

Business Standard

THE MARKETS ON THURSDAY		
		Chg#
Sensex	35876.2	▼ 157.9
Nifty	10746.0	▼ 47.6
Nifty futures*	10779.8	▲ 33.8
Dollar	₹71.2	₹70.8**
Euro	₹80.2	₹80.1**
Brent crude (\$/bbl)**	63.3**	63.4**
Gold (10 gm)***	₹32865.0	Unchanged

*(Feb.) Premium on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBIJA



COMPANIES P2

AIRBUS WILL STOP MAKING THE WORLD'S LARGEST PASSENGER JET

ECONOMY & PUBLIC AFFAIRS P4

PANEL SUGGESTS DOUBLING NATIONAL MINIMUM WAGE



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39 JAWANS KILLED AS JAISH BOMBER RAMS CRPF CONVOY IN J&K



At least 39 Central Reserve Police Force (CRPF) troopers were killed on Thursday in one of the deadliest terror attacks in Jammu and Kashmir when a Jaish suicide bomber rammed a vehicle carrying over 100 kg of explosives into their bus in Pulwama district that also left many critically wounded, officials said. Over 2,500 CRPF jawans, many of them returning from leave to rejoin duty in the Valley, were travelling in the convoy of 78 vehicles when they were ambushed on the Srinagar-Jammu highway at Latoomode in Awantipora in south Kashmir around 3.15 pm. The Pakistan-based Jaish-e-Mohammed (JeM) terror group has claimed responsibility for the attack that took place about 20 km from Srinagar, officials said. Police identified the suicide bomber as Adil Ahmed, who officials said joined the Jaish in 2018. **20 ▶**

Arun Jaitley set to return as finance minister

Union minister Arun Jaitley, who returned from the US on February 9 after undergoing medical treatment, will make a comeback as finance minister next week, *Business Standard* has learnt. He is likely to address the RBI's Board meeting on February 18, to be held in New Delhi, sources said.



Global tech firms stare at 30-40% digital tax blow

Revenues, user base to decide the tax rate: CBDT draft

SHRIMI CHOUDHARY
New Delhi, 14 February

Global technology giants such as Google, Facebook, Twitter, and Amazon may soon have to pay a 'digital tax' in India. The Central Board of Direct Taxes (CBDT) has prepared a draft proposal under the newly introduced concept of "significant economic presence", also known as digital permanent establishment (PE), which seeks to impose tax at 30 to 40 per cent rate based on the revenues and user base of such companies in India, sources familiar with the development said.

"This is for digital services offered by global firms in the country from the unit based outside the country. The new tax will be imposed on the basis of revenues derived from the activities of Indian users of search engines, social media platforms, and online marketplaces," said a senior tax official, adding that only firms with a user base of over 200,000 would be considered.

The proposed tax is in line with the current tax structure for foreign companies that have their branches in India. Large Indian companies pay 30 per cent corporate tax, while subsidiaries of foreign companies in India have to shell out 40 per cent. Besides, the tax department levies 6 per cent for the payment made by a resident firm to foreign e-commerce companies for online advertisement. Last year, the department collected about ₹800 crore through this levy, said the official cited above.

The CBDT's draft proposal has been taken up with at least 180 countries, of which about 70 per cent backed the move. Some of the countries have already started imposing the digital tax. "We have received positive feedback from several countries and even other stakeholders we called for the opinion," the official said. **Turn to Page 19 ▶**

TAXING TIMES

- **CBDT's proposal will hit tech giants like Google, Facebook, Twitter and Amazon**
- **Firms with consumer base of over 200,000 will fall under its ambit**
- **Tax rate will be in the range of 30 to 40%, depending on the user base and revenues**
- **Majority of nations are backing up India for imposing the digital tax**
- **New guidelines will be under the 'significant economic presence' framework as against the current 'permanent establishment' criterion**



Lenders in pilot's seat at Jet

Under draft plan, Goyal's stake may reduce to 22% | Etihad may retain its 24% shareholding | Governance-related matters yet to be frozen

ANEESH PHADNIS & ABHIJIT LELE
Mumbai, 14 February

Lenders led by State Bank of India (SBI) will become the largest shareholders in Jet Airways in a move to bail out the country's second-largest domestic airline. The Naresh Goyal-led company made the disclosure to the stock exchanges on Thursday after its board approved a draft resolution plan comprising conversion of lenders' debt into 114 million equity shares at an aggregate consideration of ₹1, issue of fresh interim loan to the airline and changes in governance structure and board composition.

Even as the stock exchange disclosure did not give out the specifics of the proposed deal, including the amount of fund infusion to be made by the shareholders, loan amount to be converted into equity or who would hold how much in the new entity, sources indicated that Goyal's stake would be diluted to around 22 per cent



from the current 51 per cent. Foreign partner Etihad will possibly retain its shareholding at the current level of 24 per cent. While the lenders' consortium will hold 51 per cent, the National Infrastructure Investment Fund (NIIF) may be amongst the new investors in the airline, one of the sources said. **Turn to Page 19 ▶**

Citi India CEO lost RBI confidence

ANTO ANTONY
14 February

Citigroup, the biggest foreign bank in India by assets, has joined a growing list of lenders that have seen their local leadership roiled by the Reserve Bank of India (RBI).

The RBI around the end of last year informed Citigroup that it wouldn't approve a new term for Pramit Jhaveri, who had been India chief executive officer (CEO) for almost a decade, people with knowledge of the matter said. That prompted the bank, which had

planned to nominate Jhaveri for another three-year term, to change course and move him to another position, the people said, asking not to be named. The RBI's decision stemmed from personal investments by Jhaveri, said one of the people, without providing specifics. A representative for the RBI didn't respond to an email and phone calls seeking comment. **BLOOMBERG**

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Citigroup hasn't applied for another term for CEO Pramit Jhaveri ▶

