MYSTIC EAST

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A bi-monthly magazine by HRAEI | Vol 3 | Issue 2 | March - April 2017

COVER STORY

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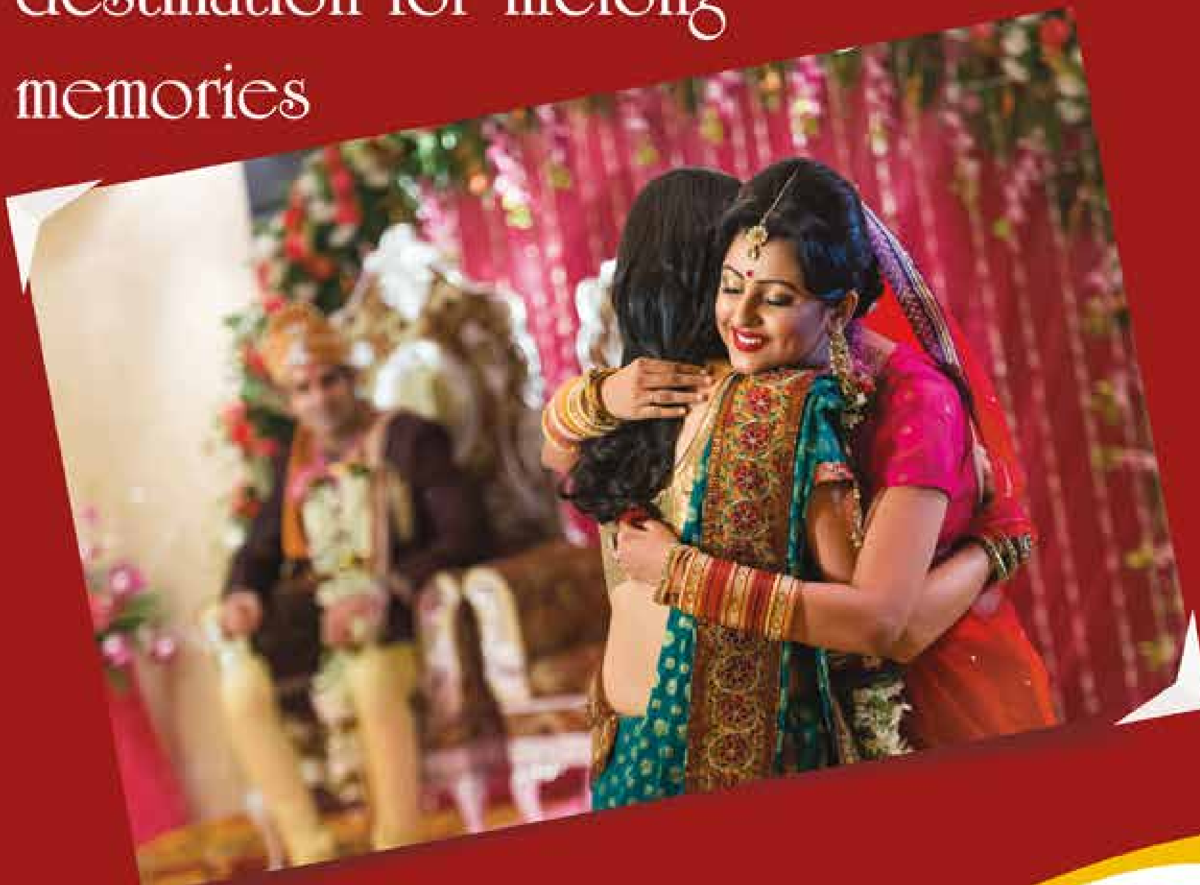

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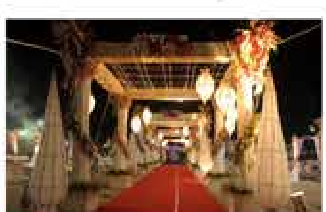

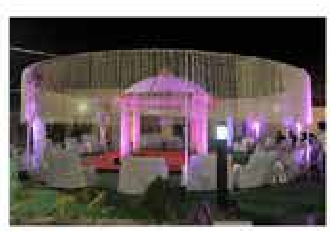

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CHECK IN TO LUXURY

> Ideally GST rate cap below 10% would have helped India bring in more tourists and compete with global chains

Dear Fellow Members,

Theoretically speaking GST will abolish several taxes, leading to streamlined taxation process in the country. On the other hand, it will require businesses to become tech savvy and add on the cost for compliance--definitely a hurdle for small budget hotels.

The biggest hurdle, however, is the lack of parity of GST rates with Asian counterparts. As India becomes an even bigger player in the global hospitality and tourism industry, we need services to be at par with global rates. Ideally GST rate cap below 10% would have helped India bring in more tourists and compete with global chains.

Keeping hotels with room tariff below Rs 1000 out of the GST ambit is certainly a judicious move. But treating the need for a lodging accommodation (a roof on your head when you are travelling) as a luxury doesn't seem a prudent decision.

In the context of some recent events, including prohibition in several states and the highly contentious highway liquor-ban, it appears that while sectors such as aviation and tour operators are likely to be satisfied with the slabs extended to them, the hospitality sector--one of the largest employers in the country-- has been somewhat left in the lurch.

Sudesh Poddar
President, HRAEI

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THIS ISSUE OF MYSTIC EAST CONTAINS 56 PAGES INCLUDING COVER AND BACK COVER

"With lack of awareness about health and hygienic food, lack of adequate workforce, India being one of the top most countries in terms of food business is facing the hygienic issue"

Dear fellow members,

Food hygiene and food safety forms an integral part of every catering industry and high standards are needed to protect health of consumers. When a food service opens its doors, a responsibility to serve "safe food" is incurred. According to the food business operator to assure long term success, it is imperative to value quality of the food and service being provided to the customers. And, in order to meet basic necessities, food safety body FSSAI is working together with the representatives of food business operators to provide healthy and hygienic food to the masses.

To make the scene more accessible, food safety watchdog is bringing guidelines for all the food operators wherein they need to abide by certain parameters to serve health food under a hygienic and neat environment. There are two major documents that need to be shown once a customer visit a restaurant or has asked owners to show it.

FSSAI license: the government is planning to make it mandatory to show the food safety license given to a restaurant by the safety body to make sure people are satisfied with what they are eating.

Customer Feedback: Customer feedback is always welcomed by the top restaurants in the country. Top brands that are running under the lines of global parameters are already taking care of certain feedback.

With lack of awareness about health and hygienic food, lack of adequate workforce, India being one of the top most countries in terms of food business is facing the hygienic issue. And, to overcome the lacunae, FSSAI is aiming to revise standards providing detailed requirements of food hygiene and safety in the food for various categories of FBOs. These standards will be at par with the international standards.

Going forward, FSSAI is also planning to have one person at all restaurants and food outlets that are trained by FSSAI on meeting the best practices when it comes to food safety and hygiene.

Pranav Singh
Secretary, HRAEI

Cover Story

March - April 2017

33

GST: THE ROADMAP AHEAD

Top tax official says the hospitality industry can show the way to other sectors in GST implementation

7 **NEWS**

GST threshold for luxury hotels increased to Rs 7,500

8 GST councils extends filing deadline for first two months

9 High GST rates will damage India's tourism prospects: FAITH

11 MNC hotels are upbeat despite high GST rates

22 HRAEI collaborates with FSSAI for trainer programme

27 ▪ GST IMBROGLIO

The hospitality business has been extended the second fiddle treatment

36 ▪ THE GST Q&A

Q&A session with HRAEI members and tax officials

41 ▪ DATA BREACH

Hotel brands are not immune from threatening cyber-attacks

46 ▪ TECH TRENDS

In order to boost business all hotels must invest in this new generation tools

50 ▪ STATE SURVEY

Sikkim, a tiny state, has set new benchmarks for responsible travel in the country

HOTEL INDUSTRY WELCOMES DECISION TO INCREASE GST THRESHOLD FOR LUXURY HOTELS TO RS 7,500

HOTEL industry associations have welcomed GST Council's decision to increase the 28% GST threshold for luxury hotels from Rs 5,000 to Rs 7,500. With this decision, the industry feels that the number of hotels which fall in the highest slab of 28% GST will get reduced drastically.

While fixing the GST slabs, the GST Council had fixed four slabs starting from zero for hotels charging a tariff less than Rs 1,000, to 12% for hotels with tariff between Rs 1,000 and Rs 2,500, and 18% for hotels with room tariff of Rs 2,500 and above and up to Rs 5,000 and 28% for hotels with room tariff above Rs 5,000.

Taking into account recommendations from both the private industry associations as well as Ministry of Tourism, the 17th round of GST Council's meeting last week had announced raising of the hotel room tariff threshold for highest tax rate of 28% from the earlier decided Rs 5,000 to Rs 7,500.

The Federation of Hotels & Restaurants Association of India (FHRAI), India's apex body for Hotels & Restaurants, welcomed the move. Commenting on the same, K. Syama Raju, President, FHRAI said, "It is expected that this measure will benefit a majority of our hotel members. FHRAI will continue tirelessly to espouse the cause of its members in future and will aim at securing lowest GST for all our hotel members."

"This is unarguably a welcome revision. But, if India has to remain competitive as a tourist destination, this may just not cut the ice. While neighbouring countries pay 5 to 12% GST or equivalent tax, hotels in India would be levying 18 and 28% GST. This may not augur well with foreign inbound tourists who are lured with significant deals and sops by our neighbours. We should remember that we are living in a very competitive world, and tourists today have a lot of choices," Sudesh Poddar, President, HRAEI said.

GST COUNCIL RELAXES FILING DEADLINE FOR FIRST 2 MONTHS

As per a TOI report, the GST Council on Sunday rejected demands for postponing GST (Goods and Services Tax) rollout but eased the filing deadlines for the first two months to help businesses prepare better. The government said a new form (GSTR-3B) will be available for the first two months, which will enable businesses to file returns and pay taxes. They will then get an additional 25 days to complete the online filing requirement for July. For August, they will get an additional 10 days. If there are gaps between the new form and final filing (GSTR-3), additional tax will be collected.

"Registration is going on fairly satisfactorily. As of today, 65.6 lakh, which is 81.1% of all registered businesses, have taken provisional registration for GST+ when thousands and lakhs register, they don't make a complaint. When five people register, they go through the Twitter," Arun Jaitley, Minister for Finance, Government of India said.

Fresh registration is scheduled to commence from June 25 and Hasmukh Adhia, Revenue Secretary suggested that businesses should not rush as 30 days will be given to register. Similarly, for those with provisional IDs, there was no need to rush as they will have three months, he added.

With consensus still to emerge, the Council also postponed a decision on transition to E-way bills. (Source: TOI)

HRANI PROPOSES FOR ONE NATION ONE HOSPITALITY TAX OF 12%

THE Hotel and Restaurant Association of Northern India (HRANI), has submitted for a One Nation One Hospitality Tax of 12% to the sectoral Working group of Travel & Tourism formed by the GST Council.

The first meeting of the sectoral working group of Travel & Tourism, formed to interact and examine industry representations and to make recommendation to the GST Council, was held on June 10, 2017 at Madhya Pradesh Bhawan, Chanakya Puri, New Delhi wherein the co-conveners - Sungita Sharma, Principal Commissioner, Mumbai and Raghwendra Kumar Singh, Commissioner, Commercial Tax, Madhya Pradesh interacted with the industry associations.

HRANI has appealed the working group for One Nation one hospitality tax of 12% and to change the GST slab to minimum INR 10,000 as a slab of INR 5000 does not constitute luxury. A representation under the signature of President - Sanjay Sood was submitted by HRANI.

The document also highlighted the impact of taxes on competitiveness of tourism, it was submitted that most of the nations recognize that tourism is a critical economic driver for the nation. European countries have fostered the growth of tourism by keeping low taxes on this sector.

The meeting was attended by representatives of other industry associations like FAITH, FHRAI, HAI, IATO, TAAI, TAFI, ADTOI, ICPB, ITTA, IHHA and ATOAI including HRANI. Senior Officials from State and Central Government including MoT were present on the occasion. Presentations were made by the representatives of all trade bodies.

The sectoral working group gave a patient hearing and requested the trade bodies to send concerns at the earliest for a comprehensive note for GST Council. The group also asked the industry to send their apprehensions relating to operational and administrative issues or any queries that may be affecting business upon transiting to the GST regime.

FAITH WARNS OF DAMAGE TO INDIA'S TOURISM WITH HIGH GST RATES

FEDERATION of Associations in Indian Tourism & Hospitality (FAITH), the apex representative body of the travel, tourism, and hospitality associations in the country, in a letter to the Union Finance Minister, Arun Jaitley has asked for review of GST rates of 28% proposed on hotels and other accommodation units of Rs 5000 and above and on restaurants at 5-star hotels and bring it down to a rational 18% to save the tourism industry in the country.

The proposed slab, if implemented, will make "India hugely uncompetitive", the Federation said .

Documenting tax structure on tourism products including hotels and restaurants in countries in the region, FAITH said that India will not be able to compete with those destinations in luring tourists as well as meetings and conferences with these high tax structure.

"We compete in the global marketplace with countries such as Thailand, Malaysia and Singapore. Thailand has a consolidated indirect hotel tax rate of 7% , 17.7% on restaurants. Singapore has a hotel VAT of 7% and 7% on restaurants. Malaysia has a hotel VAT of 6% and a 6% on restaurants. A 3-day stay by a foreign tourist at a daily rate of $150 (assuming hotel and food & beverage) will be taxed per night in India at $42 (not including cesses), $18 in Thailand (weighted average), of $10.5 in Singapore, $9 in Malaysia. That implies on a total stay of 3 nights, for one person, India now becomes expensive by $72 v/s Thailand, by $95 v/s Singapore and by $100 v/s Malaysia," the letter says.

This difference will get compounded, when Indian companies, bid for global conferences and events and large tour groups which come to India. Assuming the above simple economics, for a visiting conference of 100 people, India now becomes $7200 more expensive than Thailand, $9500 than Singapore and $10,000 than Malaysia. This difference will further get compounded as most of the groups normally stay post conferences for 7-10 days and travel around the country. These travellers are now most likely to give India a miss, the letter points out.

While benchmarking India to other countries, FAITH highlighted that China is estimated to get 55 mn foreign tourists and $50 bn in foreign exchange, USA 70 mn foreign tourists and $170 bn in foreign exchange, Spain 60 mn foreign tourists and $61 bn foreign exchange, France 85 mn foreign tourists and 57 bn in foreign exchange. Their indirect rates are highly competitive. China's hotels and restaurants have a VAT of 6%, for USA it is 15% and 7% respectively, for France it's 10% across both the categories and for Spain it is 7%. Clearly India is at a disadvantage.

The document further expressed that a levy of 28% has the potential to create unprecedented damage to the tourism industry from which India will find it extremely difficult to recover. Not only will this impact inbound tourist traffic, but also spur the domestic meetings & conferences segment and holiday makers to increasingly travel to our South and East Asian competitors, rather than within India, since these destination will seem even more lucrative now.

CENTRE GOVT. SHOULD PUBLISH MRP OF ALL CONSUMER GOODS UNDER GST

KERALA Finance Minister, Dr Thomas Issac has demanded publication of GST tax incidence and the MRP of all consumer goods in the country forthwith so as to restrain the corporates from taking undue advantage and fleece the consumers and the government. The Finance Minister, while addressing the media in Delhi on his return from the GST Council meeting in Srinagar, said that the advantages of the GST should reach the common man in the country rather than the corporate India. Any delay in making the GST rates of each commodity and its MRP public by the government will end up in "windfall gain for the corporates," he said. He cited the move by industry lobbies including cement manufacturers to hike the price before the GST rates finalization.

Commenting on the rate fixation, Dr Issac said that in 80% of the cases, the rate fixed are lower by 30 to 40% than the existing rates and it will lead to big revenue loss to both Centre and States. Under the two-digit classification, out of the total of 1,200 commodities, only 200 commodities are in the highest 28% GST bracket, and remaining 1,000 items are either in 12% or 18% bracket in the new GST rates. The reason for States not protesting against the new rates is because of the assurance from the Centre of 14% annual hike in tax share to the States and the compensation clause.

"We are not against the reduction of rates, as long as the benefit reaches the poor," he said.

Justifying the higher slab of 28% for luxury hotels, Dr Issac said that it is not rational to go by the "headline tax" in all cases. Luxury hotels get credit for many items they import. They have to pay tax only after deducting the tax they pay for input items. In such a scenario, if the government fixes a lesser rate for luxury hotels, the government will end up paying from the exchequer to hotels, he said.

MNC HOTELS STAY UPBEAT DESPITE GST

AS per a report in The Economic Times, global hotel chains like Hilton, Hyatt Hotels and Resorts, and Carlson Rezidor said they are committed to their future investments and development plans in the country despite luxury hotels being taxed at 28% under the goods and services tax (GST) regime. According to some industry estimates, GST rate of 28% on hotel rooms with tariffs of INR 7,500 and above will make luxury hotels in the country the most taxed in the world, surpassing hotels in New York, London and Paris, without add-on levies such as municipal tax, service charge, etc. Yet top international hotel chains remain upbeat on India. Chains such as Hilton said they are taking a comprehensive approach to prepare for the new tax reform, putting in place back-end systems for the revision and creating procedural manuals to ensure their team members are aptly equipped for the change. "Since tourism and hospitality industry is of high priority on the government's agenda, we believe that the authorities will continue to be thoughtful of the implications GST percentage has on the industry," said Kaushik Vardharajan, Vice President, Development, India at the Hilton.

"Hilton continues to see great potential in India. Tourism, which accounts for 7.5% of the GDP, is the third largest foreign exchange earner for the country," he said. "We are committed to India as a key market and the last few years were dedicated to establishing the operations infrastructure, opening several hotels and building a strong development pipeline." Hilton, which has 15 hotels open and 18 in the pipeline in the country, has five brands — Conrad, Hilton, DoubleTree by Hilton, Hilton Garden Inn and Hampton by Hilton — across 11 cities. "We brought our luxury Conrad brand to India last year with the opening of Conrad Pune, and later this year, we will open Conrad Bengaluru and Hilton Garden Inn Lucknow," Vardharajan said. The chain is betting on growing foreign tourist arrivals and domestic tourism to spur demand for branded hotel rooms. Kurt Straub, VP, operations, at Hyatt Hotels & Resorts, said the chain is focusing on expanding its brand. It is close to launching Hyatt Regency Lucknow, followed by Grand Hyatt Kochi by the end of 2017. It had recently launched Hyatt Place Rameswaram.

"We also plan to bring the Hyatt experience to key tourist destinations like Jaipur, Agra and Mcleodganj," Straub said. "We currently operate with over 6,500 keys in India, and we are positive about our future growth in the country." He said the chain is busy educating concerned teams on billing queries that guests may have on GST levied. "This is an important component of our 'GST-Ready' exercise. Our IT systems across the 26 Hyatt properties in India have also been gearing up for the impending changes in indirect taxation in India," Straub said. The GST Council on Sunday revised tax slabs in the hospitality sector, bringing some relief to mid-segment and luxury hotels. The 28% tax slab threshold, which was earlier fixed for hotel rooms with tariffs of INR 5,000 and above, will now apply to those with tariffs of INR 7,500 and above, while hotels with tariffs between INR 2,500-7,500 will be charged at 18%. GST rates for restaurants in hotels with tariffs of INR 5,000 and above have been also brought down to 18% from 28%. Industry associations lobbying for relaxation in rate structures called it a partial breather. "With the 28% GST slab threshold now being raised to INR 7,500 the GST rate is competitive compared to what it was for our properties in some tier-II, tier-III cities," said Raj Rana, South Asia CEO at Carlson Rezidor that owns Radisson and Radisson Blu hotel brands.

GST TO ENHANCE CREDIT BENEFITS FOR HOSPITALITY PROCUREMENT PROFESSIONALS

THE Purchasing Professionals Forum of India (PPFI) and Association of Resource Companies for the Hospitality Industry of India (ARCHII) recently organised a joint GST Workshop for its members at Lemon Tree Premier Delhi Airport. Talking exclusively to HospitalityBiz India, Hanish S, Proprietor, Hanish & Associates highlighted that GST will indeed increase the compliance cost but the hospitality industry will also be allowed to take set off on items restricted earlier.

He said, "As of now the procurement department in the hospitality industry does not get any credit on the goods purchased. For the first time, in GST they will be able to gain credit on these goods including the cutlery which is used outside the kitchen. There is a lot of planning that should happen at the procurement end to avail the benefits and generate savings for the hotel. The only sad part of GST for the industry is that there was no requirement of disallowing the credit on construction and renovation of hotels."

To extract maximum advantage out of GST, Hanish suggested that the procurement professionals to identify ethical vendors and educate them on the benefits. If possible they can also look at the supply chain of vendors and share learnings of how the credit of vendor's vendor can be passed on in a transparent manner, he stated.

Amarjit Singh Ahuja, President, PPFI elaborated that this was the first ever GST workshop held for the members of both the associations. Citing his view, he also shared that if GST is followed ethically, it will be a boon for the hospitality industry as they can avail credit for almost each and every item which will inturn bring down the costs.

"As of now, we will have to renegotiate the rates with our vendors. We plan to have a detailed day long workshop on GST soon," he confirmed.

Lamenting on the challenges that come along with GST, Rajat Pandhi, President, ARCHII, said, "The upcoming GST will increase the compliances substantially. The workshop also alerted us on the implementation issues which seem bit scary. Initially there will be a number of understanding and operational issues within the industry and the first few months will be very tough. Right now GST seems very challenging but may be over a period of time the costs will go down."

NOT MUCH ROOM FOR REVISING GST RATES: CBEC

THERE is no room for revising Goods and Services Tax (GST) rates fixed on various goods and services," said Vanaja Sarna, Chairperson, Central Board of Excise and Customs (CBEC), according to The Hindu Business Line.

"The GST Council met on June 3 to fix rates for goods which have been left out. Revision of rates may come up, but chances of that happening are remote," she told reporters on the sidelines of National Academy of Customs, Indirect Taxes and Narcotics (NACIN) facility inauguration in Bengaluru.

Acknowledging that CBEC is getting representations, Sarna said, "We have got and keep getting numerous representations from industries and businesses. The Governing Council will take the final decision when it meets on June 3."

She further said, "At this stage, it will be very difficult to say if the Council will actually reopen any of the rates because of the time factor involved in bringing out the GST. One must remember, if you open up any of these, then there will be no stop to revisionary demands."

Sarna said even though an anti-profiteering agency has not been set up to curb industry taking undue advantage to create arbitrage before the rollout of GST on July 1, the government will have the rights to question arbitrary hikes in prices.

"The anti-profiteering agency is yet to be set up, but we will have all the rights to question the industry against hiking prices arbitrarily," she said.

Earlier in the day, Union Finance Minister Arun Jaitley, speaking after inaugurating the National Academy of Customs, Indirect Taxes and Narcotics (NACIN) facility, said "GST regime will make India more tax-complaint society."

Training academies like NACIN are crucial for a tax-complaint society as it forges a proper co-ordination between taxation authorities (Centre and state governments) and the tax payer. The amalgamation of various indirect taxes is itself a monumental taxation change, which requires officials to upgrade their skills and knowledge, Jaitley said. (Source: The Hindu Business Line)

NORTHEAST REGION STATES TO BENEFIT FROM GST: DR JITENDRA SINGH

EIGHT states of Northeast region are among the states which are likely to benefit from the GST rollout on the midnight of June 30 and July 1. This was stated by Dr Jitendra Singh, Union Minister of State (Independent Charge) for Development of North Eastern Region (DoNER), MoS PMO, Personnel, Public Grievances, Pensions, Atomic Energy and Space. He said that contrary to certain misconceived notions in certain quarters, GST will offer these States an opportunity to realise fiscal growth in tandem with the more developed states of India and thus make up for their own shortcomings.

Earlier, while addressing a congregation on the theme "Development of North-Eastern Region" organised by National Housing Development Organisation at Pragati Maidan, he said, the Union Government's target of "Housing for All by 2022" will also gain momentum through reinforced State ex-chequer, consequent to the supplementation of the tax-pool following the implementation of GST.

In the history of 70 years of independent India, Dr Singh said, GST is perhaps one of the most meticulously and diligently worked out reform which took several months and years before it assumed its present, final shape. It is also perhaps for the first time, he said, that a Union Minister, in this case the Union Finance Minister, sat side-by-side with the Finance Ministers of each State and each Union Territory of India to work out the smallest and minutest details with absolute unanimity. In case where the absolute unanimity was not forthcoming on a certain point, a series of meetings were held to achieve consensus, he added.

To that extent, Dr Singh described GST not only as a revolutionary economic reform, but the opening up of a new chapter in the working of Indian Republic's federal system. The Central Government, he said, has established a new benchmark in decision making by following a formula of 3/4th majority in GST Council, out of which 2/3rd essentially has to be represented by the States.

When asked about the possible inconveniences during the early transition phase after July 1, Dr Singh said, there is no need either to panic and said, it is only like any other transition in one's routine happening at any other level as well, like, for example, whenever an individual or family changes the place of residence, in that case too, there are initial hesitations and it takes time to get used to the new order.

Dr Singh also emphasized the need to highlight that with the kind of exemption limit available, many of the traders and many of the middle-class businessmen may not fall in the gambit of GST and thus may not have to pay any tax. Similarly, those trading in exempted items like Dal/Pulses etc., would also be required neither to pay tax nor to file return.

(Source: PIB)

ANDAMAN BRACES FOR GST, BUSINESS COMMUNITY SEEKS DIFFERENT TAX SLAB

PORT BLAIR: business community in Andaman and Nicobar fears that the Goods and Service Tax (GST) will make the islands the most expensive place in the country, putting an extra burden of price hike on the people of the remote Union Territory. The Andaman and Nicobar Islands has never had any major service tax or value-added tax (VAT).

Local businessmen, instead of paying VAT, used to pay Central Sales Tax of 2 per cent while bringing goods to Port Blair. At the Port Blair port, there was only 6 per cent octroi and added transportation as well as heavy freight charges, which would equate the VAT tax savings and hence rates of commodities were more or less same in Andaman and Nicobar Islands as it was in the mainland.

The businessmen now fear that the GST will change the equation. While the rates of commodities at Port Blair will be the same, the people of the Islands will have to shoulder the burden of transportation and freight charges which will be around 10 to 15 per cent extra. Hence, most of the goods will be expensive than the rest of India.

Experts fear that the GST will have a different impact on goods with maximum retail price (MRP) and those without MRP. While goods without MRP will certainly be costlier than the rest of the country, cost of goods with MRP will depend on the company concerned. “While big companies will shoulder the burden of transportation of goods to Andaman, many companies will stop sending goods as they will not be able to afford the freight and transportation cost. Others may put a different MRP tag on the goods to be sent to Andaman,” said Mohd Jadwet, former president of ACCI.

Not only this, the GST will also have an adverse impact on the tourism and service industry. “On food and beverage, the hike will be from 9 per cent to 18 per cent. It’s double.

On rooms, it is up from 12 per cent to 28 per cent. This is a very big impact. As such, we are struggling for survival because of high tax.

For the extra hike, tourists will suffer, not the hotel owners or the tour operators,” said G Bhasker, president of Hotel Owners Association of A & N Islands. “This is too high for Andaman tourism. As we are competing with South East Asian countries, it may have an adverse impact on tourism,” said Ahmed Hasim Badat, a chartered accountant.

Some tourism activities such as diving and game fishing, which were not under any tax next, will also come under the GST now, making the entire tour package for Andaman much much more expensive than the rest of India and South East Asian countries.

Andaman’s business community is demanding a different GST slab for the Islands so that the added burden comes down to an affordable level. Car dealers could be worst hit after the GST comes into effect on July 1.

Local distribution network of cars can be bypassed as now anyone can bring a car from the mainland and pay the freight charge since rates of cars in Andaman and the mainland will be the same and customers will have to just pay the freight extra. “Big car dealers in the mainland may give good offers and hence there is a serious threat to local dealers,” said Sagar Khurana, a leading car dealer in Andaman. “We have given a representation to the administration and demanded special status for Andaman as far as GST is concerned. We have requested that GST on hotels be kept at 12 per cent.

In that case, hike will be from 9 per cent to 12 per cent which is not very substantial. We have also requested that being a remote area, Andaman always enjoyed a special status and was a non-VAT area and customers got the benefit of it.

We have requested the Lt. Governor to give special status to Andaman,” said Girish Arora, president of Andaman Chamber of Commerce and Industry (ACCI).

TOURISM MINISTRY WANTS LOWER GST FOR HOTEL ROOMS

AHEAD of the upcoming meeting of the GST Council , the Tourism Ministry sought lower tax rate for hotels rooms under the new indirect tax regime, stating that the higher rate of 28% will hurt the sector.

The GST Council had in its meeting held in Srinagar last month said that accommodations where room rent is Rs 5,000 or more per room for a night will attract 28% GST. Later the threshold was increased to Rs 7,500

Rooms with tariff between Rs 2,500 and Rs 5,000 will attract 18% GST, while those with tariff between Rs 1,000 and Rs 2,500 will fall in the 12% slab. Services by lodging providers with tariff less than Rs 1,000 are exempt from GST.

"Hotel is a key component of the tourism industry...each hotel room helps create atleast 4-5 jobs. We need to build at least one lakh new rooms in the country. For this, we need the right environment...GST rate of 28% is going to hurt the sector," Tourism Secretary Rashmi Verma told The Hindu.

In a letter to her counterpart in the Finance Ministry, Ms. Verma has requested that either the tax rate be brought down to 18% or the threshold for a 28% GST be increased to rooms with tariff of more than Rs 10,000 per night.

The Secretary said that the current tax incidence on these rooms currently was in the range of 19-21%. "An increase of about 7% will be a bit much to absorb both for the service provider as well as the customer."

The 28% tax will also impact adventure camp operators and houseboats in Jammu and Kashmir as these too charge around Rs5,000 per night. Additionally, if the 28% GST rate goes through, it is likely to make India uncompetitive as international tourists may skip India as a destination, instead choosing neighbouring destinations such as Thailand, Malaysia and Singapore where tax rate on hotels in 7%, 7% and 6%, respectively.

The average tax rate on a three night stay at a daily rate of $150 (assuming hotel, food and beverage) is estimated to be $18 (weighted average) in Thailand, $10.50 in Malaysia and $9 in Singapore. In comparison, additional tax expense for a single traveller in India will be $72 more that Thailand, $100 more than Malaysia and $95 more than Singapore.

TOURISM BODY OPPOSES 12% TAX UNDER GST ON HANDICRAFT GOODS

AGRA: Agra Tourist Welfare Chamber, an apex body of artisans, traders, emporium owners has written to the Union finance ministry seeking removal of 12% tax under the Goods and Services Tax (GST), saying it will adversely impact the centuries-old trade. At present, no tax is imposed on handicraft products across India barring a few states like Delhi, Karnataka, Punjab, Andhra Pradesh and Goa which charge (value added tax) VAT at 5%.

The tourism body said that the livelihood of more than 70 thousand artisans and their dependent families in Agra alone will be badly impacted.

Even as Laghu Udyog Bharti has opposed imposing of 28% tax on agricultural machineries and demanded that tax should not be raised from existing 5%. The delegations of the tourism and industrial bodies met minister of state (finance) Santosh Gangwar on Thursday.

At present handicraft is exempted from the levy of excise duty, hence the excise duty was not payable on the handicrafts or work of art. The total tax burden of excise and VAT at present never exceeded 5% across the country, and that too in a very few states, said Prahalad Agarwal, president Agra Tourist Welfare Chamber.

With the fitment formula for GST, the government has rationalised the GST rate to the nearest applicable rate at present which being 0% in our case, but we fail to understand as to how, work of art, under chapter 97 has been categorised at 12% under GST Regime. The ultimate burden will fall on customers, and with a higher level of tax purchasing power will be drastically hit which in turn will reduce the trade, he added.

The Handicraft industry in totality has exports of around 4,550 million US dollars to its credit. The Handicraft industry provides employment to around 68.86 lakh artisans and their families, Agarwal informed.

The chamber feels that bringing such a sector under the GST net will endanger the livelihood earning capacity of the artisans inasmuch as the related compliances and documentation would consume most of the time. There is also a fear of exporters or traders procuring goods from registered person or to self manufacture them rather than purchase them from artisans.

GST POSES TO BE A THREAT FOR INDIAN TOURISM INDUSTRY

INDIAN tourism industry is under threat from GST. With the increased taxes on hotel rooms, tourists might get diverted to other nations like Malaysia, Thailand and Singapore where hotel room taxes are comparatively low.

GST is being applied from coming 1st July. Entire nation is under a dilemma but one sector which is going to be affected extensively is the tourism sector. Indian tourism is under a gross threat from GST. The amendments made in applicable GST on hotel rooms have come up with two slabs, both of which will affect taxes on rooms to a higher side. Taxes will be on the rise in both budget and luxury rooms which will affect the budget of tourists to a great extent. It is obvious that the hoteliers are under pressure since GST will affect their income graph which may keep going low until GST is revised in the benefit of hotel industry.

Various other countries in the world have a lower tax slab on hotel rooms; hence the increase in India might divert the tourists to other nations and result in a loss in both foreign and domestic income. Out of the tourists visiting India, almost 20 percent come to Rajasthan where Rajasthan contributes to Indian tourism economy to the extent of 15 percent. This clearly indicates that GST will not only affect tourism industry but it will also affect the pace of development of the state which is very likely to see a downfall.

In 2015, India's contribution to global GDP through tourism industry was 9.8% which came to 9.6% in 2016. Jaipur hoteliers have given the assessment that room rates will go as high as 10% due to GST which will have a negative effect on tourists coming to India. They are very likely to get diverted to other destinations and Indian tourism industry will start witnessing a downfall in its economic stability.

Khalid Khan, President of Rajasthan Association of Tour Operators said that the highest GST is being applied on India which is not so in other countries. Hotel and tourism industry will suffer a lot due to the higher rates. Earlier 18 percent tax was levied on a room with a tariff of 5000 rupees. This was then opposed after which the slab was raised to 7500 rupees.

It is quite likely that rooms with a tariff of 7500 will stay unoccupied. There will be a rise of 10 percent in room tariffs. Tourists will now prefer to stay in rooms which are priced less instead of paying more taxes. The hotel industry might face the pressure of lowering the budget of luxury rooms to cover losses. Rajasthan has 1400 rooms with a tariff of 7500 rupees out of which 275 are in Jaipur. 45 hotels are beyond 7500/- with Jaipur having 10 of these.

Nations with less tax

Australia	10%	New Zealand	15%
China	17%	Singapore	7%
Japan	8%	UAE	5%
Malaysia	6%	USA	7.5%

INDIA'S TRAVEL MARKET TO BE USD 48 BILLION BY 2020: GOOGLE, BCG

BOSTON Consulting Group (BCG) and Google India recently released a comprehensive report on the growth opportunities in the Indian hospitality market over the next four years. The report titled, 'Demystifying the Indian Online Traveller' charts the decision making journey of the Indian traveller and provides insights on the potential growth opportunities for travel businesses till 2020.

As per the report, Indian passenger travel market is projected to grow at 11-11.5% to USD 48 billion by 2020 with the biggest contributor, air travel expected to grow at 15% to USD 30 billion. Hotels will grow at 13% to USD 13 billion by 2020 while railways will remain USD 5 billion. Additionally, as more people come online, smartphone penetration increases and use of digital payments goes up, the report estimates that India's online hotel market will grow to USD 4 billion with 31% penetration at a CAGR of 25%.

Speaking about the key findings of the report, Vikas Agnihotri, Industry Director, Google India said, "India's domestic travel market is on an acceleration path. One of the key findings of the report is that by 2020, one in three hotel rooms will be booked online - a clear indicator of the growing importance of digital in travel research, planning and booking. There are several actionable insights for domestic online travel players including the role of mobile and the level of curation and personalisation that Indian travellers are looking for."

Demystifying the travel planning journey of the typical Indian consumer, the report shows that for many Indian consumers, a vacation is an event planned in advance as opposed to being an impulsive purchase. Consumers typically spend 46 days on average planning their trip. They spend 49 minutes online on their travel research and visit as many as 17 touch points during their booking journey. However, it is interesting to note that the length of each online session is less than 3 minutes, due to the ubiquity of mobile. Through their journey, Indian travellers tend to move back and forth across different online channels, checking availability, comparing prices and assessing connectivity.

Talking about the opportunities for the online travel players, Abheek Singhi, Senior Partner and Asia Pacific Head of Consumer Practice, BCG said, “Travel is a high investment – both monetary and emotional category. Technology has led to democratisation of travel through better information and price discovery – and shall lead to 11-11.5 % growth in years ahead. The question is - how to address the 17 different touch points of 3 mins each over 49 days. The imperative for players is to use technology and advanced analytics capability to understand individual micro journeys and offer personalised and curated travel solutions.”

The report finds that there are several touch points in the consumer journey, including OTA (64% reach), search engines (33% reach) and maps (26% reach). Advocacy and word of mouth form an important input into the travel booking journey with 76% of people gaining inspiration to travel from family and friends. Further, reviews and ratings from other users is the single most important criteria to select a certain booking channel. Finally, the research finds that consumers use a mix of online and offline sources of information during their booking journeys. Within online channels, mobile apps are the preferred destination as 49% consumers prefer to use them for research and 44% for booking. 57% of the consumers believe that online channels give them better deals while 41% find it more convenient for them to book online.

As consumers move seamlessly across channels and devices, the role of digital in hotel bookings is significant, not just as a channel for purchase, but also as an influence in decision making. According to Rohit Ramesh, Partner and Director, BCG, “Mass marketing will increasingly be less sufficient. Advocacy, especially, plays an important role in decision making. Personalised advocacy is curated from customers’ personal networks, for example, from social media friends’ list. Predictive advocacy is based on customer “lookalikes”, for example, using “people like you” narratives and tries to imagine what consumer preferences might be. Given increased online ubiquity, players will need to leverage the digital medium across channels and touchpoints to effectively connect with consumers.”

INDIAN VISA FEE DEARER BY UP TO 50% ACROSS CATEGORIES

IN a bid to rationalise and modify the levy charged from foreign nationals visiting India, the government has increased the visa fee by up to 50% across categories, reports Hindustan Times.

The hike in the short-term employment visa comes in the wake of countries such as Australia, the US and New Zealand either planning or having already put in place work visa curbs.

Though the numbers of foreign nationals working in India are few, the hike is being seen as a tit-for-tat measure. The government had recently increased the fee in different categories for the US, the UK, Canada, Israel, Iran and UAE nationals.

The fee hike, which is periodic and mostly reciprocal, is sweeping this time as it is being touted as an effort to “rationalise the entry fee charges” and “modify” it in sync with what most countries charge, sources said.

As per a government notification, a tourist visa up to one year will now cost USD 153 from the earlier USD 100. The tourist visa for over a year and up to five years will cost USD 306 instead of USD 120.

However, there are exceptions. For instance, UK nationals, who used to cough up USD 162 for a tourist visa up to a year, will now pay USD 248. And for a five-year tourist visa, they will pay USD 741 instead of USD 484, the report says.

Sweeping changes in the visa fee structure for UK nationals is on account of reciprocity, said a source.

For the employment visa, nationals from Canada, Ireland, France, Australia, New Zealand and Thailand will now pay USD 459 instead of USD 300 for a visa spanning over a year and up to five years.

When it comes to short-term working visa, Israelis continue to cough up the most. They will now pay USD 1,714 instead of USD 1,120. The fee for Pakistan nationals across categories has been increased from PKR 15 to PKR 100.

Source: Hindustan Times

HOW GST WILL IMPACT HOSPITALITY INDUSTRY

ON Wednesday, the Lok Sabha passed the four GST bills after a long discussion, paving the way for the realization of the biggest tax reform independent India has seen. The Indian hospitality and tourism industry, which was pegged at US$ 136.2 billion at the end of last year, is one of the sectors which will see major changes after July 1st.

If you have travel plans post July, our bet is you will not have to backpack to save money – the three star hotel you had your heart set on might just become affordable.

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The current situation:

The hospitality industry, like every other sector in the Indian economy, pays multiple taxes (VAT, luxury tax, and service tax) in the existing indirect tax regime. A hotel where the room tariff exceeds Rs 1,000 is liable for service tax at 15 percent. An abatement of 40% is allowed on the tariff value bringing the effective rate of service tax down to 9%. The Value Added Tax (ranging between 12 percent to 14.5 percent) and luxury tax will still apply. However, for restaurants there is 60% abatement which means that the service tax is charged at an effective rate of 6% on the F&B bills, apart from VAT (12 percent to 14.5%). Bills for bundled services like social functions (seminars, marriage etc.), are taxed with an abatement of 30%. The cascading effect of the existing indirect tax regime where the end consumer pays a tax on tax, increases the end cost. Hoteliers and hospitality businesses do not get any

input tax credit on the taxes they pay currently, as central taxes cannot be set off against state taxes (VAT) and vice-versa.

Under the GST regime:

Under the Goods and Service Tax, the hospitality sector stands to reap the benefits of standardized and uniform tax rates, and easy and better utilization of input tax credit. As the final cost to end user decreases, we can expect the industry to attract more overseas tourists as compared to our neighbors. This would ideally result in improved revenues for the government. Although, the Goods and Service Tax paid at 18% is higher than the prevalent rates, there are many pros to this new tax regime which could help the industry's growth in the long run. Let's have a look at these in detail:

The Pros of GST

1. Administrative Ease

GST will abolish several other taxes, leading to a reduction in procedural steps and more chances to streamline the taxation process.

2. Clarity for Consumers

It is still very difficult to differentiate between a Value Added Tax and an entertainment tax for the common man. However, under the GST regime customers will see only a single charge on their bill and it would give them a clear picture of the tax they are paying.

3. Improved Quality of Service

How many times have you stood waiting in the hotel lobby wondering if you would miss your flight back home, because your bill was still not prepared? With just one tax to compute, the checking out process at hotels and restaurants will now become easier – another perk that the hospitality industry can brag about.

The Cons of GST

1. Increased Technological Burden

When the service tax was first introduced, there were a lot of mix ups. GST, thankfully, has very clear guidelines on how each industry needs to manage their accounts and file returns but it will require businesses to become technologically adept, increasing the technological burden and cost for compliance.

2.Increased Costs

In Maharashtra, for instance, hotel rooms are taxed at 19% and food and beverage at 18.5%. Even with GST charged at 18%, there is minimal cost reduction in both cases. Businesses will also look to recover the additional cost of technology and new systems from their customers, which might – in some instances – lead to higher tariffs.

3. Lack of Parity with Asian Counterparts

As India becomes an even bigger player in the global hospitality and tourism industry, we need services to be at par with global rates. Our Asian neighbors such as Japan and Singapore have very low tax rates for their hospitality sector (8% and 7% respectively) which is an important reason for them ranking high on tourist wishlists.

GST is a mixed bag of better and easier rules and regulations, and increased costs and compliances. The Hotel and Restaurant Association of Western India had been lobbying for a GST rate of 5% as it believes that a lower rate will bring in more tourists and allow Indian businesses to compete with global chains. The Tourism and Hospitality industry in India is expected to grow to US$ 280.5 billion by 2026, and the initial hiccups after GST implementation are highly unlikely to impede this growth. However, it remains to be seen whether the cons outweigh the pros for this sector. In the meantime, if you have travel plans post July, our bet is you will not have to backpack to save money – the three star hotel you had your heart set on might just become affordable!

(The author is Founder & CEO, ClearTax.com)

By Archit Gupta
Courtesy: The Financial Express

HRAEI COLLABORATES WITH FSSAI FOR TRAINER PROGRAMME

This initiative will upgrade the level of food safety and hygiene in hotels and restaurants
PRANAV SINGH, SECRETARY, HRAEI

THE Hotel and Restaurant Association of Eastern India (HRAEI) has collaborated with the Food Safety and Standards Authority of India (FSSAI) to educate and equip hotels and restaurants in the eastern region of India with food safety and security guidelines.

As part of the initiative, the association has organized a certification programme for Master Trainers with the support of Subject Matter Experts (SMEs) from FSSAI to counsel and guide representatives from hotels and restaurants through a series of conclaves held at various locations across the western region.

The Association completed the first training session for Master Trainers in Kolkata, West Bengal, and will undertake similar exercise in other states in the region. The session was held at Fern Residency, Rajarhat on June 9. The objective behind the HRAEI-FSSAI Certification Programme (FoSTAC) for Master Trainer is to familiarize the hoteliers and restaurateurs with the finer nuances of food safety and hygiene and to effectively pass on the communication to the grassroots levels in the establishment in order to uniformly implement the processes.

The Food Safety Standards Authority of India (FSSAI) has made it mandatory for hotels and restaurants to have at least one person trained in food safety in order to check adulteration in food. The Food Safety and Standards Act means to serve the interest of the consumers with reference to food safety, and standards of cleanliness and hygiene.

Representatives from 30 hotels attended the training session. Pawan Kumar Agarwal, chief executive officer of FSSAI, was present in the event. Pranav Kumar Singh, secretary HRAEI, took a key role in organizing the event.

Said Mr Agarwal, "This initiative is a part of our programme that will upgrade the level of food safety and hygiene in hotels and restaurants." Mr Singh said,

The HRAEI brought on board Dr V Pasupathy, Food Scientist and a Certified Lead Auditor on Food Safety Management Systems in the country who mentors, trains and certifies eligible representatives from the participating member establishments. "These Master Trainers [trained through FosTAC] in turn will then be in a position to train the appointed Food Safety Supervisors in their respective establishments," said Dr Pasupathy.

Representatives of several member hotels and restaurants along with some government officials learnt received hands-on training from the FSSAI staff and trainer. Vijay Malhotra, the Executive Chef at ITC Sonar, Kolkata, said, "The sessions are extremely helpful. It's been interactive and full of insights." Kaushik Chatterjee, Manager (Outlet) Monotel, Kolkata, said, "It was a great learning opportunity, but now the challenge is to impart the knowledge to food handlers." Dr Bibhakar Bhattacharya, designated officer at FSSAI, Kolkata Municipal Corporation, said, "The training will make our [those involved in food safety enforcement] job easier. It's an extremely well-crafted programme."

Food scientist Dr V. Pasupathy at FosTac programme

HOW FSSAI IS TRANSFORMING THE FOOD SAFETY LANDSCAPE

The FSSAI has taken a highly collaborative approach to promoting food safety and nutrition since it is an integral part of everyone's life

FOOD safety scenario in India is continuously changing from last one and half years. The food safety body has come up with several initiatives to train street food vendors, partner with restaurants and make sure that wholesome and nutritious food is being served to the public. Since ages, people have always thought FSSAI as another government body which is over burdened by bureaucracy but to much surprise it has given a new face to the food safety ecosystem in the past one year.

Since the past few months, the FSSAI has been energetically driving large-scale fortification of staple foods such as wheat flour, rice, milk, oil and salt to combat widespread malnutrition in the country. The industry and government have responded with equal dynamism. About 50% of oil and milk companies in the organized sector will have fortified their products in the coming months. Five major wheat flour manufacturers are fortifying their wheat flour.

Ensuring public awareness

The whole narrative on food safety regulation has changed. The law provides that people who work in food businesses should be qualified and trained in food safety. Even before this becomes mandatory, FSSAI is building an ecosystem for large-scale training through its FoSTaC –Food Safety Training and Certification programme, which was launched yesterday during a press briefing in New Delhi. FoSTaC is a unique participatory programme designed to enhance public awareness and simultaneously train food safety supervisors, who will then train food handlers along the food chain on food safety issues. It has19 short courses from basic, advanced to specialized courses for street food vendors, restaurants chefs, caterers, food business operators as well as the general public. Around 6-7 of these courses are ready to roll. These courses will be delivered through training partners such as academia, industry, FBOs and government departments. FoSTaC allows for a systematic online registration system that is easily accessible and provides certification for those who have completed the training. FOSTAC will eventually host e-learning courses that will be available to all and raise the food standards of food businesses by several notches.

"Being a smart consumer is a cornerstone of ensuring food safety. Consumers have the right to be informed and educated and exercise their rights. In order to empower consumers on all issues pertaining to food safety, the FSSAI launched an online, Food Smart Consumer Portal," shares Mr. Pawan Agarwal, CEO at Food Safety and Standards Authority of India adding that this interactive portal will be dedicated to educating consumers to make smart, informed choices, whether they are buying raw food, processed food or eating out.It has a 10 question quiz that allows the public to test is they are "smart consumers".

This portal also provides consumers a forum to express their views, ask questions and register their complaints. FSSAI is working towards strengthening its consumer grievance redressal system. A Guidance Document for food handlers and regulatory staff was also released. Consumer guidance notes on issues they confront on a daily basis were also made available.

Food Safety is the Key

Also, at a time when India has several cases where food borne disease is an integral part of the country affecting consumers especially children this kind of initiative is the need of the hour. "If we eat right and safe food, diseases will come down because food safety is very important for India where people are suffering from food borne disease," adds RK Vats, Add. Secretary, MoHFW.

A new era for food safety and nutrition in the country dawned yesterday where the food safety body launched several flagship initiatives to transform the food safety and nutrition landscape in India, a hitherto neglected field. "There is a requirement that the food available in the market should be safe and wholesome," points Shri Amitabh Kant, CEO of NITI AYOG adding that FSSAI should also allow food business operators to do a self certification and there is lots of need for branding, positioning of the industry.

FSSAI also launched its Safe and Nutritious Food (SNF) initiative that takes a citizen centric approach to transformative social and behavioural change. The Safe and Nutritious Food initiative reaches out to people everywhere: in their homes, workplaces, schools and when they eat out. The SNF portal would function as an online resource centre containing information on all these initiatives with access to resource materials developed by FSSAI, interactive guides on understanding food safety and nutrition and a gateway for everyone to participate in these initiatives through partnerships.

Social and behavioural change must begin early. Children are powerful change agencies. Therefore, to engage children, FSSAI has created Safe and Nutritious Food Mascots-Master Sehat and Miss Sehat, two superheroes. In the coming months, workshops, theatre and activations of these mascots will be done throughout India.

The FSSAI has taken a highly collaborative approach to promoting food safety and nutrition since it is an integral part of everyone's life, every single day. There is convergence with various existing initiatives, particularly the PM's Swachch Bharat Abhiyan, which shares many common goals and approaches with the SNF initiative.

In the coming months will see these initiatives being rolled out across the country, generating a tsunami of collective effort towards creating a culture of food safety and nutrition across the country.


GST

GST IMBROGLIO

NOT THE BEST TREATMENT

Despite generating rupees thousands of crores in revenue and providing livelihood to millions of Indians the hospitality sector gets a rough deal in the new GST regime

THE Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. According to a recent report by the World Travel and Tourism Council (WTTC), tourism in India the sector accounts for 7.5 per cent of the GDP and is the third largest foreign exchange earner for the country. Its direct contribution to GDP is currently estimated to be US$47 billion and by 2026 the contribution is expected to reach US$160.2 billion. The hospitality sector is expected to contribute significantly to this a substantial amount.

India's Prime Minister Mr Narendra Modi considers the tourism sector as an intrinsic part of his vision from an economic growth perspective. His 'Make in India' concept along with the provision for E-Visas to several countries across the world is a commendable effort and has been accepted wholeheartedly by stakeholders in the business. These landmark steps made us all believe that the travel, tourism and the hospitality sector had finally begun to receive the attention it rightfully deserved. However, after some recent events, including the prohibition of liquor in several states, the highly contentious highway liquor-ban and the just declared Goods & Services Tax announcement, it appears that while sectors such as aviation and tour operators are likely to be satisfied with the slabs extended to them, the hospitality business has been extended somewhat a step motherly treatment.

It is well known that the hotel business is highly capital intensive. It involves substantial labour costs and there is a long gestation period from a construction standpoint. As a result arriving at a breakeven point may require several years. Moreover, these are frequently plagued by tribulations such as a very high cost of borrowing, relatively short repayment schedules. Also an investor has to go through a maze of licenses, permits and approvals usually marred with red-tapes and bureaucratic hurdles. In addition, hotel performances are easily affected by changing socio-economic and political scenario; the business is in-

CURRENT **TAX VS. GST**

CURRENT TAX vs GST

	PRESENT			GST
	2,866	MANUFACTURER'S PRICE (MP) (₹)		2,866
Cost Price (CP) to distributor	3,385	Excise duty (ED) on MP (12.5%) + VAT on (MP+ED) (5%)	GST on MP (18%)	3,382
Sale Price (SP) for Distributor (CP + margin)	3,724	Margin (10%)	Margin (10%)	3,720
Cost Price to Retailer (CPR) (SP+total taxes at Distributor stage)	4,469	VAT on SP (5%) + ST on SP (15%)	GST on SP (18%)	4,390
		Net VAT/GST payable by Distributor (after claiming VAT ITC)+Net ST payable by Distributor (full amount payable since no credit)		
Sale Price for Retailer (RSP) (CPR + margin)	4,916	Margin (10%)	Margin (10%)	4,829
PRICE TO CUSTOMER (RSP + Total taxes at Retailer stage)	**5,899**	VAT on retailer's SP (5%) + ST on retailer's SP (15%)	GST on retailer's SP (18%)	**5,698**
		Net VAT/GST payable by Retailer (after claiming MVAT ITC) + Net ST payable by Retailer (after claiming ST credit)		

3.5% lower price

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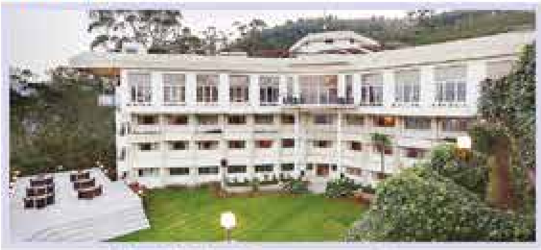

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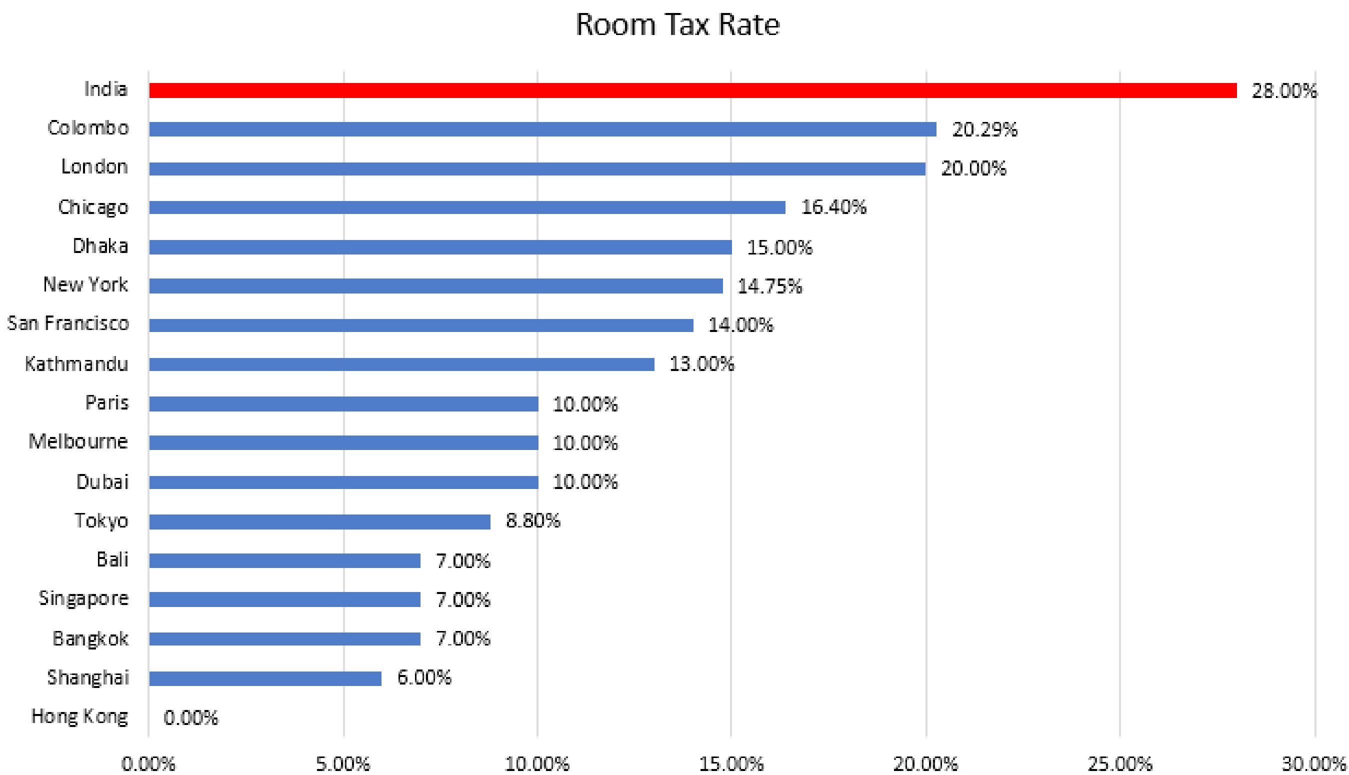


Source: HVS Research
Note: Add-on levies such as Municpal Tax, Cess, Service Charge etc excluded for parity

herently cyclical from a performance stand-point to begin with. So those who are brave enough to venture into the rough seas of hotel business get prepared for a rough ride on the way.

A few months back, the country's apex court imposed a blanket ban on vending of alcohol within 500-meters of all national and state highways. The argument that 'right to life must take precedence over the liberty to drink' was never in question is extremely sensible. The hope was that selling bottles of liquor from road-side vendor would help cut down drinking and driving accidents. The interpretation, however, has ended up affecting thousands of restaurants and hotels by the highways, rendering such establishments dry. The impact of this is not restricted to loss of revenue by way of liquor sales. It has caused a ripple effect on consumer choices from a lodging standpoint – the primary generator of revenue for hotels. In this case, the presence of alcohol not necessarily aids in revenue enhancement, but its absence almost certainly impacts the ability to attract guests. Hotel owners now brace themselves for an unforeseen situation that has made an immediate and significant impact on their ability to earn revenue and it will not be surprising to see more Non-Performing Assets (NPAs) in the months ahead.

Hotel performances are easily affected by socio-economic and political upheavals. So those who are brave enough to venture into the hotel business must get prepared for a rough ride on the way

The matter of GST is now slated to further add to the sector's woes. Hotels with a realized rate of Rs.7500 and above shall be required to levy 28% GST on the bill. The argument is that this level of spend points to 'luxury'. The hotel sector was traditionally marred with a variety of taxes

and these varied by state. Luxury Tax ranged from 0% in certain parts of the nation to 20% of published tariff in others. If one looks at a comparison between the existing luxury tax rates across all the states to the GST rate of 28% things will be clear. If one were to put aside other costs (such as service charge, municipal tax, Cess etc.), on an 'apples to apples' comparison, not a single state was levying such a high tax on its guests as will now be the case with this new tax regime.

The basic premise of creating slabs for hotels (No tax below Rs.1000 to 28 % for those above Rs 7500) is flawed. India has about 120,000 organized or branded hotel rooms. Approximately 45% of this inventory averaged a realized room rate of Rs.7500 or more, especially in the big cities. Essentially, two-thirds of the branded supply in India is now left with no option but to brace itself for tough times ahead. Hotels may be forced to reduce their room rates in a bid to woo guests, who will most certainly not be keen on paying an extra 10% to 16% tax on their room rate. Besides, treating the need for a lodging accommodation (A roof on your head when you are traveling) as a luxury doesn't seem to make common sense. Clearly the government failed to to view the hotel sector as a provider of infrastructure, but a source of luxury. It is not unknown that over 70% of hotel accommodation is currently consumed by corporate or business travelers. For them hotel rooms are a "basic need" and not a "luxury". Such decisions reflect government's apathy towards the trials and tribulations of the hospitality sector.

In the past 20 months the hospitality sector has been displaying a steady growth in demand. The next three to five years are expected to witness a further growth. It is our earnest request that the sectors growth is not choked by government's tough decisions.

Acknowledgement: HVS South Asia

Clearly the government failed to to view the hotel sector as a provider of infrastructure, but a source of luxury. Over 70% of hotel accommodation is consumed by business travelers. For them hotel rooms are a "basic need" and not a "luxury"

GST: THE ROADMAP AHEAD

Top tax official says the hospitality industry can show the way to other sectors in GST implementation

Inaugural session of the seminar organised by HRAEI

THE Hotel and Restaurants Association of Eastern India held a seminar titled 'Goods and Services Tax (GST): The Roadmap Ahead' at Holiday Inn, Kolkata Airport on June 17. The seminar was organized to address queries on GST which is coming into effect from July 1, 2017. Sri S.K. Panda, Chief Commissioner, Service Tax (Kolkata Zone)chaired the seminar. Ms Sungita Sharma, Primary Additional Director General (Vigilance), Mumbai and Sri

GST will simplify taxes. T.S. Walia, senior member, HRAEI (top left), Ms Sungita Sharma, Principal Addl Director of Vigilance, Customs and Central Excise, Mumbai (top right) and Pranav Singh, Secretary, HRAEI (bottom left) speak at the seminar

N.C. Guriya. Chief Commissioner, Service Tax (West Bengal)were also present in the event along with some senior officials of service tax.

While inaugurating the seminar Mr Sudesh Poddar, President, HRAEI, said, "As GST is going to be one of the biggest tax reforms in recent times and we are about to step into a new tax regime our members have a lot of doubts. The seminar was organised to clear the doubts of our members." Said Mr T.S. Walia, a senior member of HRAEI, "The overwhelming response at the registration desk showed there is a lot of confusion among our members. Their queries were addressed by officials present at the seminar."

"There is indeed a lot of panic across the industry

GST will bring about 'one-tax-one-nation'across the country

Mr Shrayans Jain, Vice Chairman, Jain Group, helped organize the seminar at The Holiday Inn, Kolkata Airport

regarding GST, especially in the unorganised sector, but since the hospitality industry is an organised sector there is nothing to worry. In fact, this industry can show the way to the other sectors and take a lead," said Mr Panda. According to him, GST regime has made things more simple, more transparent and beneficial for the common man, people in business and also the government. "There will be less litigation, less interaction with tax officials and more benefits. It will bring about 'one-tax-one-nation'across the country," he said. "There will be a lot of credit facilities for business. Please do your homework and get ready to welcome the new tax procedure." He also added that the GST will make the tax base of our country wider, eventually leading to greater economic benefit and higher GDP."

Ms Sharma assured that ease of doing business in the new tax regime will increase. "We have formed sectoral working groups to address issues in respective sectors. If you have any issues please document this and tell us your problems. We'll prepare a guidance note of your sector based on the issues." However, she added that decisions won't be rigid and be rolling on nature. "Please keep sending us your feedback."

Mr Guriya offered an overview of the GST scenario. "The complicated tax system is going to be simplified. A lot of pain related to a service tax and multiple components will be made simple." He added, "This will surely reduce number of court cases because of confusion over goods and services domain will be removed."

Mr Pranav Singh, the secretary HRAEI, said in conclusion, "The seminar answered a lot of questions of our members. Now there is no doubt that GST will be beneficial to our industry and will benefit us all." Added Mr Poddar, "We expect GST to be a game changer of Indian economy."

THE BIG Q&A

The Hotel and Restaurants Association of Eastern India held a seminar titled 'Goods and Services Tax (GST): The Roadmap Ahead' at Holiday Inn, Kolkata Airport on June 17. The seminar was organized to address queries on GST which is coming into effect from July 1, 2017. Sri S.K. Panda, Chief Commissioner, Service Tax (Kolkata Zone) chaired the seminar. Ms Sungita Sharma, Principal Additional Director General (Vigilance), Mumbai and Sri N.C. Guriya. Joint Commissioner, Commercial Taxes (West Bengal) were also present in the event along with some senior officials of service tax.

The seminar was followed by a question and answer (Q&A) session in which HRAEI members asked several questions that were answered by the tax officials. Excerpt of the Q&A session:

On purchase of a bottle of beer, the state government levies 65 per cent tax. The service tax was 6 per cent; now after GST it is going to be 18 per cent. So effectively a consumer has to pay 83 per cent tax. In a five-star hotel one has to pay 97 per cent tax. Shall we get Income Tax Credit (ITC), Sir?

A pertinent question for the hospitality industry. But alcohol is out of the ambit of GST. So there is no GST on alcohol and no ITC can be claimed. If serve food with alcohol you'll have to raise a separate bill for food items.

Q. 28 per cent GST has been imposed on hotel room tariff above Rs 5000*. What will the GST in case of discounted tariff?

In GST, discount before supply of goods and services is allowed. Suppose your display tariff is Rs 7500, but you are offering a room on rent at Rs 5000. According to the GST norm the discount amount will be deducted from your turnover if it is made before supply of goods and services. GST will be charged on the actual rent after discount. Thus your GST may come down to 18 per cent if you provide the room at a discounted tariff.

*Note: The GST Council raised the hotel room tariff threshold for highest tax rate of 28 per cent fro componentm the earlier decided Rs 5000 to Rs 7500, With this hotels charging between Rs 2500 to Rs 5000 will invite 18 per cent GST

Rooms are sold at various tariff in hotels. The room tariff often comes with complimentary breakfast and Wi-Fi connectivity. Sometimes dinner and spa coupons are also offered as a complimentary service component. Suppose a hotel charges Rs 7000 with all these complimentary offers. What will be the GST?

This is a question of composite or mixed supply. In case of mixed supply--in which each item can be separated but offered as a bundle--the highest slab rate of GST will be applicable. Room tariff and breakfast are naturally bundled and is fairly common. GST does not allow any complimentary on free supply. Therefore it should be mentioned as a combo price with break up of individual price of accommodation, breakfast, Wi-Fi and so on. But the GST on the total will be based on the highest tax rate of a particular item. So hotels need to change their billing as well as business strategy. They have to mention separate price for individual items and make bills accordingly.

How will GST be fixed in case of bundled room tariffs?

Will GST make things complicated

Suppose we have a supplier at our hotel from we source our goods. We produce his bills to GST for credit and discover that the supplier doesn't pay GST and he's been a tax defaulter.For his conduct will we suffer? Will we get the credit due to us?

You pay to the supplier in return of your goods. But if that supplier defaults on tax, initially you will get provisional credit from the government. If this happens in July and you submit return by August 20 you'll get provisional credit. Also you'll get provisional credit for another month (i.e. September). But the supplier must pay tax by then and if he fails to do so by the third month then you won't get the credit. However, you can mention this to your supplier and urge him to pay tax on time. If he pays the tax you will get back the amount due to you. In course of this entire schedule, if you have already paid any interest, the party will pay the interest; you'll get it back in your system. If your supplier doesn't pay government dues he will not be in a position to submit his final return. Our system will show that he is a defaulter. He won't be able to sell his products.

Q. I run a hotel in Malda. Now that GST has to be filed online every month we'll have trouble, as net connectivity is poor in our locality. Sometimes it takes a fortnight to upload or access things online. Besides, most business men in the districts don't have adequate technical expertise. What happens if we fail to file tax in time? Will we be penalised? Will the authorities organise a helpdesk for businesses in the districts and small towns?

The government is concerned about

people in the districts and remote areas of eastern India. We are making all efforts to ensure improvement of net connectivity before August 10, when you'll have to submit your first GST return. We have already instructed to make help desks at the district level. If you organise an awareness campaign or seminar in your district we are ready to go there and help out.

In case of payment of advance service tax received on the month of June, how will it be adjusted when GST starts from July 1?

As per service tax rules, taking advance means service is deemed to have been provided. There is a specific provision on the transitional phase that if service tax can be levied under the current system, then GST will not be charged.

In case of service provided but not billed, how will it effect GST?

If your service has been provided prior to the GST regime. then you have to pay service tax as per the existing law. Not the GST. But if the contract has been entered into prior to GST and service has been provided after GST then you have to raise the GST invoice, If you receive any goods supply/service provided after GST, it will be billed accordingly. But if you receive advance prior to GST, if you pay full tax on this advance, suppose you entered into a contract of 2 lakhs, got 1 lakh in advance but paid the service tax on the total amount, that is 2 lakhs, then even after start of GST, if you get the service, then no GST will be levied on it. Your supplier will raise the bill accordingly. If you have received the bill prior to GST, you have to pay the service tax only.

Additional reporting by Chandana Chandra

GST will reduce litigations and complexities

How will be GST fixed on alcohol?

Will GST really simplify the multiple tax norms?

In case of service provided but not billed, how will it effect GST?

HOSPITALITY SECTOR MUST SHOW THE WAY TO OTHER SECTORS

Sri S.K. Panda, Chief Commissioner, Service Tax (Kolkata Zone) chaired the seminar 'Goods and Services Tax (GST): The Roadmap Ahead' organized by HRAEI on June 17. Excerpts of his talk

RECENTLY I visited a meet organised by representatives of business at Burrabazar, the city's traditional business hub, in central Kolkata. I found there is a widespread panic among the traders since they have to file returns every month. As there is some kind of a techno phobia they feel uncomfortable with the idea of filing the returns on their own digitally.

In this respect I feel the hospitality industry has an advantage. Digitisation has happened in this sector quite fast and many of the hotels and restaurants have moved into the online domain much ahead of most other sectors. These days hotels and restaurants can be booked in advance online and most payments are done electronically. Data mining and ad-

The new tax regime will eventually benefit India's economy, said Mr S.K. Panda

vanced technique of digital domain are used in this sector. So, I think, migration to the new GST regime will be a cakewalk for this sector. In fact, this sector can take a lead and show the way to other sectors.

In a nutshell the new GST regime will have these facets:

1. Simple and easy to administer: Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.

There will be easy compliance. A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.

There will also be a uniformity of tax rates and structures. GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.

The simplication would help do away with a lot of confusion and there will be less litigation.

2. Transparent: Single and transparent tax proportionate to the value of goods and services. Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.

There will be relief in overall tax burden because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

There will be minimal interaction of businesses and tax officials. You won't have to run after them as everything can be done electronically. In the initial phase, there will be help desks to guide you.

3. Higher revenue efficiency: GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.

Reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.

This is going to be friendly to consumer, business/industry and governemt. You have a lot of credit facility--you must do your homework properly and find out the benefits.

The new tax regime will open up businesses and eventually benefit the economy. We expect this will raise the country's GDP to 7-8 per cent. One-tax-one-nation system will usher in a new horizon.

SECURITY

DATA BREACH EVERYWHERE

If hotel brands think that they are immune from cyber-attacks then it is wrong. he threat landscape is increasingly dangerous and alarming

RECENTLY Zomato, the popular food delivery app, fell prey to a hack and had lost the user account details of 17 million of its users to hackers. A leading daily reported in February last year that cyber criminals hacked into the computer network of a New Delhi-based international five-star hotel chain and stole some “loyalty points.” Another five-star hotel chain was hit by malware found on its customer payments system.

These and many more of such cases acted as a wake-up call and pushed all major Indian and global hotel chains to conduct cyber audits to analyse and study weak spots in their information technology systems. The country happens to be listed among the top five nations in the world to be attacked by ransomware, malware that forces its victims to pay a ransom through certain online payment methods to regain their data, as reported by Moscow-based Kaspersky Lab. Wannacry, one such ransomware, is currently wreaking havoc across the world.

With increased 4G and 3G penetration, the internet user-base in India is expected to double to 600 million users by 2020 from the current 343 million, so the threat will only grow. ASSOCHAM and Ernst &Young also revealed that mobile frauds are expected to grow to 60-65% in the country by 2017.

Pavan Duggal, India’s leading cyber law expert, lamented that Indian Cyber law does not have adequate provisions to deal with the growing cyber threats. He said, “The Information Technology Act, 2000, amended in 2008, still does not comprehensively deal with all relevant issues in the cyber security ecosystem. India not being a signatory to any international treaty on cyber crime complicates the intrinsic ability of the immense law and legal frameworks to provide effective remedies against cyber crimes which are committed from abroad."

Visible Threats

Similar to other industries in today’s hyper-connected world, the hospitality sector is not untouched from data security and cyber breaches. This industry is exposed to enormous amounts of private data from customers as part of their daily operations-from personal to banking and financial details.

Online booking systems often get card data from third parties over the internet

Hotels are now expected to provide Wi-Fi network access for their guests. Further, there is increasing adoption of "smart systems" within hotels, like controlling guest room access, heating, cooling and even the lighting of guest rooms, ordering room service and other hotel services (including ones often provided by third-party operators such as massage and spa treatments), and even ordering drinks in the bars. These "smart" hotel services run the risk of following the "Internet of Things" (of which they are really just a part), placing functionality above everything else.

Abir Atarthy, a Calcutta-based cybersecurity expert and an ethical hacker says, "Hotels usually have a web presence that provides an online booking function, and running that service securely and with strict adherence to good privacy practices is clearly of the utmost importance. Further, Point-of-Sales (PoS) systems are widely used throughout hotel bars, restaurants and so on. Malware specifically targeting PoS systems have been around for many years now and as extensive users of PoS systems, hotel operators should be well-advised to deploy strong defences against such malware." Also, many hotels are part of large, often multi-national, brands and hence they are more likely to be specifically selected for targeted attacks due to the size of the "parent" business, he added.

Hotel chains are often targeted by hackers as they typically keep credit and debit card details on hard copy for the duration of an individual's stay in order to cover extra expenses incurred. In classic scenario, within hotel and tourism industry, customer card data is often stored longer than typical, to maintain consumer bookings and for miscellaneous service related charges after they check-in. Online booking systems often get card data from various sources and third parties over the internet, creating additional possible points of compromise, added Atarthy.

In recent past data breaches seems

Most infections occur in environments which are using remote administration software with weak password policies

that decent portion of breached data may have come from the restaurant or front desk of the hotel chains, as usually they are integrated with point-of-sale environments running various applications. Also keeping Indian hotel chains scenarios in mind to an extent they store card data on customer check-in files for future reference which is very prevalent across and may be another exposure point for the compromise. Most infections occur in environments which are using remote administration software with weak password policies, he points out.

Awareness Levels

Awareness levels on cyber security and data privacy were almost negligible a few years back and were acted upon only after unfortunate incidents happened. But today, levels of awareness are on the rise with recent cyber and data infringements but also with positive conversations and actions in the public and government domains.

Hotels today need to focus on more than just room sales and make a more concerted effort on working to protect the information that their guests trust them with, stresses Terry Cutler, a Canada-based cybersecurity expert. Most hotels, including high-end luxury brands hire third-party vendors to manage sensitive data. This data may include personal and financial infor-

INTEL SECURITY FINDS

Intel Security conducted a global study across 14 countries including India to better understand consumers' digital behaviours while travelling.

Their findings:

- 84% of Indians connect to the internet while they are on vacation
- Almost three out of four Indians (74%) say that they would want to be unplugged on a week-long vacation if work obligations were not a factor
- Majority of Indians (54%) are not willing to leave their smartphone at home while on vacation and Indians fared second worst globally (only Singapore was ahead at 42%) in being able to abstain from social media while on vacation at 43%
- Communication with the family (57%) or being available in case of emergencies (46%) are the main reasons that end up keeping people from being unplugged during vacations
- Indians (31%) that travel, access or share sensitive information while using public Wi- Fi, which is highest amongst the 14 countries surveyed- Mexico (19%), Brazil (18%), Japan (10 %), UK (10%) and Netherlands (09%)
- Indians lead their global counterparts in willingly sharing personal information such as credit card number or log in name/password. More than one out of three Indians (36%) shared their personal data even when they realize that this will make them vulnerable, which is highest amongst the 14 countries surveyed
- 37% of Indians could not last a day on vacation without checking social media This is second only to Japan (45%) when compared globally

High-end hotel brands are already gearing up to secure their operations

mation of their guests and thus, they should be protected in such ways that even accessing, transferring or making copies shouldn't be possible without authorisation. To achieve this, hotels can start with ensuring that their technology partners provide their services as per updated security regulations and standard protocols so that their organisation and their guests are protected always.

When it comes to data security breach, all categories of accommodation, whether high-end, budget, standalone or boutique is equally at risk to cyber and data security threats. High-end hotel brands are already gearing up to secure their operations; however, budget, standalone and boutique hotels need to up their game, asserted Atarthy.

When it comes to data security breach, all categories of accommodation, whether high-end, budget, standalone or boutique is equally at risk to cyber and data security threats

Currently, most data protection measures in hotels are very basic, from firewalls to physical security checks and do not focus much on cyber-security. IT security solutions at hotels are still at a nascent stage, since data exchange is largely unorganised. However, due to the recent demonetisation, hospitality organisations will need to step up their game as we are already seeing an exponential increase in digital payments, either through third-party vendor sites or direct payment portals. This will always remain a potential risk to the business and to their guests if data is not secured as it travels. Typically, hotels have always looked at IT and cyber-security as firewall investments. Lately, high-end hotel brands are looking at data security in a more holistic manner and are seen making the right investments. While they are

Companies with mature security programs can be breached. The threat landscape is increasingly dangerous and alarming

still far away from being fully secure, the current signs are positive.

On the customer's end, findings from the Intel survey indicate that 84% of Indians connect to the internet while on vacation. While doing so, they often access and share sensitive information without considering the potential cyber risks of divulging credit cards details, works mails and personal information on unsecured public Wi-Fi. There is still a need to raise awareness to adopt safe digital habits and share security measures to prevent personal information from being compromised while travelling.

Safeguarding

IT maturity is good within hotel industry, the importance being given to IT, and subsequently security which is above average in the hospitality industry. Awareness level within the hospitality industry has obviously seen a drastic participation proactively by initiating several compliance initiatives for securing card data environment by following industry best security practices and security standard.

If hotel brands think that they are immune from cyber-attacks then it is wrong. Companies with mature security programs can be breached. The threat landscape is increasingly dangerous and alarming. IT security models followed across have multiple layers of protection and each layer serves a purpose that is intended to safeguard sensitive business and customer data. Data-centric security is evolving rapidly and allows organisations to overcome the disconnect between IT security and the objectives of business strategy by relating security services directly to the data they discreetly protect.

Safeguarding is also significant as data breach would have long-term impact on the brand reputation, customer trust and guest loyalty. When a hotel brand is able to demonstrate reduced risk of data theft that would ensure more guests' trusting the hotel brand. As more satisfied guests translates into more business and enhanced revenues, hotel brands should focus on protecting sensitive business and guest credit card and payment card data, he states.

Hospitality brands cannot afford to store sensitive data haphazardly without proper protection. When people choose to stay at a certain hotel, they trust the hotel with these personal details. In today's disruptive marketplace, hotels can no longer depend on 'legacy trust' that has been built over years of being in the business. Today, it is about building new trust constantly, at every given point and channel of engagement. This is the 'new normal' in the world of hospitality, he outlines.

RECOMMENDATIONS FOR HOTELS

- Review all accounts with administrative access for password complexity
- Check your firewall logs, remote connection logs or Windows Security Event *Logs for successful logins from foreign IP addresses
- Regularly check POS systems for physical tampering
- Vulnerability Assessment and Penetration Testing (VA-PT) for both Network and Application layer on quarterly basis through recognised Information Security Companies

TECHNOLOGY

Top New TRENDS

In order to boost business all hotels must invest in this new generation tools. Here's first part of a series of our technology series.

Automated Check-In

Technology has successfully been able to eliminate human intervention at hotels as automated check-ins have come in the picture. The trend has been catching up as many of the international hotels have adopted the automated check in facility to change the way they serve their guests. The guests are able to book online, pay online and get immediate access to their rooms. Simplifying the check in process has transformed the entire experience to a more personalised one. Guests do not have to wait in a queue at the reception on their arrival but pass a simple process and go to their rooms. The facility not only assists a convenient and effective way of transaction, but also allows the hotel to invest in other service options.

Until recently, there were many hoteliers that were afraid that digital self-service would compromise the human aspect of the hospitality industry. But let's face it, guests have moved forward and now take everything digital as an inseparable part of their lives. It's the 21st century and we can no longer neglect the modern needs of our customers, right?

No matter if you fear the implementation of self check-in or consider it the next step in the modernisation of your hotel, there are ways hotel self-service will improve your working life and the experience of your guests:

Don't think that self service means lack of service. Answering the needs and meeting the expectations of guests is the core duty of every hotel employee, be it a manager, a receptionist or a housekeeper. And the same counts for hotel technology in terms of software applications or digital kiosk devices. Guest registration and check-in are for many people tedious procedures that they would gladly skip or finalise privately at their own convenience. In this regard, providing self check-in options to your guests can only contribute to their comfort and improve their experience on arrival which, in turn, increases the customer satisfaction with your hotel in general. There is no place for fear of dehumanisation here.

Automated check-in can help hotel staff focus on the things that matter most.Today's travellers expect to be given the freedom to choose and the flexibility to use self service for some of their interactions with any business, including a hotel. If they want to skip the check-in and thus postpone the first interaction with your staff, don't panic. In fact, check-in time is not the perfect moment to say "hello" and make a good first impression. Guests are often tired, have luggage to take care about, crying kids in their hands to watch after and the list goes on. All this means that with self check-in and other self-service options you can change the way you service guests completely – either do it with less employees or switch their focus to value-added face-to-face services that are more impressive than handing out a registration card and a key. Let's put it this way: a mom of two won't remember how politely you gave her the room key but will never forget if you distracted the two tired kids for a moment until she completed that self check-in procedure at the kiosk.

Self check-in creates upsell and revenue opportunities. It has a great advantage – guests choose the time they use it at their convenience. This means that they choose a calm moment to register and check-in to avoid the hectic rush in front of the reception desk. For you as a hotelier this means that you get another minute to present your services and upsell or cross-sell, e.g. by offering paid upgrades, extra services and amenities or packages with added value. And while there are many reasons why

Many hoteliers are afraid that digital self-service would compromise the human aspect of the hospitality industry

having a consistent upsell policy followed by your front desk staff can be a difficult task, the check-in kiosk machine and/or the hotel self-service app will always do the job thus leading to an increase in your revenue.

One issue with hotel self check-in has always been the integration between guest-facing apps and devices and the property management system the hotel uses. Data transfer and proper guest recognition have been the stumbling block for hoteliers to completely rely on the available self-service solutions. Luckily, these days are gone now and there are complete hotel management platforms where the data is accessible via multiple devices and shared across departments. This means that once a housekeeper marks a room as ready, a guest at the check-in kiosk can instantly book this room and get their key.

Another advantage of the system interoperability is that guest data is stored correctly in the hotel PMS and will be available the next time the same guest visits the property which caters to the service personalisation. Such data can include previously occupied rooms, special requirements and notes, customer preferences, company information if any and so on. With sophisticated PMS, since guests identify themselves with a personal code that comes with the booking confirmation, all data is stored with the correct email address and duplicate profiles are practically eliminated.

Hotel management software is slightly switching its focus from managing rooms and reservations to enabling real-time digital guest services in hotels. With the new generations of travellers and the constantly evolving online distribution marketplace, it is the capability of hotels to provide modern services that will help them remain competitive. Self-services in hotels, in terms of automated check-in, room selection, checkout, secure payment etc. eliminate the clerical part of the job for front office staff and leave more opportunity for human interactions, increase the accuracy of routine operations, reduce costs and improve the guest experience altogether.

In Room Automation

You've just checked into your hotel room. The lights turn on to provide the perfect amount of light and atmosphere just as you walk into the room. You notice that the temperature is an incredibly comforting 22 degrees, just the way you like it. And what's that on the nightstand? A control panel that allows you to control everything from the lights and drapes to the stereo and television, all from the comfort of the

Room automation system helps manage the energy used in a guest's room, which in turn saves money and provides environmental benefits as well

bed! Wow! This must be a dream.

Ah, but this isn't a fantasy. This is the reality that is now available in the hospitality industry through integrated room automation systems.

On the surface integrated hotel room automation systems seem to be of great value to the guest. After all, what's not to love about always having a comfortable room, being able to personally operate anything in the room from the seat of your pants, or not worrying about leaving the lights on when you leave the room?

But guest appreciation is not the only reason a hotel should adopt these amazing systems. Fact is, a room automation system helps manage the energy used in a guest's room, which in turn saves money and provides environmental benefits as well. How much energy and money you save, though, depends on what type of automation system you install. Some systems worth considering include:

Room-Based Occupancy Control

Room based occupancy control systems can be used to automate HVAC and/or room lighting for individual hotel rooms. These systems work by utilizing an occupied and an unoccupied setting in tandem with a device that determines occupancy. There are numerous devices available that can be employed to determine occupancy:

Passive Infrared Occupancy Sensors (PIR): These devices determine occupancy based on the heat emitted by an occupant, and can be mounted similarly to a smoke detector. Some even look like smoke detectors.

Wall-mounted Key Card Switches: A card must be inserted into the switch to activate the occupied setting. However, wall mount card reader is an example of this technology and can be cost effective compared to PIRs.

Entry Lock Switches: Occupancy is determined based on the locked or unlocked status of the room's door. This type of system often works best when used with a PIR to avoid false-offs.

These systems work effectively with either packaged terminal air conditioners (PTACs) or central cooling systems, and are also capable of working wirelessly. However, it's important to note that in terms of lighting control, these systems only work in rooms that are on a single circuit. Certainly not ideal in a hotel environment where few rooms are on a single circuit.

For those that would perhaps like a little test run of how this technology works without equipping a whole room, try implementing bathroom lighting occupancy sensors. These are easily installed in the bathroom's electrical box, provided this box is located in the bathroom. As long as the timeout period (the time that elapses before the lights automatically shutoff)is long enough, guests won't even notice it. And should a guest need a light to guide them in the middle of the night, there are systems with built-in night lights as well.

Fact is, 75 per cent of the lighting energy used in a bathroom happens when the bathroom is unoccupied and the lights are left on. So with a simple lighting occupancy sensor, you're sure to see some significant savings!

Building Automation–Based Room Control

Going a step further than room-based occupancy control would be automating the entire building. Generally this is most feasible for larger hotels. Systems, like the Guest Room Automation system developed by Pacific Con-

Guests are able to control lighting, temperature, and the operation of numerous other integrated devices from the comfort of their room

trols, allow guests to take an active role in managing their rooms while also giving hotels enough control to reduce energy waste. Guests are able to control lighting, temperature, and the operation of numerous other integrated devices from the comfort of their room. Perhaps this could spell the end of the "my room's too hot or cold" complaints? Hotel staff is also able to monitor occupancy status of rooms and set unoccupied rooms to lower settings to reduce energy use. Smarter settings, such as "sleep-mode" and "house-keeping" also help hotels more efficiently use energy without sacrificing guest comfort, a definite win-win in our book. Integrated Electronic Solutions' building automation platform even allows guest preferences to be saved and retrieved during a later stay! That helps to produce a great personalized guest experience, build loyalty and create that all important repeat customer!

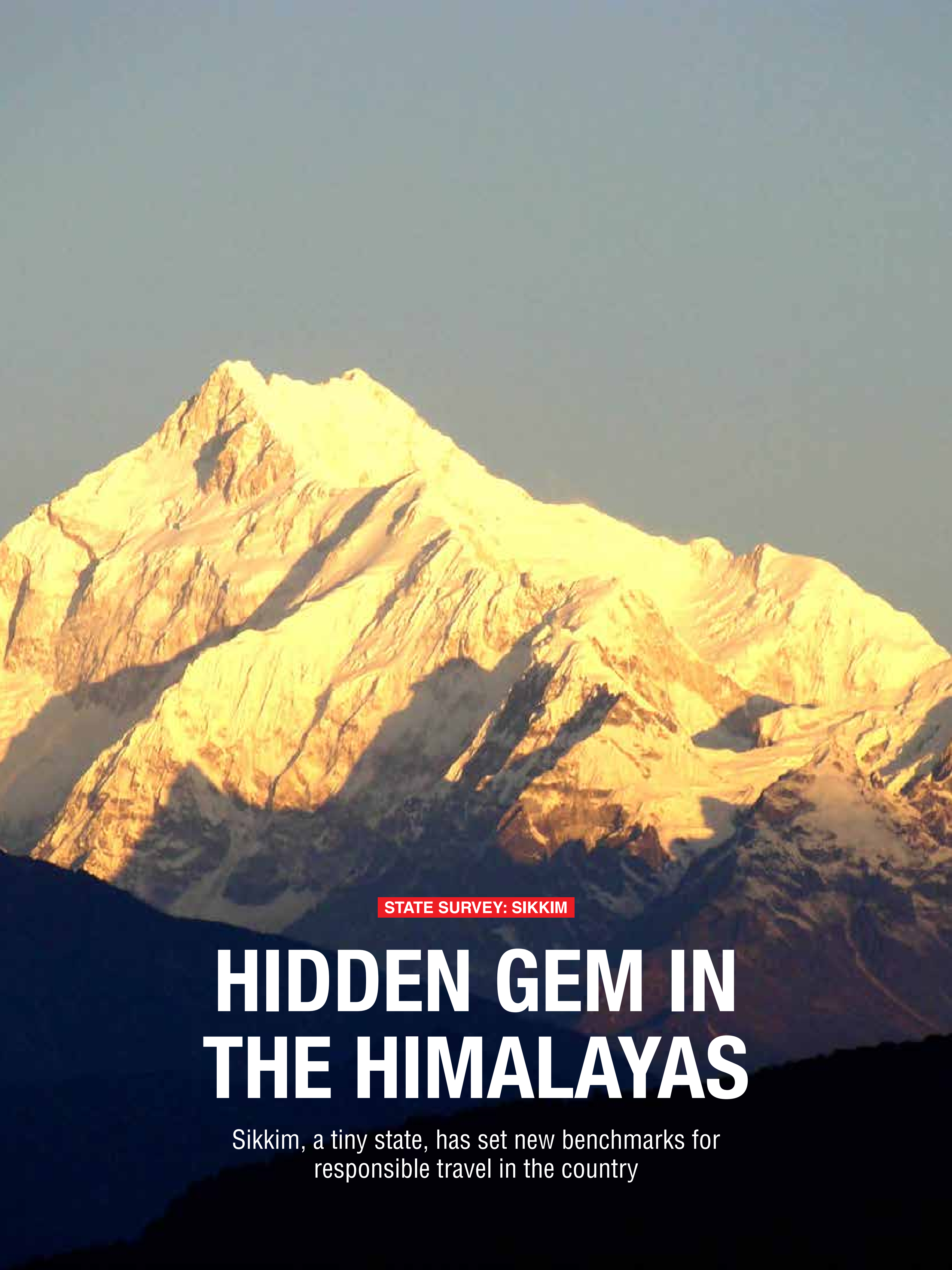
Integrated Electronic Solutions' building automation platform even allows guest preferences to be saved and retrieved during a later stay! This helps to produce a great personalized guest experience and build loyalty

Do be aware, however, that building automation systems tend to save less energy than room-based occupancy controls. This is because rooms using building automation systems spend less time in unoccupied mode. However, considering that building automation systems can also be applied to hotel common areas more easily than room-based occupancy controls, you'll be able to recoup with additional savings in those areas.

What You Can Expect

As integrated room automation systems are still a fairly new technology, especially in a hotel environment, hard data concerning energy savings is limited. The early results though have been promising with hotels saving anywhere from 25% to 50%. Payback periods of 2 years have even been achieved, though higher tech components, such as wireless equipment or building automation systems, likely will increase payback time. It can also be a wise decision for a hotel to put a Certified Energy Manager on staff; helping ensure that the right system is installed and that you're able to realize the energy savings you desire.

Of course you could always opt against any type of room automation in your hotel and use manual controls in your quest to conserve energy. This requires training staff to turn off lights and manually set back HVAC systems. While this approach conserves more energy than doing nothing, its overall effectiveness is highly questionable, especially compared to the automated alternatives. Moreover, manual controls might leave your guests feeling a little like Fred Flintstone. And when comparing that experience to another hotel's more 'Jetson' feel, you might just see yabba-dabba doo taking a back seat to the future



STATE SURVEY: SIKKIM

HIDDEN GEM IN THE HIMALAYAS

Sikkim, a tiny state, has set new benchmarks for responsible travel in the country

SIKKIM was a sovereign mountain kingdom till 1975, and still retains an exclusive identity. "Hassle free and warm- hearted, it's a state that's all too easy to fall in love with," describes travel guide Lonely Planet. "Clean, green and 'all organic' since 2016, Sikkim is mostly a maze of plunging, super-steep valleys thick with lush subtropical woodlands and rhododendron groves, rising in the north to the spectacular white-top peaks of the eastern Himalaya. When clouds clear, an ever-thrilling experience from many a ridgetop perch is spotting the world's third-highest mountain, Khangchendzonga, on the northwestern dawn horizon," it adds.

The government has taken all steps to keep the state pollution free, green and peaceful. Some of important actions taken are: systematic solid-waste management, total sanitation, ban on the use of plastics and non-biodegradable materials, launch of green mission programme, ban on green felling, protection of wildlife, implementation of the concept of Eco-cities and Eco-villages establishment, state commission on climate change, conservation of rich culture, ethnic traditions and unique heritage of the State and more so, in maintaining highest degree security.

The state is endowed by nature with a variety of destinations and circuits required for the tourists. Sikkim has impressive varieties of tourism products. The people are encouraged to preserve the old monuments and heritage sites. Village tourism is encouraged to preserve cultural heritage & handicrafts and to create better economic and employment opportunity in the rural areas. Floriculture is being promoted and all the hotels and restaurants have been requested to use natural flowers instead of artificial flowers.

To make tourism main livelihood of the people of Sikkim the state government is trying to turn each and every household and individuals to become a skilled force for tourism industry. In 2015 the Minimum Growth Graph (MGG) for future increase proposed is 11-17% annually with more quality tourists. Tourism development not only benefits the economic growth but it shall bring over all development of the State with high happiness and contentment in the society"

Nature has bestowed Sikkim with unique beauty, splendour with its lush green and undisturbed valleys, five climatic zones, peaceful, total sanitation, environment friendly, hospitable and smiling people and a rich cultural heritage –which is unparallel and would be hard put to create and find anywhere else. The most peaceful and crime free in the lap of Himalayas, "The land of Peace and Tranquility" Sikkim itself become its natural and unique USP with global appeal.

Mission Statements

i. Having realized "Tourism" as a major engine of economic growth, employment generator & poverty alleviator, the State Government has endorsed this sector as the main civil industry of the state.

ii. By focusing on quality tourism, the state government aims at promoting sustainable development of tourism and encouraging the private sectors to develop tourism related infrastructure & services without disturbing ecology and environment.

iii. Establish and strengthen the Institution of Network of Stakeholders (INS) which is government led, private sector driven and community welfare oriented. Both the government and private sector would be required to safeguard the stability and also the social and economic advancement of the local communities and other issues related to it.

iv. The deep-rooted relationship of tourism and culture, traditions, monuments, heritage, natural resources, environment, forests, wildlife & ecology will be fully recognised and provided for improvement, enrichment and up gradation and it will be considered as a linchpin of the tourism industry.

v. Effective linkages and close relationship will be established with interlinked departments and agencies such as home, police, forest, environment & wildlife, transport, roads, culture, rural management & development, urban development, PHED, industry, army, BRO, railways, civil aviation and NGOs etc.

vi. Conducive environment for public and private sectors collaboration and investments through facilitation, concessions and incentives and other policy related interventions. Also to create effective delivery mechanism for various kinds of incentives, concessions and conveniences to be provided by the government

vii. Sustainability shall serve as the guiding star for the policy. The development and management strategies will be worked out so as to ensure that tourism largely acts as a pollution free industry and its ecological footprints remain as soft as possible. Over-ex-

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Sikkim's snowclad peaks and frozen lakes make the state a unique tourist destination

ploitation of natural resources will not be permitted nor the carrying capacity of the tourist-sites ignored.

viii. Greater emphasis will be laid on eco-tourism whose parameters will be broader than those of nature tourism alone. It must help in elimination of poverty, ending unemployment, creating new skills, enhancing the status of women, preserving cultural heritage, encouraging tribal and local crafts and in improving overall environment and facilitating growth of a sound and fair social order.

ix. Special thrust will be imparted to village/rural tourism, homestay and tourism in small settlements, where sizeable assets of our cultural and natural wealth exist.

x. Responsible Tourism aimed at involving local community in the development and management of tourist's destinations will be the base.

xi. "The major constraints are poor connectivity and inadequate tourist facilities. State Tourism Policy needs to address these issues; the State could consider building up tourism infrastructure in a PPP mode. The other aspect to be mindful of in preventing any adverse impact of these activities on the fragile ecology and environment of the state

xii. Due importance will be given to Domestic Tourism, particularly tourism connected to pilgrimage, culture, tradition & heritage, adventure, eco-tourism, wellness Tourism, Peace/ mind rejuvenation and it will be so designed that infrastructure created under it will serve as a backbone of international quality product in the time to come.

xiii. Implementation of policy statements & declarations made at various North- Eastern Council- Sectoral Summits organized by the Ministry of Development of North Eastern Region, Government of India for accelerated development of the north eastern region. As per this, the tourism sector holds the highest promise for generating high employment and income-augmentation opportunities.

xiv. A new class of tourists with marked preferences for adventure, distant destinations, caves, forests,

The state's natural beauty is unparalleled

wildlife, lakes, nature lovers, educational, research, etc. is emerging. This class is not looking for luxury accommodations but only for simple and clean places to stay. For this the premium destinations for country side stay, home stay and camping sites will be encouraged and promoted.

xv. Bestowed with natural resources, pollution free, green and eco-friendly state, the wellness tourism will be promoted in its totality along with Ekant Vas & Agyat Van Vas as the integrated part of it.

xvi. To promote organic State and the local organic products and cuisine will be made use of and effectively encouraged

xvii. The tourist industry, hotels and travel agents will be persuaded to evolve and adopt voluntarily a Code of Ethics (CEs) and its infringement will be firmly dealt with by suitable legislation, rules and guidelines

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xviii. A section of State Police or other force will be earmarked or private security agency will be engage to act as Tourist Police and special training will be imparted to it

xix. Promotion, publicity & marketing of tourism and all tourism products will be taken up in well planned manner at national and international level

xx. The civilisational issues as well as issues pertaining to civic administration and good governance will be attended to and made an effective part of the tourism policy

xxi. Proper cleanliness and solid waste management and hence, to promote quality tourism

xxii. In order to increase the duration of stay, special emphasis will be given to open new areas, prime & lesser known destinations, enhance local cultural activities, and to promote the country side.

xxiii. To break the seasonality factor of tourism and promote all season tourism by having winter tourism, monsoon tourism, flower festivals, conferences/ conventions/ seminars, pilgrimage, adventure activities, tourism related institutions, Wellness-peace-health rejuvenation months stay etc.

xxiv. To review the current tourism Master Plan and follow and implement the new Tourism Master Plan for Sikkim being prepared by Singapore based consultant.

xxv. Creating a massive people's movement to convert all weaknesses of the Tourism sector in to the strength of tourism sector.

Tourism Products

The State is naturally gifted having all sorts of destinations and circuits required for the tourists and some of impressive varieties of our Tourism Products are:

a. Nature & Trekking Tourism
b. Eco-tourism & Wilderness Tourism

Tsomgo Lake, Nathula Pass and Baba Mandir are among the most visited places in Sikkim

- **c.** Village/Rural & Home stay Tourism
- **d.** Adventure Tourism
- **e.** Wellness Tourism: Meditation, Yoga, Spa & Herbal medicine etc
- **f.** Pilgrimage & Buddhist Tourism
- **g.** Culture & Heritage Tourism
- **h.** Conference Tourism (MICE destination)
- **i.** Tea Tourism
- **j.** Snow Travel and Hydro Tourism
- **k.** Flori-Tourism
- **l.** Geo-Tourism (fossil study)
- **m.** Fairs-Festivals Tourism
- **n.** Wedding/Honeymoon Tourism
- **o.** Peace /Health Rejuvenation Tourism
- **p.** Heli Tourism
- **q.** Monsoon Tourism
- **r.** Cave Tourism
- **s.** Akant Vas & Agyat Van Vas
- **t.** Developments of lakes and wetlands
- **u.** Wayside Amenities- at every 10 Kms distance
- **v.** Arts Crafts and Souvenir
- **w.** Premium Destinations

Action Plans

There are different classes of tourism interests for both in the domestic and international tourism and the competition is very high. The state needs to catch up the new market and also to sustain the existing market and hence this aspect would be given highest priority with professional management along with updating the State of World market for tourism.

Responsible Tourism now has to focus on the economic participation of local people as direct owners in the business of tourism not just as beneficiaries of charity. Tourism has to contribute to socio-economic development by supporting the conservation of natural and cultural heritage. Tourism has to provide opportunities for employment at the community level. Government and tourism enterprises can make a significant contribution by changing their procurement practices and supporting local entrepreneurs to develop the quality and quantity of their goods and services to meet market demands.

Tourism needs to prove its link with poverty reduction rather than relying on the concept of trickledown. Government and development agencies need to address the challenge of spreading the benefits of tourism geographically and to the poor.