

# **Update on IATO Activities (Wednesday 16<sup>th</sup> February to Monday 28<sup>th</sup> February 2022)**

**Dear Members**

Greetings

Please find appended relevant activities of our association for the period (Wednesday 16th February to Monday 28th February 2022)

Segments covered are

- 1. Communication / Letters that addressed key issues**
- 2. Webinars/ Panel Discussions/Circulars/Meetings/Chapter news**
- 3. Media Coverage**
- 4. Chapter News**

Request your feedback to further the content of our weekly report.

## **1. Communication / Letters that addressed key issues**

**Segment 1 update sequence by date:16, 17, 21, 23 February**

### **Wednesday, 16<sup>th</sup> February**

- **IATO apprised Mr. Neeraj Sharan, Assistant Director General (TT), Ministry of Tourism on the difficulty being faced by the tour operators and other service operators while applying for renewal or fresh application due to Unsecure link of “Apply for e-Travel Trade Recognition”**

IATO requested that

1. SSL Certificate for the above link may be taken and site should be secured.
2. Till the time, site was secured and SSL certificate was obtained, all those service providers whose renewal had expired or was expiring during the period, should be given chance to upload their documents within 15 days after the site starts working smoothly.
3. Service Providers whose renewal had expired should not be treated as expired and they should not be asked to apply for Fresh Approval and their recognition should be under Renewal category.

*A Copy of the letter was marked **A.** Secretary Tourism, **B.** ADG Tourism and **C.** Director TT, Ministry of Tourism, Govt of India.*

- **IATO forwarded a letter to ADG Tourism, MOT GOI, which it had sent to Mr. G.D. Lohani, Joint Secretary (TRU), Ministry of Finance, Govt. of India for the scheduled meeting on 1) Removal of Cascading effect of GST on Tourism Industry and 2) Withdrawal of Tax Collection at Source (TCS) for the foreign tourists.**

The Bullet Note with pointers on both the above issues were:

1. **Removal of cascading effect of GST**

- The services of tour operators were taxed @5% GST with no ITC.
- A tour operator typically worked on a mark-up of 10% of his gross billing.
- Applying 18% GST on the mark-up (deemed value), the effective rate of tax should work out to 1.8% of gross billing with no ITC.
- Levy of GST @5% on the gross billing of the tour operator results in taxing all input services procured and used by the tour operator which results in cascading of taxes in the entire supply chain. The very purpose of GST regime gets defeated.
- IATO suggests that the tour operator industry may be taxed @1.8% GST on the gross value which is near to taxing on the 10% average mark-up earned by the industry.

2. **Exemption of GST on services provided outside India**

- Quite often, the foreign tourists visit India and in continuation, go to neighbouring countries viz; Nepal, Bhutan, Sri Lanka, Maldives etc. Since the package cost of the combined tour is pre-determined without any break-up, a tour operator in India organizing such a tour is required to pay GST on the entire package cost.
- However, IGST is fully exempted in case services are provided to the foreign national wholly outside India.
- IATO recommended that in the case of combined tour covering India and neighbouring countries in the single package, GST/IGST may be fully exempted on the portion of services provided outside India / neighbouring countries, even if the package includes India tour.

3. **Small correction in the conditions of Sl. No. 23 of CGST Notification No. 11/2017-CT (R) dated 28.6.2017**

- The services of tour operators are taxable @5% GST under Sl. No. 23 of the CGST Notification No. 11/2017-CT(R) with no ITC.
- One of the conditions was that the bill issued for supply of service indicated that it was inclusive of charges of accommodation **and** transportation required for such a tour and the amount charged in the bill was the gross amount charged for such a tour including the charges of accommodation **and** transportation required for such a tour.
- It was understood that in many cases a tour operator arranged hotel accommodation standalone or accommodation, sightseeing, guide and other similar services but not air/rail transportation.

- This condition may be interpreted by the Department as if both accommodation and transportation should necessarily be provided by a tour operator to qualify for 5% GST rate.
- IATO suggested that the word “and” appearing between the terms accommodation and transportation in condition No. 2 against Sl. No. 23 of said notification to be replaced by the word “or” instead of “and”.

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#### **4. Withdrawal of tax collection at source (TCS) for the foreign tourists**

- A tour operator was required to collect TCS @ 5% from a buyer purchasing overseas tour program package under section 206C of I.T. Act, 1961.
- The provisions do not restrict the buyer as Indian citizen or the company / any other entity setup / registered in India. Therefore, a buyer could be any person including foreign citizen or a non-resident company / entity.
- A foreign citizen was not amenable to Indian Income Tax law and as such he did not get tax credit in his home country in respect of TCS collected and deposited by the tour operator. As such, Indian taxes levied on the foreign citizen touring India are getting exported out of India, which is certainly not the policy of the Govt. of India.
- IATO recommended that TCS should not be made applicable on foreign citizens / tourists/ entities and should be spared from levy of TCS.

### **Thursday, 17<sup>th</sup> February**

- **IATO requested Mr. J. B. Mohapatra, Chairman, Central Board of Direct Taxes Ministry of Finance to discuss Withdrawal of tax collection at source (TCS) for the foreign tourists**

IATO apprised that when they met the Hon'ble Finance Minister in her office and it was requested that the provisions of TCS should not be made applicable to foreign citizens / foreign tour operators located outside India as they do not possess any Indian Pan Card to claim refunds. The provisions of TCS should not apply in case the foreign tourist visits India and thereafter proceed to foreign country including neighbouring country or vice versa. Such a composite package does not technically qualify as “overseas tour program package” as defined in section 206C (1G) of I.T. Act, 1961.

Hon'ble Finance Minister understood the view point and assured to look into the matter and would withdraw TCS on foreign citizens/foreign tour operators as it was illogical to levy TCS on foreign tourists/foreign tourists as they were neither liable to pay income tax in India nor did they hold Indian Pan Card and hence cannot claim refund also.

*A copy of the letter was marked to Ms. Anuja Sarangi, Member (Admn. & Faceless Scheme(s), Central Board of Direct Taxes, Ministry of Finance*

## **Monday, 21<sup>st</sup> February**

- **IATO wrote to Shri Rajiv Bansal, Secretary (Civil Aviation) on the disruption in flight movements due to Runway Re-Carpeting work.**

IATO was given to understand that Andaman & Nicobar that runway of Port Blair, Andaman & Nicobar Islands was going to be closed for 4 days a week in the month for March, April and May 2022 for Runway Re-Carpeting work, for which notification had been issued.

Unlike other states the Veer Savarkar International Airport was the only connectivity between Port Blair with the mainland India. Tourists generally come to these islands for 4-5 days and 7 days' itinerary would discourage them to choose Andaman as destination which would be due to the 4-day non-operational runway.

IATO requested to reconsider the decision and explore all possibilities to avoid closure of the runway and operation of flights could be allowed on all days from Morning till 2 pm and work can be done from 2 pm onward till next day morning. Never in the history of the islands the islands would be cut off like this and therefore some balance would need to be arrived at to ensure that the airport remains operational on all days,

*A Copy of the letter was marked to **A.** Lt. Governor Andaman & Nicobar Islands, **B.** Secretary Tourism, Ministry of Tourism, **C.** Director General, Directorate General of Civil Aviation and **D.** Additional Director General, Ministry of Tourism*

- **IATO also apprised Shri Ajay Bhatt, Hon'ble Minister of State for Tourism and Defence on the above subject and requested that since the Hon'ble Minister was holding the charge of Minister of State for Defence, if he could kindly help in the matter and consider request of IATO favourably to allow operation of flights on all days from Morning till 2 pm and work could be done from 2 pm onward till next day morning.**

*A Copy of the letter was marked to ADG Tourism, Ministry of Tourism*

## **Wednesday, 23<sup>rd</sup> February**

- **IATO requested Shri Ashwini Vaishnaw, Minister for Railways to maintain Luxury Train Package Cost and Haulage Charges and there should not be any increase for next 5 years**

IATO apprised that Due to Covid-19 pandemic, practically all tourist trains were not operational for the last 2 years. In order for us to revive business for the luxury trains, it is imperative that we should be able to compete with our neighbouring countries and provide Indian Tourism Products inclusive of luxury train packages, on competitive rates.

It is therefore Humbly requested that :-

- Haulage charges of all luxury trains should be maintained and there should not be increased for next 5 years.
- Indian luxury trains tariff for all luxury train for upcoming seasons must be maintained for next 5 years.

This will help us to retain & generate new business for the luxury trains.

*A copy of the letter was marked to A. Shri G. Kishan Reddy, Hon'ble Minister of Tourism, B. Shri V.K. Tripathi, Chairman & Chief Executive Officer, Railway Board and C. Shri Arvind Singh, Secretary (Tourism), Ministry of Tourism*

## **2. Webinars/ Panel**

### **Discussions/Circulars/Meetings**

**Segment 2 update sequence by date:17,21,22,24,25,26 February**

## **Thursday, 17<sup>th</sup> February**

- All Members were informed on the IMTM 2022 - International Tourism Exhibition in Tel Aviv ISRAEL- 29-30 March, 2022
- All Active Members were asked to submit a piece of Information needed by the Ministry of Finance to consider removal of GST on services provide in Neighbouring Countries
- IATO had a very important meeting with Joint Secretary (TRU), Ministry of Finance, Government of India-to discuss following important issues: -
  1. Removal of cascading effect of GST on Tourism Industry
  2. Withdrawal of tax collection at source (TCS) for the foreign tourists

On the Removal of cascading effect of GST on tourism industry, IATO mentioned the following: -

- GST to be levied @ 18% on 10% mark-up, i.e. only to charge @ 1.8% GST on Tour Operators services.
- A small correction is to be made in the conditions prescribed against 5% GST notified for tour operators services as there is anomaly in the notification for Removal of GST on services provided outside India to foreign tourists
- On the issue of Removal of GST on Service Provided outside India, IATO had requested that GST/IGST may be fully exempted on the services provided outside India i.e. in neighbouring countries even if package includes India tour. As a result of tax exemption, bookings would come to Indian Tour operators instead of such bookings going in favour of tour operators based in neighbouring countries. This will add considerable foreign exchange for the country.

All points were well taken. However, Joint Secretary (TRU) has asked from IATO the percentage of foreign exchange being paid to Nepal, Bhutan, Sri Lanka, Maldives or other neighbouring countries out of the total combined package tour cost. Also advice how much business IATO Members lost due to GST on outbound services.

### **Monday, 21<sup>st</sup> February**

- All Members were apprised on the pending refund from The Lalit Hotels and were requested to send the HOTEL WISE details to IATO office by 24<sup>th</sup> February 2022.

### **Tuesday, 22<sup>nd</sup> February**

- All Active Members were informed on the Invitation from PHDCCI for Border Tourism Conclave from 27<sup>th</sup> February to 1<sup>st</sup> March 2022, at Royal Desert Camp, Jaisalmer, Rajasthan

### **Thursday, 24<sup>th</sup> February**

- All Members were requested to contribute towards the contents of IATO Speaks (IATO Newsletter)

### **Friday, 25<sup>th</sup> February**

- A Virtual Training Programme on Taj Hotels Promo Code Special Rates for IATO Members was held on Friday, the 25<sup>th</sup> February 2022 on Zoom. All Members (Tour Operators & Travel Agents) were informed.
- All Active Members were detailed on the FAM Tour for promoting Maharashtra Tourism

# Saturday, 26<sup>th</sup> February

- Celebrating Azadi Ka #AmritMahotsav, Ministry of Tourism and the Association of Indian Universities organised the 7th episode 'Explore India, Discover Yourself' from the 12-episode webinar series at 1200 hrs and e followed by a quiz. All members were informed.

## 3. Media Coverage

Segment 3 update sequence by date: 17, 22, 24, February

### Thursday, 17<sup>th</sup> February

www.twotv.in



Travel World Online

16th Feb 2022



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#### FAITH unveiled vision 2035 for a tourism driven India

FAITH has released an India tourism vision with a vision statement, goals and a tangible execution path to begin today for the country commemorating the 75th golden year of Indian independence.

**Nakul Anand, Chairman FAITH** shared the broad highlights of vision 2035 to make Indian Tourism preferred and loved by global & domestic tourists, to create economic and wealth infrastructure creation opportunities for tourism entrepreneurs & employees & to be a role model sector for sustainable and inclusive growth.

It targets 75 million inbound tourists, \$ 150 bn of foreign exchange earnings, 7.5 billion domestic tourism visits, 15 crore direct and indirect jobs from tourism, \$ 225 bn from domestic tourism, \$ 1.1 tn + + GDP impact direct and indirect 75 mn outbound travellers.

He mentioned that execution of this vision will be achieved by four strategic pillars - shared national approach, market excellence, value accretive regulations and investment drivers.



India has one of most unique natural heritage of the world, blessed country being only one of the 17 Megadiverse countries sustainable and responsible development plan, hub & spoke, all season, inter-modal connectivity to all Adventure destinations, get a respectable market share of 5-10% in the \$ 750 bn, global adventure market, be recognised export industry either through SEIS like instruments with 10% duty credit and a Sub brand to our incredible India main brand, supporting visa categories, rescue centres.

**Tejvir Singh - Alternate Board Member to FAITH from ATOAI**



Domestic tourism is already the second highest in the world with almost 2.3 billion domestic tourism visits, mentioned on Tour operators should be 1.8% with full set offs, make available an income tax exemption on travelling within India, Connectivity in each state between state capitals and tourism centres domestic tourism is already the second highest in the world with almost 2.3 billion domestic tourism visits, mentioned on Tour operators should be 1.8% with full set offs, make available an income tax exemption on travelling within India, Connectivity in each state between state capitals and tourism centres

**PP Khanna, President - ADTOI,**



MR Girish Oberoi, mentioned tourism needs to be priority sector, hotels & restaurants across each state of India need to be declared and treated as an industry, The 18% GST category for hotels above room rates of ₹ 7500 must be abolished and merged with the 12% gst. Gradually it should be brought down further below 10% with full set offs in line with global trends. Restaurants too have an 18% and also 5% slab but which is without setoffs. The 18% category needs to be abolished and there needs to be an option made available of Gst at 12% with full set offs. E- Single window clearance at a national level must be enabled for hotels & restaurants.



**Randhir Vikram Singh,** the president of IIT-IA Heritage tourism segment is to target must be minimum 10 million to 30 million heritage foreign tourists. At the same time our young and upcoming generation must actively connect with our rich past. Thus the target for domestic heritage tourism visits for heritage must be 1 billion to 3 billion. Between centre and state jointly target 3 heritage centres of tourism excellence, need a heritage tourism board in coordination with IIT-IA.



Tourist transportation is the backbone of domestic tourism. Between centre and state we should aim to provide a seamless, safe and standardise all Inter State road taxes and payable at a single point. The renewal of All India permits, local permits, Fitness for New cars all need to become paperless and authorized dealerships of respective manufacturers may be allowed for valid fitness.

**Sharat Chandra,** the treasurer of Indian tourist transportation association



**Rajiv Mehra,** President - IATO



In the pre- covid period India had a global share of 1.2% international travel. This is not commensurate with the size and scope of India can offer. inbound tour operators need to have an operating cash subsidy to pay salaries and operating costs, the Foreign Trade Policy which is being planned a duty credit similar to earlier SEIS rate should be made effective at 10% inbound tourism which earns foreign exchange needs to be treated at par with merchandise exports and needs to be zero rated on Gst. The Gst on Tour operators should be 1.8% with full set offs which is calculated as 18% gst on a 10% margin. Currently at 5% that too without setoffs it effectively comes to 18% on a 38% margin which is penal. The commercial flights need to resume in full to ensure affordable rate travel.

**Jyoti Mayal,** the president - TAAI



Whether it is outbound, domestic or inbound travel or in segments of business travel, leisure travel, weddings travel, conference travel or special activities such as medical or rural tourism travel we look forward to creating multiple opportunity for our travel agents fraternity. Enable our travel agents communities to partner and create combinations of online and offline models. Partner with multiple country tourism boards to collaborate with the Indian travel agents. India to be aviation hub. Ensure that TCS on outbound travel is not levied. Protect our fraternity from fly by night operations. Not depend upon IATA and need an indian body.

**Ajay Prakash,** the president - TAFI



The first objective to double our mice share to 2.5% of the world and then doubling it over medium to long term. In the global international congress associations rankings our goal will be to take India's rank to the top 10, aim to benchmark the mice infrastructure of our Indian cities to the top global mice cities. Pre covid we had 1 city in the top 100 rank. Our goal must be to have 3 Indian cities in the top 100 in the medium term post covid and 6 - 10 cities in top 100 in the medium to long term.

**Amresh Tiwari,** the vice chairman - ICPB



We need to recognise mice tourism and a sub-brand to the main brand incredible India. Target global congress, conventions and conferences, and social events we need to create a global mice bidding fund with a corpus for ₹ 500 crores.

Our primary vision for our travel agents fraternity is foremost to ensure their security and their protection while making efforts to identifying their business expansion possibilities. Travel agents payments to principals is unsecured credit and we need to ensure that some form of mechanisms whether escrow or guarantee or underwriting based mechanisms are in place to ensure that travel agents money stays secure. India is going to be one of the biggest source market for outbound travel. We see this as the largest opportunity for our travel agents fraternity. In 2019, pre-covid 27 million Indians travelled outwards. We see this doubling in the medium term and then increasing again to almost 75+ Million travellers. We need to plan to create to increasing the number of countries opportunity for our travel agents fraternity. The applicability of TCS on puts our travel agents business models under threat as they make us expensive to book by 5 - 10%.

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THURSDAY FEBRUARY 17, 2022

# TOURISM BREAKING news

DDP PUBLICATIONS



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**GOA: ANOTHER BLOW TO  
TOURISM, SHARP DROP IN  
KAZAKH CHARTERS**

## Need to develop mechanism with government to secure travel agents' money: TAFI



Ajay Prakash, TAFI President, emphasised on need to devise a method to protect travel agents' funds, with the govt. "Payments to principals by travel agents constitute unsecured credit, and we must ensure for some system like escrow, guarantee, or underwriting-based methods are in place to keep travel agents' money safe. We look forward to engage with govt. on this," he said



**SKYUP AIRLINES  
ANNOUNCE BIRD TRAVELS  
AS IT'S GSA IN INDIA**

## Govt. looking into extending the March deadline for free e-visas to India: Rajiv Mehra



Rajiv Mehra, President IATO and Secretary General FAITH, said that since visa issuance initiation, 1,25,000 e-visas & 50,000 paper visas were issued. Speaking on 5 lakh free e-visas limit till 31<sup>st</sup> March "We are after the govt. for extending the time limit & it is being looked into. It will be addressed I think, when Ministry of Home Affairs announces the restoration of all visas," he added.



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**KERALA LAUNCHES  
'HONEYMOON HOLIDAYS'  
TO PROMOTE TOURISM**

## ANTO webinar titled 'Tirol-Your dream destination 2022' on 25<sup>th</sup> Feb at 3pm IST



Austrian National Tourist Office (ANTO) is organising a webinar titled "Tirol-Your dream destination 2022" for the travel trade on Friday 25<sup>th</sup> February, 2022 at 3pm IST. Attendees would be able to explore the various offerings of Tirol through the online show. Register on <https://event.webinarjam.com/register/366/yml0bq7> or contact [jaspreet.kaur@ddppl.com](mailto:jaspreet.kaur@ddppl.com) or call +91 9650196532.



**VIRGIN GALACTIC  
REOPENS TICKET SALES  
FOR SPACE TOURISM**

## Investor meet-ups crucial for development of tourism: AP Tourism Minister



Muttamsetti Srinivasa Rao, Tourism Minister, urged tourism officers to look into other strategies to entice traders and organise traders' meets, to provide a platform to engage with traders from various segments and give a boost to tourism. Since, last year's investors' meet in Vizag drew a positive response. He said that the government's new tourist strategy was also investor-friendly.

For more information contact [harshal@ddppl.com](mailto:harshal@ddppl.com) +91 96194 99167  
[arumita.gupta@ddppl.com](mailto:arumita.gupta@ddppl.com) +91 96503 99908  
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## ➤ President on Trav Talk TV



- Shiv Sena MP raised question in Rajya Sabha quoting IATO's request for financial grant and reply on this by MOT Mr G Kishan Reddy

GOVERNMENT OF INDIA  
MINISTRY OF TOURISM

**RAJYA SABHA**  
**UNSTARRED QUESTION NO.302**  
ANSWERED ON 03.02.2022

### REPRESENTATION FROM IATO

302. SHRI SANJAY RAUT:

Will the Minister of **TOURISM** be pleased to state:

- (a) whether Government has received any representation from the Indian Association of Tour Operators (IATO) for one-time financial assistance and relaxation of seven-day quarantine rule for travelers from non-high risk countries, to help prevent closure of business and jobs losses;
- (b) if so, the details thereof and Government's response thereto; and
- (c) the details of steps taken or proposed to be taken by Government to revive current tourism industry by bringing more foreign tourists to the country?

### ANSWER

MINISTER OF TOURISM

(SHRI G. KISHAN REDDY)

(a) to (b): Yes, Sir. The representation of Indian Association of Tour Operators (IATO) regarding one-time financial assistance and relaxation of seven-day quarantine rule for travelers from non-high risk countries has been received in the Ministry of Tourism and this has been forwarded to the concerned Ministries such as Ministry of Finance and Ministry of Health & Family Welfare (MoH&FW) for consideration and taking appropriate action.

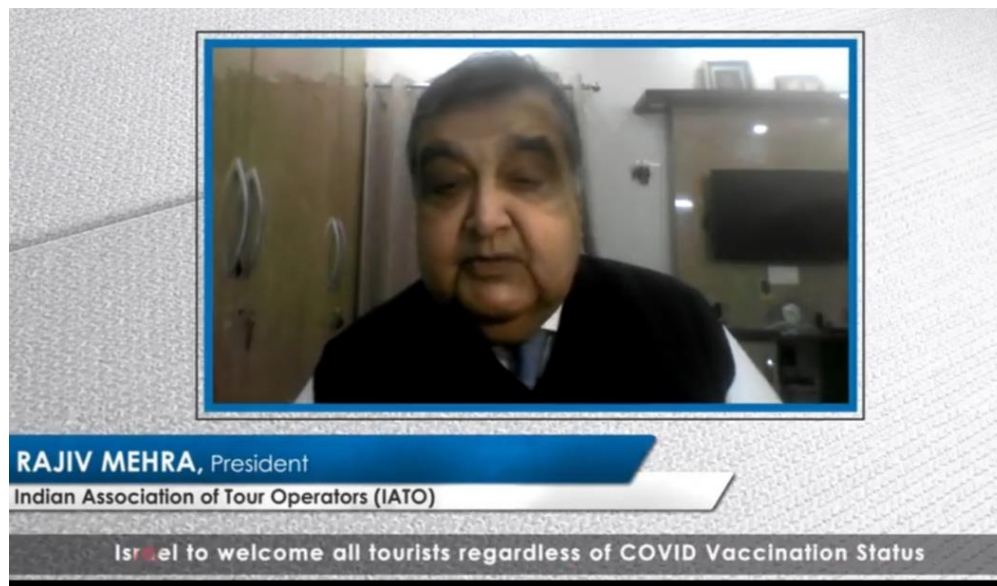
(c): Following are the steps taken by the Government to revive current tourism industry by bringing more foreign tourists in the Country:

- i. The Government allowed foreign nationals to enter into India for tourism purpose on e- Tourist Visa/ Tourist Visa through Chartered flight ( for Group Tourism only) w.e.f 15th October,2021 and for Individual foreign nationals w.e.f 15th November,2021.
- ii. Free Tourist Visa to 5 Lakh Tourists: As per the announcement, once Visa issuance is restarted, the first 5 lakh Tourists Visas will be issued free of charge. The benefit of free of charge visa will be available only once per tourist during the issuance of the first 5 lakh tourist visas (free of charge visas). The scheme will be applicable till 31st March 2022 or till 5,00,000 visas are issued, whichever is earlier.
- iii. The Ministry of Tourism under its Overseas Promotion and Publicity Scheme promotes India as a holistic destination in the tourism generating markets overseas with a view to attract foreign tourists and increase India's share of the global tourism market. The above objectives are met through an integrated marketing and promotional strategy, and a synergized campaign in association with the Travel Trade, State Governments and Indian Missions.
- iv. The Marketing Development Assistance (MDA) programme of the Overseas Promotion and Publicity Scheme provides for extending financial assistance to approved Tourism Service Providers and States Government/ Union Territory Administrations for undertaking promotion of tourism to India in the overseas markets.

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## Tuesday, 22<sup>nd</sup> February

- President talks about the disruption in flight movements due to Runway Re-Carpeting work at Andaman Airport and offered solutions on Trav Talk TV



## Thursday, 24<sup>th</sup> February

- President advocates E Tourist Visa for UK and Canada on an urgent basis



## 4. Chapter News

**Segment 4 update sequence by date:21,22,26 February**

### **Monday, 21<sup>st</sup> February**

- Chapter Chair Gujarat met the New MD of Gujarat Tourism Mr Alok Pandey along with 02 IATO members. They had good discussion with him on Tourism prospects in Gujarat and also briefed him about IATO & handed him the IATO manual.



## **Tuesday, 22<sup>nd</sup> February**

- GMR, Hyderabad is the 1st airport in India, to initiate the discussions and presentations to the Govt, "How to Increase Inbound Tourism". IATO (TS&AP) was part of that initiative.



## **Saturday, 26<sup>th</sup> February**

- IATO chapter (TS&AP) trained MoT guides and took them on FAM tours to new destinations.

