



BANK EMPLOYEES FEDERATION OF INDIA

NARESH PAUL CENTRE

53 RadhaBazar Lane, (1st Floor), Kolkata – 700 001

e-mail: pradipbefi@yahoo.co.in Website: www.befi.in

(Ph):033- 2225-4414/2236-5108 (M)9433144271 Fax: 033-2236-5109/2242-0690

Circular No. 17/2018

10.05.2018

To All Affiliates/Office Bearers/CC/GC Members

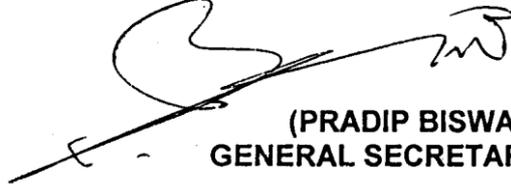
Dear Comrades,

Tax on Banks for Free Services to Customers.

We have today addressed a letter, on the captioned subject, to Shri Arun Jaitley, Hon'ble Finance Minister, Government of India. Text of the letter is reproduced below for your information.

With greetings,

Yours Comradely,



(PRADIP BISWAS)
GENERAL SECRETARY

Text of letter dated 10th May 2018 **addressed to the Finance Minister, Government of India**

“We have come across a Press Report that the Directorate General of Goods & Services Tax (DGGST) has demanded of the Banks for payment of Tax in respect of “free services” provided by them to their respective customers maintaining “minimum balance”; the demand, as per report, has been made retrospective from 2012 and includes interest @ 18% and penalty @100% on arrears. It is estimated that the total demand would be an astronomical Rs.40,000/- Crore.

You are aware that Banks have of late been reeling under the pressure of colossal amounts of Non Performing Assets (NPA) provisioning for which has already been a huge stress on their revenue; indeed, more than 50% of operating profits of all our Public Sector Banks taken together have, in recent years, been appropriated for Provision against NPA. The reported Tax demands and that too retrospectively, would be, we seriously apprehend, the last straw on the camel's back. While the Banks may be obliged, through appropriate prior notice, to pass on the Tax to their customers in future, the same will drive away a sizable number of customers from the banking-net altogether causing a negative, rather destructive, impact on the entire Banking System of the country.

We, therefore, request your good offices to look into the matter afresh from the perspective of the financial health of our Banking System, the need for continuity of its rendering services to the common people and directing the appropriate authorities for rescinding the tax-demands on the Banks in respect of “free services” provided by them to their customers.

We await a positive response from your end”.