not integrated at all?

To improve the effectiveness of compliance, uniform reporting of transactions, uniform tax treatment of all such transactions and to improve the ease of doing business in India, following measures should be adopted: -

1. Definition of Turnover under every law as applicable to any business enterprise should be aligned so that there are no ifs

and but while reporting of the turnover transaction value under any law; Turnover shall only refer to the transactions of outward supplies (including Exempt and Non-Taxable Supply)

2. It should be provided under each law, turnover shall always mean to exclude any kind of taxes collected by the enterprise are on behalf of Sovereign and such taxes collected can never form part of any enterprises revenue account;
3. GST Audit limits of Rs.2 Crores should be introduced based on consolidated turnover on PAN India basis and even there should be only GST Audit report for each registered person based on PAN Number so that Financial statements are reconciled in more effective manner when compared to any other laws that are applicable to any business enterprises;
4. If the definition GST Turnover is aligned to all other business laws that are applicable to any business enterprises then issue of variance in reporting of GST Turnover would effectively get reduced but it won't be resolved completely;
5. Definition of Work Contract Services under GST Law should be aligned with reference to general Trade Parlance Theory as understood by common layman;
6. Maintenance of books of accounts under GST Law should be aligned vis-à-vis exemption granted under income tax law for the presumption system of taxation u/s 44AB or u/s 44AD or u/s 44ADA or u/s 44AE of the Income Tax Act 1961;
7. Compliance due dates under GST law should be aligned to other due dates specified under several laws so that it reduces the burden of compliance on any business enterprises;

8. Turnover based waiver notification for the quoting of HSN Code under GST law should be correlated with other provisions of GST law so that it is looked upon as all provisions are synced to each other;
9. Transaction reporting in respect of Related persons transactions should be aligned to definitions provided under Income Tax Law or Corporate Law or as per Accounting Standards notified by the ICAI and transactions between Principal/ Agent and Employer/ Employee relationship should only be considered for disclosure purpose under GST Audit but same shall not be added to GST Turnover to avoid any kind of reconciliation issues in general which will reduce litigations;
10. Transactions to be considered as expressly disallowable in the hands of Registered Taxable Person (RTP) for the purpose of ITC claim admissible as per the provisions of section 17 of CGST Act 2017 should be rationalized in line with other revenue laws applicable to the enterprise in general. Thus, if any expenses are considered as admissible as business expenditure under Income Tax Law than correspondingly even ITC on such expenses should be admissible under the provisions of GST Act 2017;
11. Sovereign should promote only one kind of tax viz. GST so that issue arising on account of bifurcation of taxes like CGST, SGST, UTGST, IGST, Cess etc. is completely discarded so that compliance becomes simple and straight forward for all the stakeholders in general;
12. Under GST law, instances where ITC reversals has been provided should be completely discarded as Sovereign has

already recovered the levy of taxes at the first instance itself as per multiple chain of trade and even if such reversals is discarded it won't have any material and significant effect on the revenue collections of the Government because when such value considered on macro levels it will work out to miniscule value as compared to long term benefits that will accrue to government at large.

Conclusion

According to information available in the public domain, Entertainment Industry is expected touch market valuation 62.2 billion by 2025 in India which itself indicates that if some apparent issues & probable solutions as discussed above this industry can create significantly to the GDP of the economy & it can provide employment to all age groups in the country in general.

Considering the extended or ancillary or incidental industry connected with Entertainment Industry and its positive impact in generating review when looked upon at the broader level this industry requires apt consideration to address its apparent issues as it can contribute effectively in absolute value terms as well as it can act key changer in the entertainment with interlinking of each activities which can spread the message joy, happiness , moral values , creative ideas and at the time it can provide soothing effect of music , fun and peace to ever increasing stressful situations of life in general.

To conclude I would like to emphasize, in the initial stages of this industry, our stakeholders used to copy the concept from Hollywood but now a day's things have changed even Hollywood is influenced by the Bollywood and our Bollywood contribution is recognized at the International level by several actors are asked to work in the Hollywood films and at the same time Indian movies are leaving their marks on the sands of Global Entertainment Industry.