



**For immediate release**

## **IDSA Welcomes Kerala Finance Bill 2015**

Kerala State Government passed the Financial Bill 2015 on 29<sup>th</sup> July 2015 covering Multi-Level-Marketing entities under section 2 of Kerala Value Added Tax Act. IDSA (Indian Direct Selling Association) welcomes the State Government's initiative of considering challenges of MLM Entities and giving relief to the distributors and Direct Sellers.

Under Section 6 and Section 15, if Multi-Level-Marketing entities pay tax on maximum retail price under this provision, subsequent dealers in the chain shall not be liable to take registration and shall be exempted from payment of tax on such goods. That means the Direct Sellers will not be liable to pay any tax. Tax will be paid only by Direct Selling Entities. This has boosted the morale of the Direct Sellers, said Chavi Hemanth.

The liability to pay tax shall be on the taxable turnover. Any Direct Seller with total yearly turnover more than INR 10 Lacs has to pay tax.

**Ms. Chavi Hemanth, Secretary General, IDSA** said, *this is a welcome step because it ends the uncertainty about Multi-Level-Marketing Industry.* It would add into credibility of MLM/Direct Selling Entities in the state and would enhance *consumer's reliability on Direct Sellers.* *This initiative indeed shows the Government's resolve to take forward its reform agenda.*

*With the provision of tax on MRP, the Direct Sellers will be out of tax ambit; as earlier the Direct Selling Companies and their Direct Sellers both had to pay the taxes. Now the industry will be in a position to expand its distribution reach and contribution to exchequer.*

Under the clause (XXVII B) 'Multi Level Marketing Entity' means a company registered under the Companies Act 2013 (Central Act 18 of 2013) or any partnership firm registered under the partnership act 1932 (Central Act X1) or under the Limited Liability Partnership Act, 2008 (Central Act 6 of 2009) engaged in multi-level marketing.