Thinking of Setting up a Business in India?

Here is the brief of what you wish to know!

Disclaimer: This guide has been prepared by Chir Amrit Legal LLP with the intent to giving stakeholders an insight into the regulatory framework, form of business enterprises, steps of incorporation of an entity and relevant tax regimes in India in a concise manner. This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. The information presented in this guide has been validated upto 30th September 2019.

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ENTRY OPTIONS IN INDIA?

At the time of entry into a new jurisdiction a foreign investor may first want to assess the market conditions before committing itself fully. India provides entry options both in form of incorporated entities and unincorporated entities.

- Incorporated entities: Private Limited Company, Limited Liability Partnership, Joint Venture, Wholly Owned Subsidiary
- Unincorporated entities: Liaison Office, Branch Office, project office.

A. INCORPORATED ENTITIES OPTIONS

1. COMPANY (Public or Private)

- Regulation: The Companies Act 2013 and sub-ordinate rules
- Regulator: Ministry of corporate affairs (MCA) for unlisted entities and MCA and Securities Exchange Board of India (SEBI) for listed entities
- Types: One Person Company, Private Company, Public Company, Section 8 Company
- Company can be limited by shares, limited by guarantee or unlimited. Company may be a listed company (where securities are listed on a recognised stock exchange in India) or unlisted company.
- Based on control and holding structure, a company may be categorised as holding company or a subsidiary or associate company.
- Differentiating factors between a Private Ltd. Company and a Public Limited Company:

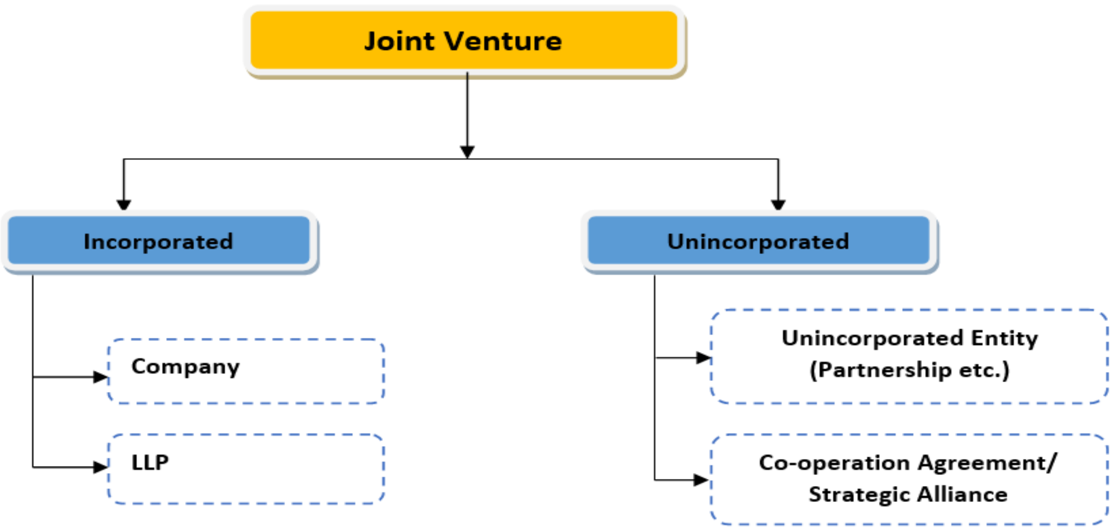
S No	Requirements	Private Ltd. Co.	Public Ltd. Co.
1.	Commencement of Business	Requires certificate of commencement of business from ROC	Requires certificate of commencement of business from ROC
2.	Number of Members	Minimum 2 and Maximum 200	Minimum 7 with no Maximum cap
3.	Number of Directors	Minimum 2 Max 15	Minimum 3
4.	Minimum paid up capital	INR 100,000 or higher	INR 500,000 or higher
5.	Share Subscription	Cannot issue shares to public	Can invite general public to subscribe its shares
6.	Transferability of Shares	Right to transfer is restricted by its Article of Association	Freely Transferable

2. LLP

- Regulation: The Limited Liability Partnership Act, 2008
- Regulator: MCA
- Limited liability Partnership is hybrid of limited liability company and partnership firm.
- A body corporate with perpetual succession.
- Legal identity separate from its partner
- Partners liability limited to their contribution
- It can be formed by 2 or more persons, including a company incorporated outside India. At least one person must be an individual resident of India.
- Foreign direct investment (FDI) is permitted in an LLP, in those sectors or activities where 100% FDI is allowed, through the Automatic Route and there are no FDI-linked performance related conditions.

3. JOINT VENTURE WITH INDIAN PARTNER

- There are no separate laws for Joint Ventures in India. Depending upon the structure of Joint Venture formed, relevant law to apply.
- When two parties incorporate company in India or create a strategic alliance to collaborate as independent contractor rather than be shareholders in a company or enter into legal relationship it is called a Joint Venture.



4. WHOLLY OWNED SUBSIDIARY (WOS)

- A foreign corporate can invest and start its operation in India by incorporating a WOS company under the provision of Companies Act 2013.
- Treated at par with a domestic company and all regulations applicable to an Indian company equally apply to the WOS.
- This Set up can be under automatic route in sectors wherein 100% FDI is permitted, i.e. no prior approval of the government is needed.
- One is required to take into consideration the business activities proposed for India as well as the sector of operation.
- In case restrictions apply, prior approval is required from individual departments of the ministry under which the investment sector falls.

B. OTHER ENTRY OPTIONS

1. FOREIGN INSTITUTIONAL INVESTOR

- FII refers to a company established outside India, investing in the financial market of India.
- FIIs include institutions such as pension funds, mutual funds, investment trusts, asset management companies or their power of attorney holders (providing discretionary and non-discretionary portfolio management services).
- FIIs can invest in all the securities traded in the primary and secondary markets, including the equity and other instruments of companies which are listed or are to be listed on the stock exchange in India.
- Registration with SEBI
- FII seeking registration with the SEBI should hold a registration from securities commission or regulatory organisation for the stock market in its own country of domicile.
- Comply with the ceiling limits provided by RBI.

2. PERSON RESIDENT OUTSIDE INDIA CAN ACQUIRE SECURITIES IN INDIAN ENTITIES

- A person resident outside India can invest in Indian Company by purchasing its equity shares or compulsory convertible preference shares or compulsory convertible debentures or invest in a LLP by subscribing to its capital. Both the options are subject to the limits permissible under Foreign Direct Investment scheme..

3. BRANCH OFFICE (BO), LIAISON OFFICE (LO), PROJECT OFFICE (PO)

- Foreign companies (a body corporate incorporated outside India, including a firm or other association of individuals) shall apply to AD category – 1 Bank for establishing BO/LO/PO in India who are allowed to grant permission for same, under powers delegated to them by Reserve Bank of India (RBI) except few categories where approval from RBI is required

- A **Branch Office** may enter into contracts on behalf of the non-resident parent and may generate income. However, a BO is restricted to:
  a) Export/import of goods
  b) Rendering professional or consultancy services;
  c) Carrying on research work in which the parent company is engaged;

d) Promoting technical or financial collaborations between Indian companies and the parent or overseas group company;
e) Representing the parent company in India and acting as buying or selling agent in India;
f) Rendering services in information technology and development of software in India and
g) Rendering technical support to the products supplied by parent or group companies.
h) Representing a foreign airline/shipping company.

- **Liaison office** means a place of business to act as a channel of communication between the principal place of business or head office by whatever name called and entities in India but which does not undertake any commercial/trading/ Industrial activity, directly or indirectly, and maintains itself out of inward remittance received from abroad through normal banking channel.

- An LO activities are restricted to:
  a) Representing the parent company or group companies in India;
  b) Promoting export / import from or to India;
  c) Promoting technical or financial collaborations between parent or group companies and companies in India;
  d) Acting as a communication channel between the parent company and Indian companies.

- **Project Office** means a place of business in India to represent the interests of the foreign company executing a project in India but excludes a Liaison Office
- A PO is usually set up for execution of large projects such as major construction, civil engineering and infrastructure projects
- Applications to set up a BO, LO or PO where the principal business of the applicant is in the defence, telecom, private security or information and broadcasting sectors, shall be forwarded by AD-1 bank to the RBI for its approval
- General permission has been given by the Reserve Bank for establishment of project offices that meet specified conditions.
- The non-resident entity applying for BO / LO in India should have a financial track record viz.
  a) For BO – track of profit making in past 5 financial years in the home country and net worth not less than USD 1,00,000 or equivalent
  b) For LO - track of profit making in past 3 financial years in the home country and net worth not less than USD 50,000 or equivalent

- Approval granted by AD-1 bank shall be valid for a period of 6 months within which BO/LO/PO should be opened and such date needs to be intimated to AD-1 bank
- Foreign companies intending to establish a place of business in India through a BO or through electronic mode are required to be registered with the Registrar of Companies (ROC) and have to comply with certain provisions of the Companies Act, 2013 including requirements to file certain information and key documents like charter documents, accounts, audit, etc. with the ROC.
- BO/LO/PO needs to submit Annual Activity Certificate by 31st March every year to the designated AD-1 bank
- Under Companies Act, 2013,"place of business in India" in respect of foreign companies includes physical or electronic mode of existence in the country.
- There is general permission to non-resident companies to establish branch offices in Special Economic Zones (SEZs) to undertake manufacturing and service activities, subject to satisfaction of certain conditions, including that the BO must be functioning in sectors where 100% FDI is allowed.
- The validity period of an LO is generally for 3 years, except in the case of Non-Banking Finance Company (NBFC) and those entities engaged in construction and development sectors, for whom the validity period is two years only. This period of 3 years can be extended further for 3 years from the date of expiry of original approval. However, no further extension will be granted to NBFCs and those engaged in construction and development sector
- The validity of the project office is for the tenure of the project.
- An Indian company (even if wholly foreign owned) has no such fetters on its ability to carry on business in India except as may be set out in its Memorandum of Association (i.e. its charter document) or by way of sectoral regulations.

A table of comparison various entry options

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INCORPORATION OF ENTITIES

A. Incorporation of Private Company: Steps

Application for reservation of Name made through MCA website using Form RUN

Draft MOA and AOA

Signing of MOA and AOA by first Subscribers and prescribed forms

1. MOA/AOA

3. Registration Fee

4. Form no. INC 32 (SPICe)

5. If any of the subscriber is foreign entity then draft of MoA and AoA of Foreign Entity has to be attached with SPICe

Obtain Certificate of Incorporation

Obtain Certificate of Commencement of Business within 180 days of the date of incorporation

- Newly introduced integrated eForm INC-32 (know as Simplified Performa for Incorporating Companies Electronically or SPICe) can be filed for incorporation of companies and is also accompanied by e-form AGILE(INC-35) for simultaneous registration under GST, Employee Provident Fund Organisation and Employee State Insurance Corporation.
- Here, applicant can make a single application for the following simultaneously:
  a) Reservation of name of a new company
  b) Incorporation of new company
  c) Application for permanent account number (PAN) for the company
  d) Tax deduction and collection account number (TAN) for the company.
  e) Directors Identification Number (DIN) for proposed directors.
  f) GSTIN for Good and Services Tax
  g) Employee Provident Fund Organisation

h) Employee State Insurance Corporation

- The form has to be accompanied by supporting documents including details of directors and subscribers, memorandum and articles of associations.
- Once the e-Form is processed and approved, the company would be registered and a corporate identification number would be allotted to the company.

B. Incorporation of LLP: Steps

- FDI in LLP is permitted only in sectors where 100% automatic route without any additional conditions is allowed.
- It is mandatory for the Limited Liability partnership to have atleast two designated partners who are individuals and at least one of them has to be a resident in India
- Obtain Designated Partner Identification number (DPIN). For not more than2 partners, application for DPIN can be made in Form FiLLiP. Partners are also required to apply for Digital Signature Certificate (DSCs)
- RUN-LLP (Reserve Unique Name-Limited Liability Partnership),
- Draft Incorporation Document: Complying with the provisions of Limited Liability Act 2009
- Foreign Nationals residing outside India are required to notarise their signature and address proof by notary of their country of origin
- Form FiLLiP (Form for incorporation of Limited Liability Partnership) filed with Registrar.
- The LLP shall be issued Limited Liability Partnership Identification Number.

COMPLIANCES REQUIRED IMMEDIATELY ON SET-UP

1. GST

Every supplier of goods or services or both is required to get himself registered under in the State or Union territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds twenty lakh rupees.

2. Shops and Establishment

The conditions of services of employees employed in a commercial establishment are regulated and reported to the State Labour Commissioner.

3. Foreigners Regional's Registration Officer

Foreigner Coming to India on employment need to register with the FRRO within 14 days of their arrival in India.

4. Registration of Directors:

a) DIN: Every individual, intending to be appointed as a director of the company has to make and application for allotment of Director Identification Number (DIN) to the Central Government. This is a pre-requisite to setting up an entity, as minimum two persons with DIN shall be appointed as initial directors of company or designated partners of LLP for setting up same.

b) PAN based DSC: to meet all the regulatory compliances the Authorised signatory of the company has to obtain a Digital Signature Certificate (DSC), having encrypted value of his Permanent Account Number (PAN) from the certifying Authority.

5. Business Premise

a) Factory: For setting up of a Factory, acquisition of a industrial land with a clear title is a key step. State government have identified Industrial Corporation which develop land for industrial use. These industrial corporations require that an application be submitted specifically in the desired area size along with the proposed business plan.

b) Office Space: It is mandatory to submit particulars of Registered Office. One can buy or take on lease the required office space.

INTELLECTUAL PROPERTY

Keeping in line with the global IP regime, India has also developed the required statutory, administrative and judicial frameworks to provide protection to IP rights. India is a signatory to various international IP treaties including the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, the Patent Cooperation Treaty, the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement, the Agreement on Trade-Related Aspects of Intellectual Property Rights. Being a part of the global framework, International IPRs are afforded equal and non-discriminatory protection in India. For protection of IP rights, India has enacted the Patents Act, 1970, the Designs Act, 2000, the Trade Marks Act ,1999, the Copyright Act, 1957, the Geographical Indication of Goods (Registration and Protection) Act, 1999 and the Protection of Plan Varieties and Farmers' Rights Act, 2001. There is no specific law to protect know-how and trade secrets.

COMPLIANCE OF EMPLOYMENT LAWS

India has a comprehensive structure of labour laws which includes labour laws enacted by the central government and state specific labour laws enacted by the State government. The Government aims to consolidate various labour laws so as prevent multiplicity of definitions and authorities leading to easy compliance without compromising the social security of the workers. Code on Wages, 2019 has already received Presidential assent while other Codes which consolidate 34 labour laws are on their way to be passed by the Parliament.

A. Working Hours and Holidays:

- Laws formulated by respective State governments set minimum wages, hours of work, safety and health standards. The Factories Act mandates an 8 hour workday, 48 hour workweek and minimum standards of working conditions.
- These standards are generally enforced and accepted in the modern industrial sector.

B. Social Security

1. Payment of wages

The Code on Wages, 2019 regulates wage and bonus payment in all employment and aims to provide equal remuneration to employees performing work of similar nature in every sector. Wages of employees belonging to organised sector and unorganised sectors cannot be below minimum wages as notified by the appropriate state government.

2. Employee Provident Fund and Miscellaneous Provision Act

Every Establishment employing more than 20 employees during a year is required to make contribution in the provident fund. This is a retirement benefit akin to a pension plan, which requires a monthly contribution to be made by the employer with a matching contribution form an employee. At present the monthly contribution is 12% of the basic wages. The enterprise may either register itself with government provident fund department or seeking an exemption by forming and managing its own trust for provident fund contribution. Monthly contribution and furnishing of the return are mandatory in all cases.

3. Payment of Gratuity

An Employee who has worked for at least five years of continuous service, is entitled to payment of gratuity under following circumstances:

a) Employee’s retirement
b) On his becoming incapacitated prior to such retirement
c) On termination of his employment or
d) On the employee’s death (paid to legal heirs of the employee)

4. Employee State Insurance Act

At present, the monthly contribution by employee is 0.75% of the wages and the employer's is 3.25% of the wages paid /payable in respect of the employees in every wage period. There are two contribution periods each of six months duration and two corresponding benefits periods also of the six month duration (1st April to 30 Sept and 1st Oct to 31st March of the year following). Employees whose salary is in excess of 21,000 pm are exempted under the scheme. Enterprises are required to obtain registration under the ESI Act and comply with requirements pertaining to returns.

AUDITING STANDARDS AND REQUIREMENTS

A. Accounting

It is the process of classification and recording of the financial transactions that have a financial impact.

B. Method of Accounting

- There are 2 methods of accounting which are prevalent in India
  a) Accrual or mercantile Basis - where the financial impact of the transaction, events and circumstances of an enterprise is recorded in respect of the period in which they occur, rather than in the period in which cash is received or paid by the enterprise
  b) Cash basis- this is the method of recording the transaction i.e. expenses, revenue, assets and liabilities, in the period in which actual receipt or payment occurs.
- It is mandatory for a company to keep its books of account on Accrual basis Books of Accounts include cash books, bank, general ledger, day book.

C. Audit

1. Statutory Audit

The Indian Companies Act mandates that business have their accounts audited by an Indian firm of the Chartered Accountants. These audited accounts are to be filed with the registrar of companies and in some cases, with the RBI.

2. Internal Audit

Public Companies which are either listed or unlisted but has the paid up share capital of fifty crore rupee or more during the preceding financial year or turnover of two hundred crore rupee or more during the preceding financial year or outstanding loans or borrowings from banks or financial institutions of more than one hundred crores at any point in preceding financial year or outstanding deposits of twenty five crores or more at any point in preceding financial year and every private company having turnover of two hundred crore rupee or more during the preceding financial year or outstanding loans or borrowings from banks or financial institutions of more than one hundred crores at any point in preceding financial year are required to appoint an internal auditor who shall be a Chartered Accounted, or cost accountant to conduct internal audit of the functions and activities of the company.

3. Cost Audit Order

Final product based industries are required to mandatorily have its cost audit records audited by a cost accountant. These industries will be covered only if they fulfil certain threshold limits with respect to net worth, turnover and listed in stock exchanges.

4. Cost Compliance Order

Other Companies not covered by cost audit order and engaged in manufacturing, processing, mining and production and fulfilling threshold limits mentioned above will have to submit a cost compliance report duly certified by a cost accountant.

5. Tax Audit

Business with turnover exceeding Rs. 10 million needs to additionally have accounts audited under specific provision of the Indian income tax laws and certified by an Indian firm of Chartered Accountants.

D. Reporting

	LLP	Company
Annual Returns	Filed with the Registrar within 60 days of closure of its financial year.	Filed with ROC within 60 days from the date of holding of Annual General Meeting
		Should contain details of shareholders, directors and any changes thereof from the date of previous Annual General Meeting
Financial Statement	They are required to prepare and file with Registrar the Statement of Account and Solvency within 30 days from the end of 6 months of each financial year	Audited balance sheet, profit and loss account together with the director's report and auditor's report have to be filed with ROC within 30 days of the AGM.

SECRETARIAL REQUIREMENTS

A. Board Meetings:

- According to Indian Laws it is mandatory to have at least 4 Board Meetings in a year and a gap between the 2 should not exceed 120 days.
- Notice for the meeting has to be given to all the directors' at least 7 days prior to the date of meeting. The notice must contain venue and time which can be according to the convenience of the directors.
- Quorum for board meeting which is one-third of the total strength or 2 directors, whichever is higher.
- Board Meeting can be conducted via conferencing or any other audio-visual means which enables all the persons participating in that meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting. However, certain agendas require personal presence of board members.

B. Annual General Meetings

- It is the annual meet of the shareholder of the company where they meet to discuss ordinary business of the company including audited financial statements, appointment or reappointment of rotational directors and to declare dividends if any.
- Its mandatory to conduct AGM within a period of 6 months from the date of closing of financial year.
- A prior notice of atleast 21 days has to be given to the shareholders
- Statement has to be annexed with the notice discussing every material detail of the special business which has to be transacted at the meeting

C. Minutes

They are the record of business conducted by the company director in their meeting.

- Company is required to maintain record of all the proceedings in each meeting of its board of directors or shareholders.
- The minutes are to be prepared within 30 days of the conclusion of every meeting.

D. Statutory Records

Every company has to keep a registers which records specific transactions like:

- Allotment of Shares: Description of shares as and when allotted to the members of the company.
- Register of Members: Details of the existing and new members in brief
- Transfer of Shares: particulars of shares as and when transferred
- Mortgage and Charges:
- Contract
- Loan, Investment, guarantee or security
- Investment held in the names of nominee
- Directors, MD, Manager, Secretary
- Shareholding of Directors

DIRECT TAX

India follows residence-based taxation regime. The global income of a tax resident is taxed in India. For a non-resident any income accruing and arising in India is taxable in India.

A. Double Tax Avoidance Agreements

To ensure no hardship arises to any person, India has entered into DTAA with virtually most developed countries and many developing countries. Provisions of DTAA have a inherent advantage that they override domestic law provisions i.e. the expatriate may choose to be governed by DTAA provisions if found more favourable compared to domestic provisions.

B. Financial Year

India follows 1st April to 31st March as its financial year.

C. Due Dates for Return

The due date of filing return of income are as under:

a. Company required to submit a transfer pricing certificate in Form 3CEB (with respect to international transactions): 30th November
b. Other companies/LLP: 30th September

A non-resident corporation may be required to file a return of income in India, if it earns any income in India or has a physical presence in India or economic nexus with India.

D. Minimum Alternate Tax

It is the tax which the companies have to pay on the basis of profits disclosed in the financial statements. A company is required to pay 15%(plus surcharges and cess as applicable) on book profit if it is more than income tax payable on the total income as computed under Income Tax Act.

E. Transfer Pricing

Business having cross border dealing with related concerns fall within ambit of India transfer pricing regulations. Primarily, this requires maintenance of documentation and certification by Indian firm of chartered accountants confirming that dealing with related concern were at arm’s length and the profit is appropriately reported by the Indian business entity.

- ✓ It is an attempt to verify that the dealing have been done at arm's length price.
- ✓ To see whether independent person would have transacted at similar prices.
- ✓ In case transaction appears under/overvalued, transfer pricing adjusts the prices of cross border transactions as adopted by related parties.

F. Dividend

Dividend paid by a domestic company is exempted in the hands of the recipient. However, the company has to pay Dividend Distribution Tax at effective rate of 20.56 percent.

G. Business Losses

A company is allowed to carry forward business losses for the subsequent eight years and unabsorbed depreciation for indefinite period to be set off against taxable business income. It is mandatory to submit the annual return of income within prescribed time in order to claim carry forward benefit.

H. Withholding Tax

Business need to withhold tax on specified payment viz salary, contractual, brokerage, commission, professional fee etc.

I. GAAR

General Anti-avoidance rules have become applicable in India from AY 2018-19 onwards. The GAAR provisions provides that an arrangement entered into by an assessee may be declared to be an Impermissible Avoidance Arrangement ("IAA") and the consequence in relation to tax arising therefrom may be determined subject to the provisions of the Act. In principal the law has laid down provisions to assess whether the main purpose of an arrangement was to obtain tax benefit.

J. Corporate Tax Rate:

S. No.	Categories	Tax Rate	Surcharge	Cess	Effective Tax Rate	Effective MAT Rate
1	Domestic Companies which do not avail prescribed benefits or deductions	22.00	10.00	4.00	25.17	0.00
2	Domestic Manufacturing Companies which do not avail prescribed benefits or deductions	15.00	10.00	4.00	17.16	0.00
3	Existing Domestic Manufacturing Companies incorporated before 01.10.2019 which opted for concessional rate					
(i)	Total Income below Rs.1 Crore	25.00	0.00	4.00	26.00	15.60
(ii)	Total Income exceeds Rs.1 Crore but does not exceed Rs.10 Crore	25.00	7.00	4.00	27.82	16.69
(iii)	Total Income exceeds Rs.10 Crore	25.00	12.00	4.00	29.12	17.47
4	Domestic Companies which are not covered under S.No. 1, 2 & 3 above and whose total turnover in PY 2017-18 doesn't exceed Rs. 400 Crores					
(i)	Total Income below Rs.1 Crore	25.00	0.00	4.00	26.00	15.60
(ii)	Total Income exceeds Rs.1 Crore but does not exceedRs.10 Crore	25.00	7.00	4.00	27.82	16.69
(iii)	Total Income exceedsRs.10 Crore	25.00	12.00	4.00	29.12	17.47
5	Domestic Companies which are not covered under S.No. 1, 2 & 3 above and whose total turnover in PY 2017-18 exceeds Rs. 400 Crores					
(i)	Total Income below Rs.1 Crore	30.00	0.00	4.00	31.20	15.60
(ii)	Total Income exceeds Rs.1 Crore but does not exceedRs.10 Crore	30.00	7.00	4.00	33.38	16.69
(iii)	Total Income exceedsRs.10 Crore	30.00	12.00	4.00	34.94	17.47
6	Foreign Companies					
(i)	Total Income below One Crore	40.00	0.00	4.00	41.60	15.60
(ii)	Total Income exceeding One Crore but not exceeding ten crore	40.00	2.00	4.00	42.43	15.91
(iii)	Total Income exceeding Ten Crores	40.00	5.00	4.00	43.68	16.38
7	LLP					
(i)	Total Income below One Crore	30.00	0.00	4.00	31.20	AMT*
(ii)	Total Income exceeding One Crore	30.00	12.00	4.00	34.94	AMT*

*Alternate Minimum tax applicable in certain situations

INDIRECT TAX

A. GST: Goods and Service Tax

Since 1st July 2017, India has adopted a single indirect tax regime in form of GST. It is a destination-based tax that subsumes and replaces multiple central and state taxes and levies. GST is further divided into Central GST, State GST and Integrated GST. All intra state transactions are charged with CGST and SGST. Any interstate and cross border transaction attracts IGST. Various rates are prescribed for different goods and services. The general rate slabs are: 0%, 5%, 12%, 18% and 28%. For certain goods and services special rate slabs such as 3% slab have also been prescribed.

B. Other Indirect Taxes

Other than GST, the central government levies indirect taxes comprising customs duty, stamp duty, profession tax, property tax and entertainment tax. Post the implementation of GST w.e.f. 1 July 2017, the states continue to have the authority to levy profession tax and State Value Added Tax only on selected items like petroleum products alcohol, etc. Various other taxes that were hitherto leviable by the states like entry tax, octroi, etc. have been subsumed with GST.