

- Offering credit and debit service to corporates, banks, and financial institutions, the service, aimed at integrating all regional ECS into one National Payment System, is claimed to be better than its predecessor, Electronic Clearing Service.
- NACH System can be used for making bulk transactions towards distribution of subsidies, dividends, interest, salary, pension etc. and also for bulk transactions towards collection of payments pertaining to telephone, electricity, water, loans, investments in mutual funds, insurance premium etc.

12. Currency chest

- **Currency chest is a place where the Reserve Bank of India (RBI) stocks the money meant for banks and ATMs.** These chests are usually situated on the premises of different banks but administrated by the RBI.
- **The money present in the currency chest belongs to the RBI** and the money, kept in the strong room outside the currency chest belongs to the bank.

How is the loss recovered in case of a crime resulting in loss of cash?

- As per the set guidelines, the bank, in which the currency chest is situated is liable to fulfill the loss of the currency chest.
- **The security of currency chests is the subject of the bank in which chests are situated.** The Reserve Bank of India (RBI) reimburses the security expenses to the bank as per the set norms.

13. Digital tax in India

India was the one of the first countries to introduce a **6 per cent equalisation levy in 2016**, but the levy was restricted to online advertisement services.

However, India **introduced the digital tax in April 2020** for foreign companies selling **goods and services online** to customers in India and showing annual revenues more than INR 20 million.

Applicability:

India has expanded the scope of the equalisation levy over the last few years, **to tax non-resident digital entities.**

- While **the levy applied only to digital advertising services till 2019-20** at the rate of 6 percent, the government in April 2020 widened the scope to impose a **2 per cent tax on non-resident e-commerce players** with a turnover of Rs 2 crore.
- The scope was further widened in the Finance Act 2021-22 **to cover e-commerce supply or service when any activity takes place online.**
- Since May 2021, this also includes any entity that systematically and continuously does business with **more than 3 lakh users in India.**

When will the tax not apply?

Offshore e-commerce firms that sell through an Indian arm will not have to pay.

- This means if the goods and services sold on a foreign e-commerce platform are owned or provided by an Indian resident or Indian permanent establishment, they will not be subject to the two percent equalization levy.

Why was it imposed?

The equalisation levy was imposed “to give level playing field between Indian businesses who pay tax in India and foreign e-commerce companies who do business in India but do not pay any income tax here.

Which other countries impose such a levy on digital sellers?

1. **France** imposes a three percent digital services tax.
2. In the **ASEAN region**, Singapore, Indonesia, and Malaysia impose a digital service tax.