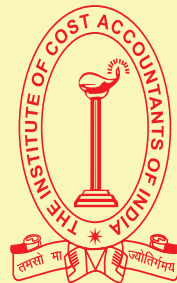


JANUARY, 2019

TAX Bulletin



VOLUME - 32



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

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Objectives of Taxation Committee:

1. Preparation of Suggestions and Analysis of various Tax matters for best Management Practices and for the professional development of the members of the Institute in the field of Taxation.
2. Conducting webinars, seminars and conferences etc. on various taxation related matters as per relevance to the profession and use by various stakeholders.
3. Submit representations to the Ministry from time to time for the betterment and financial inclusion of the Economy.
4. Evaluating opportunities for CMAs to make way for further development and sustenance of the opportunities.
5. Conducting and monitoring of Certificate Courses on Direct and Indirect Tax for members, practitioners and stake holders.

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FROM THE DESK OF THE CHAIRMAN

Namaskar and Best wishes.

It is our great pleasure to inform you that a Skill Development and Vocational Course known as “**GST Account Assistant**” scheme is being launched by Ministry of Corporate Affairs/State Government and Project Appraisal Committee, Government of India.

The administration of scheme is to be run by our Institute through our Chapters, Support Centres, ROCC, Extension Centres and Institutional partners.

The key takeaways of the course would be:

- Basic Concept of GST including definition of supply, Taxable Activity under GST
- Basic Concept of time, place of Supply, valuation and Input tax credit
- Requirement of maintaining records, filing return under GST
- Live Session on Maintenance of Records, filing of return.

The course is designed for beginners like people with Graduation in any discipline with Accounts as one of the subjects or 10+2 from commerce stream.

It is indeed a grand and a mass project. Contributions from Chapter, Regional Councils, CMA Support Centres are solicited so that the Institute may outshine with its exemplary performance. I am confident that the various departments of the Institute and the Resource contributors would keep on working with zeal and passion on this project.

Team... Let’s imagine, believe and achieve..!!

Thank You.

CMA Niranjana Mishra

Chairman - Taxation Committee

21st January 2019

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Please send the articles to

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ANALYSIS OF RECENT NOTIFICATIONS AND ORDERS

CMA Susanta Kumar Saha
GST Consultant

Major decisions were taken / recommendations were made by the GST Council in its 31th GST Council meeting dated 22nd December, 2018 at New Delhi under the Chairmanship of Shri Arun Jaitley, the Union Finance Minister and the Minister of Corporate Affairs in the Cabinet of India. The decisions were published vide press release.

Following this, 13 (thirteen) Central Tax notifications, 7 (seven) Central Tax (Rate) notifications, 13 (thirteen) Circulars and 3 (three) Removal of Difficulty Orders have been issued. However, 1(one) Order was issue in the second week of December, 2018 which has also been included for the analysis.

In this article, an endeavour has been made to analyse the above state Notifications (Rate and Non-rate) and Removal of Difficulty Orders.

1. Synopsis of recent notifications [Central Tax (Rate)]:

Notification No. 24/2018 – Central Tax (Rate), dated 31.12.2018 to Notification No. 30/2018 – Central Tax (Rate), dated 31.12.2018, 07 (seven) CT-Rate notifications have been issued in recent past, which are analysed below:

A. Notification No. 24/2018 – Central Tax (Rate) dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by sub-section (1) of section 9 and sub-section (5) of section 15 of the CGST Act, 2017 has **made** the following **amendments** in notification no. 1/2017 – Central Tax (Rate), dated 28th June, 2017, as amended, **to change rate of tax**, discussed as follows:

- a. “**Sub-section (5) of section 15**” shall be **inserted** in the opening paragraph, and after insertion, to be read as “.....sub-section (1) of section 9 and **sub-section (5) of section 15** of the Central Goods and Services Tax Act, 2017.....”
- b. **Change in rate of tax:**

in Schedule I – 2.5%

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of goods	Central Tax rate	
			prior to 01.01.2019	w. e. f 01.01.2019
(1)	(2)	(3)	(4)	(5)
123A	2515 11 00 [2515 12 20, 2515 12 90]	Marble and travertine, crude or roughly trimmed; [Marble and travertine, other than blocks]	- 9%	2.5%
198A	4501	Natural cork, raw and simply prepared	-	2.5%
198AA	4601, 4602	Manufactures of straw, of esparto or of other plaiting materials; basket ware and wickerwork	2.5%	2.5%

224	63 [other than 6309] 63 [other than 6305 32 00, 6309]	Other made up textile articles, sets, of sale value not exceeding Rs. 1000 per piece	2.5%	2.5%
225	64	Footwear having a retail sale price not exceeding Rs.500 per pair, provided that such retail sale price is indelibly marked or embossed on the footwear itself. Footwear of sale value not exceeding Rs. 1000 per pair	2.5%	2.5%
225A	6602 00 00	Walking-sticks including seat sticks	-	2.5%
225B	6815	Fly ash bricks or fly ash aggregate with 90 percent or more fly ash content	2.5%	2.5%
234	84, 85 or 94	Following renewable energy devices & parts for their manufacture (a) Bio-gas plant (b) Solar power based devices (c) Solar power generating system (d) Wind mills, Wind Operated Electricity Generator (WOGEG) (e) Waste to energy plants / devices (f) Solar lantern / solar lamp (g) Ocean waves/tidal waves energy devices/plants (h) Photo voltaic cells, whether or not assembled in modules or made up into panels. "Explanation: If the goods specified in this entry are supplied, by a supplier, along with supplies of other goods and services, one of which being a taxable service specified in the entry at S. No. 38 of the Table mentioned in the notification No. 11/2017-Central Tax (Rate), dated 28th June, 2017 [G.S.R. 690(E)], the value of supply of goods for the purposes of this entry shall be deemed as seventy per cent. of the gross consideration charged for all such supplies, and the remaining thirty per cent. of the gross consideration charged shall be deemed as value of the said taxable service."	2.5%	2.5%
243A	8714 20	Parts and accessories of carriage for disabled persons	-	2.5%
243AA	88 or Any other chapter	Scientific and technical instruments, apparatus, equipment, accessories, parts, components, spares, tools, mock ups and modules, raw material and consumables required for launch vehicles and satellites and payloads	2.5%	2.5%
c. in Schedule II – 6%				
101A	4502 00 00	Natural cork, debacked or roughly squared, or in rectangular (including square) blocks, plates, sheets or strip (including sharp-edged blanks for corks or	-	6%

		stoppers)		
101B	4503	Articles of natural cork such as Corks and Stoppers, Shuttlecock cork bottom	-	6%
101C	4504	Agglomerated cork (with or without a binding substance) and articles of agglomerated cork	-	6%
102	4501	Natural cork, raw or simply prepared	6%	-
106	4702	Chemical wood pulp, dissolving grades	6%	-
171A	6305 32 00	Flexible intermediate bulk containers	-	6%
171AA	6501	Textile caps	6%	6%
173	6602	Walking sticks, seat sticks, whips, riding-crops and the like	6%	6%
177	6815	fly ash blocks	6%	-

d. **in Schedule III – 9%**

121A	4012	Retreaded or used pneumatic tyres of rubber; solid or cushion tyres, tyre treads and tyre flaps, of rubber.	-	9%
121B	4013	Inner tubes of rubber [other than of a kind used on/in bicycles, cycle-rickshaws and three wheeled powered cycle rickshaws; and Rear Tractor tyre tubes]	9%	9%
142	4502	Natural cork, debacked or roughly squared, or in rectangular (including square) blocks, plates, sheets or strip (including sharp edged blanks for corks or stoppers)	9%	-
143	4503	Articles of natural cork such as Corks and Stoppers, Shuttlecock cork bottom	9%	-
144	4804	Agglomerated cork (with or without a binding substance) and articles of agglomerated cork	9%	-
369A	8483	Crank shaft for sewing machine, bearing housings; plain shaft bearings; gears and gearing; ball or roller screws Transmission shafts (including cam shafts and crank shafts) and cranks; bearing housings and plain shaft bearings; gears and gearing; ball or roller screws; gear boxes and other speed changers, including torque converters; flywheels and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints)	9%	9%
376AAA	8507	Lithium-ion accumulators (other than battery) including lithium-ion power bank	-	9%
383	8525	Closed-circuit television (CCTV), transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras digital cameras and video camera recorders [other than two-way radio (Walkie talkie) used by defence, police and paramilitary	9%	9%

		forces etc]		
383C	8528	Television set (including LCD or LED television) of screen size not exceeding 68 cm 32 inches	9%	9&%
384	8528	Computer monitors not exceeding 20 inches , 32 inches Set top Box for Television (TV)	9%	9%
440A	9504	Video game consoles and machines, articles of funfair, table or parlour games, including pintables, billiards, special tables for casino games and automatic bowling alley equipment [other than playing cards, ganjifa card, chess board, carom board and other board games of 9504 90 90 like ludo, etc.]	-	9%
440B	9505	Festive, carnival or other entertainment articles, including conjuring tricks and novelty jokes	9%	9%

e.

in Schedule IV – 14%

47	4012	Retreaded or used tyres and flaps	14%	-
135	8483	Transmission shafts (including cam shafts and crank shafts) and cranks (excluding crankshaft for sewing machine); gear boxes and other speed changers, including torque converters; flywheels and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints)	14%	-
139	8507			
151	8525	Digital cameras and video camera recorders [other than CCTV]	14%	-
154	8528	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receiver or sound or video recording or reproducing apparatus [other than computer monitors not exceeding 20 inches 32 inches][and set top box for television]	14%	14%
174.	8714	Parts and accessories of vehicles of headings 8711 and 8713	14%	14%
215	9504	Video games consoles and Machines, article and accessories for billiards [9504 20-00], other games operated by coins, banknotes, i.e., casino games [9504 20-00] and others [other than board games of 9504 90 90	14%	

B. Notification No. 25/2018 – Central Tax (Rate) dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by sub-section (1) of section 11 of the CGST Act, 2017 has **made** the following **amendments** in notification

no. 2/2017 – Central Tax (Rate), dated 28th June, 2017, as amended, to exempt intra-State supply of certain goods from the whole of central tax leviable thereon, discussed as follows:

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of goods	Central Tax rate	
			prior to 01.01.2019	w. e. f 01.01.2019
(1)	(2)	(3)	(4)	(5)
43A	0710	Vegetables (uncooked or cooked by steaming or boiling in water), frozen	2.5%	NIL
43B	0711	Vegetables provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption	2.5%	NIL
121A	4904 00 00	Music, printed or in manuscript, whether or not bound or illustrated	-	NIL
153	Any Chapter	Supply of gift items received by the President, Prime Minister, Governor or Chief Minister of any State or Union territory, or any public servant, by way of public auction by the Government, where auction proceeds are to be used for public or charitable cause”	-	NIL

C. Notification No. 26/2018 – Central Tax (Rate) dated 31st December, 2018:

The **Central Government**, on being satisfied that it is necessary in the public interest to do so, on the recommendations of the Council, exercising the powers conferred by sub-section (1) of section 11 of the CGST Act, 2017, to exempt intra-State supply of gold falling in heading 7108 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), when supplied by Nominated Agency under the scheme for “Export Against Supply by Nominated Agency” from whole of the central tax leviable thereon, subject to the following conditions, discussed as follows:

- i. the Nominated Agency and the recipient shall follow the conditions and observe the procedures as specified in the Foreign Trade Policy read with Handbook of Procedures;
- ii. the recipient shall export the jewellery made out of such gold within a period of 90 (ninety) days from the date of supply of gold to such recipient and shall provide copy of shipping bill or bill of export containing details of Goods and Services Tax Identification Number (GSTIN) along with the invoice for exports to the Nominated Agency within a period of 120 (one hundred and twenty) days from the date of supply by the Nominated Agency;
- iii. wherever such proof of export is not produced within the period mentioned in condition (ii), the Nominated Agency shall pay the amount of central tax payable on the quantity of gold not exported, along with interest from the date when the said tax on such supply was payable, but for the exemption.

Explanation:

“Foreign Trade Policy”, “Handbook of Procedures”, “Nominated Agency” and “Heading” carry the meaning as stated in the explanation for the purpose of this notification.

D. Notification No. 27/2018 – Central Tax (Rate) dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by sub-section (1) of section 9, sub-section (1) of section 11, sub-section (5) of section 15 and sub-section

(1) of section 16 of the CGST Act, 2017, makes following **amendments** in **Notification No. 11/2017 – Central Tax (Rate), dated 28th June, 2017**, discussed as follows:

1. In the said notification, -

i. In the Table, -

a) against serial number 3, in the column (3), in **item (xii)**, after “(xi) above”, shall **insert** “and serial number 38 below” , to be read as:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
3	Heading 9954 (Construction services)	(xii) Construction services other than (i), (ii), (iii), (iv), (v), (vi), (vii), (viii),(ix), (x)and (xi) above and serial number 38 below .	9	-

b) against serial number 7, in the column (3), in **item (i)**, in Explanation 1, the words “school, college” shall be **omitted**, to be read as:

Explanation 1.- This item includes such supply at a canteen, mess, cafeteria or dining space of an institution such as a ~~school, college~~, hospital, industrial unit, office, by such institution or by any other person based on a contractual agreement with such institution for such supply, provided that such supply is not event based or occasional.

c) against serial number 8, after item (iv) in the column (3), the following shall be **inserted**, to be read as:

A.

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
8	Heading 9964 (Passenger transport services)	(iva) Transportation of passengers, with or without accompanied baggage, by air, by non-scheduled air transport service or charter operations, engaged by specified organisations in respect of religious pilgrimage facilitated by the Government of India, under bilateral arrangement.	2.5	Provided that credit of input tax charged on goods used in supplying the service has not been taken. [Please refer to clause (iv) of paragraph 4 relating to Explanation]

Clause (iv) of paragraph 4 relating to **Explanation** is as follows:

Wherever a **rate** has been **prescribed** in this notification **subject** to the **condition** that **credit of input tax charged** on goods or services **used in supplying the service** has **not been taken**, it shall mean that,-

- credit of input tax** charged on goods or services used **exclusively** in supplying such service has **not been taken**; and
- credit of input tax** charged on goods or services **used partly** for supplying **such service** and **partly** for effecting **other supplies** eligible for input tax credits, is **reversed** as if supply of such service is an exempt supply and attracts provisions of sub-section (2) of section 17 of the Central Goods and Services Tax Act, 2017 and the rules made there under.

- B. In column (3), in item (vii), after the brackets and figures “(iv),”, the brackets and figures “(iva),” shall be **inserted**; to be read as follows:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
8	Heading 9964 (Passenger transport services)	(vii) Passenger transport services other than (i), (ii) (iii), (iv), (iva), (v) and (vi) above.	9	-

- d) against serial number 15, for item (vi) in column (3) and the entries relating thereto in columns (3), (4) and (5), the following shall be **substituted**, to be read as:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
15	Heading 9971 (Financial and related services)	(vi) Financial and related services other than (i), (ii), (iii), (iv), and (v) above.	9	-
		(vi) Service of third party insurance of “goods carriage”	6	-
		(vii) Financial and related services other than (i), (ii), (iii), (iv), (v), and (vi) above	9	-

- e) against serial number 17, for item (viii) in column (3) and the entries relating thereto in columns (3), (4) and (5), the following shall be **substituted**, to be read as:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
17	Heading 9973 (Leasing or rental services, with or without operator)	(viiia) Leasing or renting of goods	Same rate of central tax as applicable on supply of like goods involving transfer of title in goods	-
		(viii) Leasing or rental services, with or without operator, other than (i), (ii), (iii), (iv), (v), (vi), (vii), and (viiia) above.	9	-

- f) against serial number 21, in column (3), in item (ii), after the brackets, figures and word “(i) above”, the words and number “and serial number 38 below” shall be **inserted**, to be read as:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
21	Heading 9983 (Other professional, technical and business services)	(ii) Other professional, technical and business services other than (i) above and serial number 38 below.	9	-

- g) against serial number 25, in column (3), in item (ii), after the brackets, figures and word “(i) above”, the words and number “and serial number 38 below” shall be **inserted**, to be read as:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
25	Heading 9987	(ii) Maintenance, repair and installation (except construction) services, other than (i) above and serial number 38 below.	9	-

h) against serial number 34,-

A. against item (ii) in column (3), for the entry in column (4), the entry "6" shall be **substituted**, to be read as:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
34	Heading 9996 (Recreational, cultural and sporting services)	(ii) Services by way of admission exhibition of cinematograph films where price of admission ticket is one hundred rupees or less.	9 6	-

B. after item (ii) in column (3) and the entries relating thereto in columns (3), (4) and (5), the following shall be **inserted**, to be read as:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
34	Heading 9996 (Recreational, cultural and sporting services)	(iia) Services by way of admission exhibition of cinematograph films where price of admission ticket is above one hundred rupees.	9	-

C. in item (iia), the words "exhibition of cinematograph films," shall be **omitted**, to be read as:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
34	Heading 9996 (Recreational, cultural and sporting services)	(iia) Services by way of admission to entertainment events or access to amusement facilities including exhibition of cinematograph films, casinos, race club, any sporting event such as Indian Premier League and the like.	14	-

D. in column (3), in item (vi), after the brackets and figures "(ii),", the brackets and figures "(iia),", shall be **inserted**, to be read as:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
34	Heading 9996 (Recreational, cultural and sporting services)	(vi) Recreational, cultural and sporting services other than (i), (ii), (iia), (iii), (iia), ¹ (iv) and (v) above.	14	-

- i) after serial number 37 in column (1) and the entries relating thereto in column (2), (3), (4) and (5) the following serial number and entries shall be **inserted**, to be read as:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
38	9954 or 9983 or 9987	<p>Service by way of construction or engineering or installation or other technical services, provided in relation of setting up of following, -</p> <p>a) Bio-gas plant b) Solar power based devises c) Solar power generating system d) Wind mills, Wind Operated Electricity Generator (WOG) e) Waste to energy plants / devices f) Ocean waves/ tidal waves energy devices/ plants</p> <p><i>Explanation:-</i> This entry shall be read in conjunction with serial number 234 of Schedule I of the notification No. 1/2017 – Central Tax (Rate), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated 28th June, 2017 vide GSR number 673 (E) dated 28th June, 2017.</p>	9	-

- ii) In paragraph 4 relating to Explanation, after clause (x), the **following clauses shall be inserted**, to be read as:

4. *Explanation.* - For the purposes of this notification,-

- i.
- ii.
- ix.
- x.
- xi. "specified organisation" shall mean, -
 - a) Kumaon Mandal Vikas Nigam Limited, a Government of Uttarakhand Undertaking; or
 - b) 'Committee' or 'State Committee' as defined in section 2 of the Haj Committee Act, 2002 (35 of 2002).
- xii. "goods carriage" has the same meaning as assigned to it in clause (14) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988).

[Notification no. 11/2017 – Central Tax (Rate), dated 28th June, 2017 seeks to notify the exemptions on supply of services under CGST Act]

E. Notification No. 28/2018 – Central Tax (Rate) dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by sub-section (1) of section 11 of the CGST Act, 2017, has **made** the following further **amendments** in **notification no. 12/2017 – Central Tax (Rate)**, dated 28th June, 2017,

- i. in the Table, -

- a) after serial number 21A and the entries relating thereto, the following serial number and entries shall be **inserted**, to be read as:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
21B	Heading 9965 or Heading 9967	Services provided by a goods transport agency, by way of transport of goods in a goods carriage, to, - a) a Department or Establishment of the Central Government or State Government or Union territory; or b) local authority; or c) Government agencies, Which has taken registration under the Central Goods and Services Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.	Nil	Nil

- b) After serial number 27 and the entries relating thereto, the following serial number and entries shall be **inserted**, to be read as:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
27A	Heading 9971	Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY)	Nil	Nil

- c) Against serial number 34A, in the entry in column (3), after the letters and words "PSUs from the", the words "banking companies and" shall be **inserted**, to be read as:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
34A	Heading 9971	Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.	Nil	Nil

d) Against serial number 66, for the entity in column (2), the following entry shall be **substituted**, to be read as:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
66	Heading 9992 or Heading 9963	Services provided - (a) (b)	Nil	Nil

e) Serial number 67 and the entries relating thereto, shall be **omitted**, to be read as:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
66	Heading 9992	Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme:- (a) two year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management; fellow programme in Management; five year integrated programme in Management.	Nil	Nil

f) after serial number 74 and the entities relating thereto, the following serial number and entries shall be **inserted**, namely:-

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
74A	Heading 9993	Services provided by rehabilitation professionals recognised under the Rehabilitation Council of India Act, 1992 (34 of 1992) by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by Central Government, State Government or Union territory or an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961)	Nil	Nil

ii. in paragraph 2, after clause (za), the following clause shall be **inserted**, namely: -

2. Definitions. - For the purposes of this notification, unless the context otherwise requires, -
 (zaa) “financial institution” has the same meaning as assigned to it in clause (c) of section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934).

[Notification no. 12/2017 – Central Tax (Rate), dated 28th June, 2017 seeks to notify the exemptions on supply of services under CGST Act]

F. Notification No. 29/2018 – Central Tax (Rate) dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by sub-section (3) of section 9 of the CGST Act, 2017, has **made** the following further **amendments** in **notification no. 13/2017 – Central Tax (Rate)**, dated 28th June, 2017,

In the said notification, -

- (i) In the table, -
 a) Against serial number 1, in the entry in column (2), after item (g), the following proviso shall be **inserted**, namely: -

Sl. No	Category of supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
1	Supply of Services by a goods transport agency (GTA) in respect of transportation of goods by road to- (a)..... (g) any casual taxable person Provided that nothing contained in this entry shall apply to services provided by a goods transport agency, by way of transport of goods in a goods carriage by road, to, - (a) a Department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies, which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.	Goods Transport Agency (GTA)	(a)..... (g) any casual taxable person; Located in the taxable territory.

- b) After serial number 11 and the entries relating thereto, the following serial numbers and entries shall be **inserted**, namely: -

Sl. No	Category of supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
12	Services provided by business facilitator (BF) to a banking company	Business facilitator (BF)	A banking company, located in the taxable territory
13	Services provided by an agent of business correspondent (BC) to business correspondent (BC).	An agent of business correspondent (BC)	A business correspondent, located in the taxable territory.
14	Security services (services provided	Any person other	A registered person,

<p>by way of supply of security personnel) provided to a registered person:</p> <p>Provided that nothing contained in this entry shall apply to, -</p> <p>(i)(a) a Department or Establishment of the Central Government or State Government or Union territory; or</p> <p>(b) local authority; or</p> <p>(c) Governmental agencies; which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 of the said Act and not for making a taxable supply of goods or services; or</p> <p>(ii) a registered person paying tax under section 10 of the said Act.</p>	<p>than a body corporate</p>	<p>located in the taxable territory</p>
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(ii) in the Explanation, after clause (g), the following clause shall be **inserted**, to be read as;

Explanation. – For purpose of this notification. –

- (a)
- i.
- ii. Provisions of this notification, in so far as they apply to the Central Government and State Governments, shall also apply to the Parliament and State Legislatures.

[Notification no. 13/2017 – Central Tax (Rate), dated 28th June, 2017 seeks to *notify the categories of services on which tax will be payable under reverse charge mechanism under CGST Act*]

G. Notification No. 30/2018 – Central Tax (Rate) dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by sub-section (3) of section 11 of the CGST Act, 2017, for the purpose of clarifying the scope and applicability of the **notification no. 11/2017 – Central Tax (Rate)**, dated 28th June, 2017, hereby **inserts** the following **Explanation** in the said notification, in the table, against serial number 9, in column (3), in item (vi), to be read as:

In the said notification, -

Sl. No.	Chapter, Section or Heading	Description of Service	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
9	Heading 9965 (Goods transport services)	(vi) Multimodal transportation of goods. Explanation- <i>Explanation1.</i> (a) “multimodal transportation” means carriage of goods, by at least two different modes of transport from the place of acceptance of goods to the place of delivery of goods by a multimodal transporter;	6	-

		<p>(b) "mode of transport" means carriage of goods by road, air, rail, inland waterways or sea;</p> <p>(c) "multimodal transporter" means a person who,-</p> <p>(A) enters into a contract under which he undertakes to perform multimodal transportation against freight; and</p> <p>(B) acts as principal, and not as an agent either of the consignor, or consignee or of the carrier participating in the multimodal transportation and who assumes responsibility for the performance of the said contract.</p> <p><i>Explanation 2.</i> - Nothing contained in this item shall apply to supply of a service other than by way of transport of goods from a place in India to another place in India.</p>		
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[Notification No. 24/2018 – Central Tax (Rate), dated 31.12.2018 to Notification No. 30/2018 – Central Tax (Rate), dated 31.12.2018 have come into force on the 1st day of January, 2019].

2. Analysis of recent notifications (non-Rate):

Notification No. 67/2018 – Central Tax, dated 31.12.2018 to Notification No. 79/2018 – Central Tax, dated 31.12.2018, 13 (thirteen) non-rate notifications have been issued in recent past, which are analysed below:

A. Notification No. 67/2018 – Central Tax dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by section 148 of the CGST Act, 2017 has **made** the following **amendments** in notification no. 31/2018 – Central Tax, dated 6th August, 2018 **to extend the time limit**, stated as follows:

- i. **persons who didn't file complete FORM GST REG – 26 but received only a Provisional Identification Number (PIN) till 31st December, 2017, may now furnish the stipulated details to the jurisdictional nodal officer on or before 31st January, 2019 instead of 31st August, 2018, as notified earlier;**
- ii. **upon compliance of certain procedures, such taxpayers are required to furnish the stipulated details to GSTN by e-mail, on or before the 28th February, 2019 instead of 30th September, 2018.**

Observation: Seeks to extend the opportunity to the persons who couldn't complete the registration process yet.

B. Notification No. 68/2018 – Central Tax dated 31st December, 2018 and Notification No. 69/2018 – Central Tax dated 31st December, 2018 and Notification No. 70/2018 – Central Tax dated 31st December, 2018:

The **Commissioner**, on the recommendations of the Council, exercising the powers conferred by section 168 of the CGST Act, 2018, has **made** the following further **amendments to the following notifications, to extend the time limit**, stated as follows:

- i. **amendments to notification no. 21/2017 – Central Tax, dated 8th August, 2017, notification no. 35/2017 – Central Tax, dated 15th September, 2017, notification no. 56/2017 – Central Tax, dated 15th November, 2017, notification no. 16/2018 – Central Tax dated 23rd March, 2018 and notification no. 34/2018 – Central Tax, dated 10th August, 2018 to increase the tax periods of filing FORM GSTR-3B within an extended due date;**
- ii. **filing of FORM GSTR-3B for the period July, 2017 to February, 2019 instead of July, 2017 to November, 2018 on or before 31st March, 2019 instead of 31st December, 2018.**

Observation: Consequent upon extension of time limit for completion of registration, this notification seeks to **extend the time limit and due date** for filing of **FORM GSTR - 3B** for newly migrated (obtaining GSTIN vide notification No. 31/2018-Central Tax, dated 06.08.2018) taxpayers (consequential measure).

C. Notification No. 71/2018 – Central Tax dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by section 148 of the CGST Act, 2017 has **made** the following further **amendments** in notification no. 43/2018 – Central Tax, dated 10th September, 2018 **to extend the time limit**, stated as follows:

- i. **furnishing of FORM GSTR-1** for the **quarters July, 2017 to December, 2018** instead of July, 2017 to September, 2018 **on or before 31st March, 2019** instead of 31st December, 2018.

Observation: Registered persons with an **aggregate turnover up to 1.5 crore rupees**, in the preceding financial year or the current financial year, who have **obtained Goods and Services Tax Identification Number (GSTIN)** in terms of **Noft. No. 31/2018 – Central Tax, dated 6th August, 2018**, may file **details of outward supply** of goods or services or both, in **FORM GSTR-1** for the quarters within the due date, as stipulated above.

D. Notification No. 72/2018 – Central Tax dated 31st December, 2018:

The **Commissioner**, on the recommendations of the Council, exercising the powers conferred by the second proviso to sub-section (1) of section 37 read with section 168 of the CGST Act, 2018, has **made** the following further **amendments to the following notification**, **to extend the time limit**, stated as follows:

- i. **furnishing of FORM GSTR-1** for the **months July, 2017 to February, 2019** instead of July, 2017 to November, 2018 **till 31st March, 2019** instead of 31st December, 2018.

Observation: Registered persons with an **aggregate turnover of more than 1.5 crore rupees**, in the preceding financial year or the current financial year, who have **obtained Goods and Services Tax Identification Number (GSTIN)** in terms of **Noft. No. 31/2018 – Central Tax, dated 6th August, 2018**, may file **details of outward supply** of goods or services or both, in **FORM GSTR-1** for the tax periods within the due date, as stipulated above.

E. Notification No. 73/2018 – Central Tax dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by sub-section 3 of section 1 read with section 51 of the CGST Act, 2017, has **made** the following further **amendment** in notification no. 50/2018 – Central Tax, dated 13th September, 2018 **to insert a proviso, to seek to exempt supplies made by Government Departments and PSUs to other Government Departments and vice-versa from TDS.**

Observation: By virtue of this Notification, there **shall be no deduction of tax (GST)** from the payment made or credited to the supplier, **for supply of goods or services or both**, when **transactions take place** between persons stated below:

- (a) a department or an establishment of the Central Government or State Government; or
- (b) local authority; or
- (c) government agencies; or
- (d) such persons or category of persons as may be notified by the Government on the recommendations of the Council.

Alert:

The Central Government, vide Notf. No. 61/2018 – Central Tax dated 5th November, 2018 has stipulated that **deduction of tax (GST) u/s 51** of the CGST Act, 2017 is **not required** in case of supply of goods or services or both, when supplied **from one public sector undertaking to another public sector undertaking w.e.f 1st October, 2018.**

F. Notification No. 74/2018 – Central Tax dated 31st December, 2018:

The Central Government, exercising powers conferred by section 164 of the CGST Act, 2017 has made further amendment to the Central Goods and Services Tax Rules, 2017. Brief discussion of **key points** are given below:

- i. Sub-rule (1A) inserted, in rule 12, to allow a person to **mention the name of the State or Union Territory** where he **does not have a physical presence**, in **PART A** of the application in **FORM GST REG-07** and mention the name of the State or Union Territory in **PART B** in which the principal place of business is located, may be different from the place mentioned in **PART A**, while applying for registration to collect tax in accordance with provisions of section 52 of the CGST Act, 2017.
- ii. Sub-rule (3) of rule 45, has been amended to omit the words “or sent from one job worker to another”. Amended sub-rule (3) would read as “The details of challans in respect of goods despatched to a job worker or received from a job worker ~~or sent from one job worker to another~~ during a quarter shall be included in **FORM GST-04** furnished for that period on or before twenty fifth day of the month succeeding the said quarter”. **Effectively goods cannot be sent from one job worker to another job worker through FORM GST-04.**
- iii. **Proviso** inserted in rule 46, rule 49, sub-rule (2) of rule 54 and sub-rule (4) of rule 54 to state that **signature or digital signature** of the supplier or his authorised representative **shall not** be required in the case of **issuance of an electronic invoice, electronic bill of supply, electronic ISD invoice or CN, tax invoice by insurer or a banking company or a financial institution or a NBFC or GTA for transportation of goods or invoice including ticket for passenger transportation service** when the respectively they are **issued in accordance with provisions of the Information Technology Act, 2000** (21 of 2000).
- iv. Rule 109B has been inserted to state that where the **Revisional Authority** decides to **pass an order in revision** under **section 108** which is likely to **affect** the person **adversely**, the Revisional Authority shall **serve** on him a **notice** in **FORM GST RVN-01** and shall give him a reasonable opportunity of being heard.
- v. The **Revisional Authority** shall, along with its order under sub-section (1) of section 108, issue a **summary** of the **order** in **FORM GST APL-04** clearly **indicating** the **final amount of demand confirmed**.
- vi. **Explanation 1, in sub-rule (1), in rule 138** has been **substituted**. Effect of the substitution may be explained as – Notification No. 32/2017 – Central Tax dated 15.09.2017 has been substituted by Notification No. 56/2018 – Central Tax, dated 23.10.2018. **Casual taxable persons** either making **inter-State taxable supplies of ‘handicraft goods’** or making **supply of products specified** in Table in Noft. No 56/2018 – CT, dated 23.10.2018 **made** by the **craftsmen predominantly by hand even though some machinery** may also be **used** in the **process**, are **exempted** from taking registration.
- vii. **Rule 138E** has been inserted to **impose restriction** on furnishing of information in **PART A** of **GST EWB-01**. Restriction in short is given below:
E-waybill (PART A of FORM GST EWB-01) cannot be generated, either, for a **taxable person** who is **paying tax under composition scheme** (section 10 of the CGST Act, 2017) who has **not furnished returns** for **two consecutive tax periods** or any **other taxable person** who has **not furnished the returns** for a **consecutive period of two months**. [In short, **e-waybill cannot be generated**, in case of **consecutive non filing of returns** for **two consecutive quarters or months**]
- viii. **FORM-GST-RFD-01** has been substituted (application for refund).
- ix. **FORM GSTR – 9 (Annual Return)** has been substituted. Few **key changes** are as follows:
 - a. Heading in **Pt. II** of the **‘FORM’** from “Details of Outward and inward **supplies declared** during the financial year” to “Details of outward and inward **supplies made** during the financial year”;
 - b. **Point no 5** of the **‘FORM’** from “Details of Outward supplies on which **tax is not payable as declared in returns filed** during the financial year” to “Details of Outward supplies made during the financial year **on which tax is not payable**”;
 - c. **Input tax credit (ITC) cannot be claimed** through **FORM GSTR – 9**;
- x. Detailed analysis of changes made in “**FORM GSTR-9**”, “**FORM GSTR-9A**” and “**FORM GSTR-9C**” will be separately communicated.

G. Notification No. 75/2018 – Central Tax dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by section 128 of the CGST Act, 2017 has **made** the following **amendments** in notification no. 4/2018 – Central Tax, dated 23rd January, 2018 **to waive the late fees**, details stated as follows:

- i. **Late fee payable u/s 47** of the CGST Act, 2017 **waived** for furnishing the details of **outward supplies** for a certain period in **FORM GSTR-1** within a stipulated time.

Observation:

Late fee payable u/s 47 of the CGST Act, 2017 **stands waived for registered persons** who **failed to furnish** the details of outward supplies in **FORM GSTR-1** for the months / quarter from **July, 2017 to September, 2018** by the due dates but **furnishes the details** between **22nd December, 2018 to 31st March, 2019**.

H. Notification No. 76/2018 – Central Tax dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by section 128 of the CGST Act, 2017 has **made** the following **amendments** in notification no. 4/2018 – Central Tax, dated 23rd January, 2018 **to waive the late fees**, details stated as follows:

- i. **Late fee payable u/s 47** of the CGST Act, 2017 **waived** for filing the return in **FORM GSTR-3B**.

Observation:			
Sl. No	Notification No. & Date	Period	Remarks 1
1	28/2017 dt. 01.09.2017	July, 2017	waives late fees
2	50/2017 dt. 24.10.2017	August & September, 2017	waives late fees
3	64/2017 dt. 15.11.2017	October, 2017 onwards	i. waives late fees payable u/s 47 of the CGST Act, 2017 in excess of Rs. 25/day ii. when central tax payable in any return is nil, full waiver of late fees.
4	76/2018 dt. 31.12.2018	July, 2017 onwards	i. supersedes the above notifications; ii. late fee payable u/s 47 shall stand waived for the registered persons who have failed to file return in FORM GSTR-3B but file for the period July, 2018 to September, 2018 between the period 22nd December, 2018 to 31st March, 2019 .

I. Notification No. 77/2018 – Central Tax dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by section 128 of the CGST Act, 2017 has **made** the following **amendments** in notification no. 73/2018 – Central Tax, dated 29th December, 2017 **to waive the late fees**, details stated as follows:

- i. **Late fee payable u/s 47** of the CGST Act, 2017 **waived** for filing the return in **FORM GSTR-4** for a certain period within a stipulated time.

Observation:

Late fee payable u/s 47 of the CGST Act, 2017 **stands waived for registered persons** who **failed to furnish** the return in **FORM GSTR-4** for the quarters from **July, 2017 to September, 2018** by the due dates but **furnishes the said returns** between **22nd December, 2018 to 31st March, 2019**.

J. Notification No. 78/2018 – Central Tax dated 31st December, 2018:

The **Commissioner** has **extended the time limit** for furnishing the declaration in **FORM GST ITC-04**, in respect of **goods dispatched to a job worker or received from a job worker**, during the period from **July, 2017 to December, 2018 till the 31st March, 2019**.

K. Notification No. 79/2018 – Central Tax dated 31st December, 2018:

The **Board**, vide above notification, has imposed, the central tax officer specified in **column (3) of Table-I of the Notf. No. 2/2017-Central Tax, dated 19.06.2017** and the officers subordinate to him, powers to exercise u/s 73,74, 75 and 76 of Chapter XV (Demand and Recovery) of the CGST Act, 2017, **throughout the territorial jurisdiction of the central tax officer specified in column (2) of the said Table**, in respect of those cases as may be assigned by the Board.

3. Analysis of recent Orders:

The Central Government, on recommendations of the Council, has issued **04 (four) Orders** in recent past, **to remove the difficulties**, which are analysed below:

A. Order No. 1/2018 – Central Tax dated 11th December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by section 172 of the CGST Act, 2017 has issued the Order **to extend the time limit of Annual Return**, stated as follows:

- iii. This Order may be called the **CGST (Removal of Difficulties) Order, 2018;**
- iv. **Annual Return**, for the period from the **1st July, 2017** to the **31st March, 2018** shall be furnished **on or before the 31st March, 2019.**

Observation: Explanation inserted in section 44, after sub-section (2) of the CGST Act, 2017. Annual Return is stipulated in section 44 of the CGST Act, 2017

B. Order No. 02/2018 – Central Tax dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by section 172 of the CGST Act, 2017 has issued the Order **to extend the time limit to avail of benefit of input tax credit (ITC)**, stated as follows:

- i. This Order may be called the **CGST (Second Removal of Difficulties) Order, 2018;**
- ii. The registered person shall be **entitled** to take **input tax credit** after the **due date** of furnishing of the **return** under **section 39** for the month of **September, 2018** till the **due date** of furnishing of the **return** under the said section **for the month of March, 2019** in respect of any invoice or invoice relating to such debit note for supply of goods or services or both **made during the financial year 2017-18**, the details of which have been **uploaded by the supplier** under **sub-section (1) of section 37** till the **due date** for **furnishing** the details under **sub-section (1)** of the said section for the **month of March, 2019.**

Observation:

- i. Proviso shall be inserted in sub-section (4) of section 16 of the CGST Act, 2017. Section 16 of the CGST Act, 2017 stipulates eligibility and conditions for taking input tax credit.
- ii. The condition laid down for availing of benefit of input tax credit (ITC), on missed out invoice(s) or debit note(s), is to upload details of outward suppliers by the suppliers under sub-section (1) of section 37 of the Act.
- iii. Hence, a through **checking of books of accounts** to identify missed out credit is now required. Additionally **month wise reconciliation** is required between **FORM GSTR-2A** and **FORM GSTR-3B.**

- iii. Further that the rectification of error or omission in respect of the details furnished under sub-section (1) shall be allowed after furnishing of the return under section 39 for the month of September, 2018 till the due date for furnishing the details under sub-section (1) for the month of March, 2019 or for the quarter January, 2019 to March, 2019.

Observation:

- i. Second proviso shall be inserted in sub-section (3) of section 37 of the CGST Act, 2017. Section 37 stipulates furnishing details of outward supplies.

C. Order No. 03/2018 – Central Tax dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by section 172 of the CGST Act, 2017 has issued the Order **to extend the time limit of Annual Return**, stated as follows:

- i. This Order may be called the **CGST (Third Removal of Difficulties) Order, 2018;**
- ii. **Annual Return**, for the period from the **1st July, 2017** to the **31st March, 2018** shall be furnished **on or before the 30th June, 2019.**

Observation:

- i. Due date of furnishing of 'Annual Return' has been extended till 30th June, 2019.

D. Order No. 04/2018 – Central Tax dated 31st December, 2018:

The **Central Government**, on the recommendations of the Council, exercising the powers conferred by section 172 of the CGST Act, 2017 has issued the Order **to extend the time limit of furnishing statement** under sub-section (4) of section 52 of the CGST Act, 2017, stated as follows:

- ii. This Order may be called the **CGST (Fourth Removal of Difficulties) Order, 2018;**
- iii. **Due date** for furnishing the **statement** under sub-section (4) of section 52 of the CGST Act, 2017 for the months of **October, November and December, 2018** shall be the **31st January, 2019.**

Observation:

- i. An explanation shall be inserted in sub-section (4) of section 52 of the CGST Act, 2017 (herein after stated as Act).
- ii. Every electronic commerce operator, not being an agent, shall collect tax (GST) at source at the prescribed rate in accordance with sub-section (1) of section 52 of the Act, shall furnish a statement, electronically, in accordance with sub-section (4) of section 52 of the Act, containing requisite details, in prescribed form within ten days after the end of each month.
- iii. Extension of due date, for furnishing statement, would result into working capital blockage for the taxpayers (suppliers). Pending furnishing the statement, the amount collected would not appear into electronic cash ledger of the supplier for utilisation.

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TAXING INSURANCE IN INDIA

CMA Mohammad Abbas
Practicing Cost Accountant

Insurance Market in India covers both the public and private sector organizations. Insurance in this current form has its history dating back to 1818, when *Oriental Life Insurance Company* was started. The Government of India issued an Ordinance on 19 January 1956 nationalizing the Life Insurance sector and Life Insurance Corporation came into existence in the same year. In 1972 with the General Insurance Business (Nationalization) Act was passed by the Indian Parliament, and consequently, General Insurance business was nationalized with effect from 1 January 1973.

On 16th September 2013, the Insurance Regulatory and Development Authority (IRDA) launched the Insurance Repository in India. An Insurance Repository (IR) is a company licensed by IRDA for maintaining data of insurance policies in electronic form on behalf of Insurers. Policyholders can hold all their insurance policies in an electronic format in a single account called electronic insurance account (eIA).

The primary regulator for insurance in India is the Insurance Regulatory and Development Authority of India (IRDAI) which was established in 1999 under the government legislation called the Insurance Regulatory and Development Authority Act, 1999. India allowed private companies in insurance sector in 2000, setting a limit on FDI to 26%, which was increased to 49% in 2014. On 16th September 2013, the Insurance Regulatory and Development Authority (IRDA) launched the Insurance Repository in India. The Insurance Business in India is governed by a number of acts.

TDS ON INSURANCE COMMISSION

As per **Section 194D of Income Tax Act**, Person responsible for paying to a resident commission or otherwise for soliciting or procuring insurance business including continuance, renewal or revival of policies is required to deduct TDS.

NO TDS

- Insurance commission paid or credited, not exceeding ₹ **15,000**.
- A person other than a company or firm may furnish a declaration in writing in **Form No. 15G/15H** to the payer stating that there is no tax payable on his/her total income, subject to conditions

- ✓ The rate of TDS is **5%**.
- ✓ Moreover, if PAN is not quoted, the rate of TDS will be **20%** in all cases.
- ✓ The Individual having Commission income, required to submit Income tax return in **ITR – 3**.

TDS on Life Insurance Maturity Value

Under section 194DA, the tax shall be deducted at source (TDS) on payments of maturity value if:

- such amount is not exempt under **section 10(10D)**, or
- such amount is not more than ₹ **1 lakh** in a financial year.
- The rate of TDS is **1 %**.

At the time of receipt of maturity value, the recipient is required to provide PAN details to the insurer. In case of failure to provided PAN details, TDS will be deducted **@ 20%**.

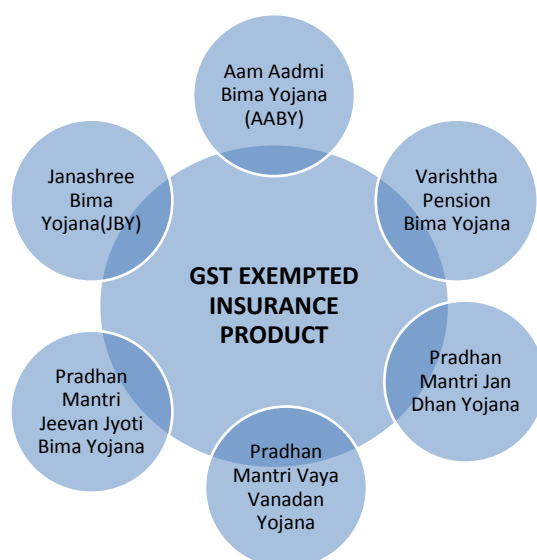
INFLATED INSURANCE PREMIUM: Blame it on GST

After the GST is implemented, insurance plans, including life, motor, and health would become more expensive, as taxes would be hiked. Although, the premium deciding factor of an insurance plan is subject to the insurance plan type you want to purchase but the 3 percent increase in GST is going to impact the insurance premium adversely.

<u>Type of policy</u>	<u>GST</u>	<u>Service Tax</u>
Pure risk insurance/term insurance	18%	15%
ULIPs	18%	15%
Annuity: single premium	1.8%	1.5%
Motor insurance	18%	15%
Endowment policies (1st year)	4.5%	3.75%
Endowment policies (2nd year onwards)	2.25%	1.88%

TAX BENEFIT ON INSURANCE INVESTMENT

Payment of premium on life insurance policy and health insurance policy not only gives insurance cover to a taxpayer but also offers certain tax benefits. The following are the Benefits you can avail when you make the following payments:



Deduction in respect of Life Insurance Premium, PPF, NSC, etc. [Section 80C]

Taxpayer, being an individual or a Hindu Undivided Family (HUF), can claim deduction under section 80C in respect of premium on life insurance policy paid by him/it during the year. Overall deduction u/s 80C (along with deduction u/s 80CCC & 80CCD) allowed is up to ₹ 1, 50,000.

Deduction in respect of medical insurance premium [Section 80D]

As per section 80D, an individual or a HUF can claim deduction in respect of the

Following payments:

- Medical insurance premium paid by assessee, being individual/HUF by any mode other than cash.
- Any contribution made by assessee, being individual to Central Government Health Scheme or such other Scheme as may be notified by the Central Government.
- Sum paid by assessee, being individual on account of preventive health check-up.
- Medical expenditure incurred by assessee, being individual/HUF on the health of a senior citizen person provided that no amount has been paid to effect or to keep in force an insurance on the health of such person
- Payment made via credit card/internet banking shall also be eligible for deduction.
- Deduction is allowed only if the payment is made from your own income during the previous year.

- Under this section, an amount of ₹25,000 is allowed to those individuals who have paid the amount towards a health insurance plan provided by the government for self or family on account of the health checkup of the policyholder or his family.
- An additional amount of ₹25,000 is allowed if the premium is paid towards the health checkup of parents whether dependent or not.
- For members above the age of 60 years, an amount of ₹30,000 maybe claimed as a deduction.
- For HUFs, the deduction is limited to ₹25,000 only if the amount has been paid for availing of the health insurance for one of the members of the HUF.
- In case the health checkup made is preventive in nature, then the deduction will go up by ₹5,000. However payment made by an assessee on account of preventive health check-up during the previous year as eligible for deduction within the overall limits prescribed in the section.

CASE	DEDUCTION
You & Your Parents < 60 Years	₹25,000 + ₹25,000 = ₹50,000
You < 60 Years & Your Parents > 60 Years	₹25,000 + ₹30,000 = ₹55,000
You & Your Parents > 60 Years	₹30,000 + ₹30,000 = ₹60,000

Section 10 (10D):

- Any amount received under a life insurance policy qualifies for this deduction.
- A sum received could be Sum allocated by way of bonus, Survival benefit, Maturity benefit, Surrender value or Death benefit.
- There is no cap on maximum deduction allowed under Section 10 (10D).
- Neither any Income tax nor any TDS is deductible on such amount received.

Role of Cost & Management Accountants

A Cost & Management (CMA) is well equipped to play different roles in General Insurance Industry. Apart from traditional sector, there is a vast scope for CMAs in providing professional services in the insurance sector.

CMAs are equipped with world class financial competencies, analytical ability & excellent technical skills which make them world class professionals. The Cost & Management Accountants can play the following roles in the Insurance Sector:



Claims Administrator

The administration of insurance claims is of considerable importance, since the response time to these claims can be lengthy, and there is a high risk of claim rejection if the paperwork is not filled out properly. CMAs can provide their services by understanding the overall system of claim administration and assisting the concerned parties in documentation process.

Marketing and Distribution Channels


The financial services industry is an expanding, highly regulated field with many Cost & Management Accountants working in business and in practice.

CMAs can help the public to appreciate the need for investment & financial planning. CMAs can render valuable advice to their clients in selecting among various alternative investment plans. Creating marketing strategies, conducting market research, developing brand positioning and promotional materials to develop and deliver products and services to meet customer needs.

Actuary

Data is the essence of the job of an actuary. CMAs with their expertise can assist in gathering, assembling and analyzing information to estimate the probability and likely costs of events such as death, sickness, injury, disability, or loss of property. CMAs can guide pension funds and various private companies to detect risks and

help in designing procedures that can help mitigate risk. In other words, CMAs with expert knowledge on actuarial science can carry out actuarial services in a highly professional way.

 **Surveyor or Loss Assessor**

Surveyors or Loss Assessors are professionals hired by insurance companies to assess the actual loss arising on the occurrence of fortuitous events such as fire, burglary and so on for settlement of claims. They act as intermediaries between the insurer and the insured in settling the claims. CMAs can be of immense help in estimation, measurement and determining the quantum and description of the loss and verify the cause and circumstances of the loss including extent of loss, nature of ownership and insurable interest.

 **Arbitration**

Arbitration is a Procedure in which an insurance company and the insured or a vendor agree to settle a claim dispute by accepting a decision made by a third party. A CMA can assist the parties to a dispute either as a counselor he may decide on the dispute of the parties as an Arbitrator.

 **Insurance Investigator**

Methods of defrauding insurance companies are manifold, as are the means of investigating them. An insurance investigator examines insurance claims that are suspicious or otherwise in doubt e.g. in case of a false claim the professional can investigate on the amount of loss actually suffered by the insured and the compensation claimed by the insured from the Insurance Company.

 **Risk Manager**

Insurance companies operate under the increased scrutiny of an ever-changing regulatory environment. Risk managers are expected to fully understand how changes at the federal and state level impact their organizations. Cost Accountants can definitely help the board understand the top risks for the organization. Recommend and implement preventative measures to minimize costs and damage should a loss occur (such as disaster recovery plans, emergency evacuations and purchasing insurance).

 **Third Party Administrator**

TPAs function as intermediaries between the insurance provider and the policyholder and facilitate processing of claims and settlement. Due to heavy amount of accounting data, the function of TPAs can be best performed by CMAs.

CONCLUSION

We have seen the impressive growth in the insurance sector so far, but there needs to be a sustained effort to retain the growth momentum. Cost Accountants have been already providing valuable services in the various departments of life and non-life insurers and other intermediary services such as internal audit, management consultancy services, strategic consultancy services, investigation etc.

Insurance companies in India have strived hard to create financial awareness and increase insurance penetration in the country. As the country strides into a new economic phase, we hope that the industry gets the attention and support that it rightfully deserves.

DECISIONS TAKEN IN 32ND GST COUNCIL MEETING HELD ON 10TH JANUARY 2019

1. **Composition Scheme for Services**

Composition scheme shall be available for suppliers rendering either independent services or providing a mixed supply of goods & services with a turnover of up to Rs 50 lakhs p.a

Tax rate - 6% (3% CGST + 3% SGST)

2. **Turnover Limit under Composition Scheme**

For Composition scheme, the limit of annual turnover in the preceding financial year for goods has been increased up to Rs 1.5 crore from Rs 1 crore. It will be effective from 1.04.2019.

Also free accounting and billing software will be made available to small assesseees up to Rs 1.5 crore turnover

3. **Simplification in Return Submission under Composition Scheme**

The taxpayers under Composition Scheme would have to file one annual return but payment of taxes would remain quarterly.

4. **Increase in Threshold Limit for Compulsory GST Registration**

The threshold limit for compulsory GST registration and payment of GST has been increased from 20 lakhs to 40 lakhs.

The threshold for compulsory GST registration and payment of GST for hilly states and those in the North East States has been increased from 10 lakhs to 20 lakhs.

Accordingly, the businessmen having turnover more than Rs. 40 Lakhs have to take GST Registration compulsorily and in case of North East States, businessmen having turnover more than Rs. 20 Lakhs have to take GST Registration compulsorily.

It will be effective from 1st April 2019.

Power given to states-

Now states will be able to choose if they want to keep the GST exemption limit at Rs. 20 Lakh or Rs. 40 Lakh.

5. **Natural Calamities Cess in the State of Kerala**

GST Council approved levy of 1% calamity cess on intra State supply of goods and services within the State of Kerala for a period of 2 years.

TAX UPDATES, NOTIFICATIONS AND CIRCULARS

INDIRECT TAX

CGST NOTIFICATION

Notification No. 1/2019-Central Tax
Date – 15th January 2019

Seeks to amend notification No. 48/2017 to amend the meaning of Advance Authorisation

The Central Government has made amendment in the Notification No. 48/2017-Central Tax dated the 18th October, 2017.

Amendment

- In the said notification, (i) In the Table, the column number (2) against S. No.1, after the entry, the following proviso shall be inserted, namely: -
“Provided that goods so supplied, when exports have already been made after availing input tax credit on inputs used in manufacture of such exports, shall be used in manufacture and supply of taxable goods (other than nil rated or fully exempted goods) and a certificate to this effect from a chartered accountant is submitted to the jurisdictional commissioner of GST or any other officer authorised by him within 6 months of such supply,; Provided further that no such certificate shall be required if input tax credit has not been availed on inputs used in manufacture of export goods.
- In the Explanation against serial number 1 the words “on pre-import basis” shall be omitted.

CGST CIRCULARS

Circular No. 82/2019
DATE – 1st January 2019

Applicability of GST on various programmes conducted by the Indian Institutes of Managements (IIMs).

All the IIMs listed in the schedule to the IIM Act are “institutions of national importance” & they are empowered to

- grant degrees, diplomas, and other academic distinctions or titles,
- specify the criteria and process for admission to courses or programmes of study, and

- specify the academic content of programmes.

Therefore, with effect from 31st January, 2018, all the IIMs are “educational institutions” as defined under notification No. 12/ 2017- Central Tax (Rate) dated 28.06.2017 as they provide education as a part of a curriculum for obtaining a qualification recognised by law for the time being in force.

At present, Indian Institutes of Managements are providing various long duration programs (one year or more) for which they award diploma/ degree certificate duly recommended by Board of Governors as per the power vested in them under the IIM Act, 2017. Therefore, it is clarified that services provided by Indian Institutes of Managements to their students- in all such long duration programs (one year or more) are exempt from levy of GST.

For the period from 1st July, 2017 to 30th January, 2018, IIMs were not covered by the definition of educational institutions as given in notification No. 12/ 2017 Central Tax (Rate) dated 28.06.2017. Thus, they were not entitled to exemption under Sl. No. 66 of the said notification.

However, there was specific exemption to following three programs of IIMs under Sl. No. 67 of notification No. 12/2017- Central Tax (Rate): –

- 2 year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management,
- fellow programme in Management,
- 5 years integrated programme in Management.

Therefore, for the period from 1st July, 2017 to 30th January, 2018, GST exemption would be available only to three long duration programs specified above.

It is further, clarified that with effect from 31st January, 2018, all IIMs have become eligible for exemption benefit under Sl. No. 66 of notification No. 12/ 2017- Central Tax (Rate) dated 28.06.2017.

As such, specific exemption granted to IIMs vide Sl. No. 67 has become redundant. The same has been deleted vide notification No. 28/2018- Central Tax (Rate) dated, 31st December, 2018 w.e.f. 1st January 2019.

For the period from 31st January, 2018 to 31st December, 2018, two exemptions, i.e. under Sl. No. 66 and under Sl. No. 67 of notification No. 12/2017- Central Tax (Rate), dated 28.06.2017 are available to the IIMs.

The legal position in such situation has been clarified by Hon'ble Supreme Court in many cases that if there are two or more exemption notifications available to an assessee, the assessee can claim the one that is more beneficial to him. Therefore, from 31st January, 2018 to 31st December, 2018, IIMs can avail exemption either under Sl. No 66 or Sl. No. 67 of the said notification for the eligible programmes.

Indian Institutes of Managements also provide various short duration/ short term programs for which they award participation certificate to the executives/ professionals as they are considered as "participants" of the said programmes. These participation certificates are not any qualification recognized by law. Such participants are also not considered as students of Indian Institutes of Management. Services provided by IIMs as an educational institution to such participants is not exempt from GST. Such short duration executive programs attract standard rate of GST @ 18% (CGST 9% + SGST 9%).

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/gst/circular-cgst-82-new.pdf;jsessionid=E0897EA3717D624A857DA4EE576457EB>

Circular No. 83/2019
DATE – 1st January 2019

Applicability of GST on Asian Development Bank (ADB) and International Finance Corporation (IFC)

The ADB Act, 1966 provides that the Bank, its assets, properties, income and its operations and transactions shall be exempt from all the taxation and from all customs duties. The Bank shall also be exempt from any obligation for payment, withholding or collection of any tax or duty.

Similarly, IFC Act, 1958 also provides that, the Corporation, its assets, properties, income and its operations and transactions authorized by the Agreement, shall be immune from all taxation and from all customs duties. The Corporation shall also be immune from liability for the collection or payment of any tax or duty.

Accordingly, it is clarified that the services provided by IFC and ADB are exempt from GST in terms of provisions of IFC Act, 1958 and ADB Act. The

exemption will be available only to the services provided by ADB and IFC and not to any entity appointed by or working on behalf of ADB or IFC.

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/gst/circular-cgst-83.pdf>

Circular No. 84/2019
DATE – 1st January 2019

Clarification on issue of classification of service of printing of pictures covered under 998386.

The service of "printing of pictures" correctly covered under service code 998386 - "Photographic and video-graphic processing services" is being classified by trade under service code 998912 - "Printing and reproduction services of recorded media, on a fee or contract basis".

Service Code 998386 attracts 18% GST

Service Code 998912 attracts 12% GST

Therefore wrong classification may lead to short payment of GST.

According to Explanatory Notes to the scheme of classification of services, the service code "998386 Photographic and video-graphic processing services, includes, -

- developing of negatives and the printing of pictures for others according to customer specifications such as enlargement of negatives or slides, black and white processing
- colour printing of images from film or digital media; slide and negative duplicates, reprints, etc.
- developing of film for both amateur photographers and commercial clients
- preparing of photographic slides; copying of films
- converting of photographs and films to other media

Further, according to explanatory notes, the service code 998912 "Printing and reproduction services of recorded media, on a fee or contract basis" clearly excludes, - colour printing of images from film or digital media, cf. 998386, -audio and video production services, cf. 999613".

In view of the above, it is clarified that service of "printing of pictures" falls under service code "998386: Photographic and videographic processing services" and not under "998912: Printing and reproduction services of recorded media, on a fee or

contract basis” of the scheme of classification of service annexed to notification No. 11/2017-Central Tax(Rate) dated 28.06.2018. The service of printing of pictures attracts GST @ 18% falling under item (ii), against serial number 21 of the Table in notification No. 11/2017-Central Tax (Rate) dated 28.06.2017.

Circular No. 85/2019
DATE – 1st January 2019

Clarification on GST rate applicable on supply of food and beverage services by educational institution.

Representations have been received seeking clarification as to the rate of GST applicable on supply of food and beverages services by educational institution to its students.

It has been stated that the words “school, college” appearing in Explanation 1 to Entry 7 (i) of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 give rise to doubt whether supply of food and drinks by an educational institution to its students is eligible for exemption under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 Sl. No 66, which exempts services provided by an educational institution to its students, faculty and staff.

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, Sl. No. 7(i) prescribes GST rate of 5% on supply of food and beverages services.

Explanation 1 to the said entry states that such supply can take place at canteen, mess, cafeteria of an institution such as school, college, hospitals etc. On the other hand, Notification No. 12/2017-Central Tax (Rate), Sl. No. 66 (a) exempts services provided by an educational institution to its students, faculty and staff.

There is no conflict between the two entries. Entries in Notification No. 11/2017-Central Tax (Rate) prescribing GST rates on service have to be read together with entries in exemption Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017.

A supply which is specifically covered by any entry of Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017 is exempt from GST notwithstanding the fact that GST rate has been prescribed for the same under Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017.

Supply of all services by an educational institution to its students, faculty and staff is exempt under Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, Sl. No. 66. Such services include supply

of food and beverages by an educational institution to its students, faculty and staff. As stated in explanation 3 (ii) to Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 Chapter, Section, Heading, Group or Service Codes mentioned in column (2) of the table in Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 are only indicative.

Accordingly, it is clarified that supply of food and beverages by an educational institution to its students, faculty and staff, where such supply is made by the educational institution itself, is exempt under Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, vide Sl. No. 66 w.e.f. 01-07-2017 itself.

However, such supply of food and beverages by any person other than the educational institutions based on a contractual arrangement with such institution is leviable to GST@ 5%.

In order to remove any doubts on the issue, Explanation 1 to Entry 7(i) of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 has been amended vide Notification No. 27/2018-Central Tax (Rate) dated 31.12.2018 to omit from it the words “school, college”.

Further, heading 9963 has been added in Column (2) against entry at Sl. No. 66 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, vide Notification No. 28/2018-Central Tax (Rate) dated 31.12.2018.

Circular No. 86/2019
DATE – 1st January 2019

GST on Services of Business Facilitator (BF) or a Business Correspondent (BC) to Banking Company.

Representations have been received seeking clarification on following two issues:

- i. What is the value to be adopted for the purpose of computing GST on services provided by BF/BC to a banking company?
- ii. What is the scope of services provided by BF/BC to a banking company with respect to accounts in its rural area branch that are eligible for existing GST exemption?

The above matter has been clarified as under-

Issue 1: Clarification on value of services by BF/BC to a banking company:

As per RBI’s Circular No. DBOD.No.BL.BC. 58/22.01.001/2005-2006 dated 25.01.2006 and subsequent instructions on the issue (referred

to as 'guidelines' hereinafter), banks may pay reasonable commission/fee to the BC, the rate and quantum of which may be reviewed periodically. The agreement of banks with the BC specifically prohibits them from directly charging any fee to the customers for services rendered by them on behalf of the bank.

On the other hand, banks (and not BCs) are permitted to collect reasonable service charges from the customers for such service in a transparent manner. The arrangements of banks with the Business Correspondents specify the requirement that the transactions are accounted for and reflected in the bank's books by end of the day or the next working day, and all agreements/ contracts with the customer shall clearly specify that the bank is responsible to the customer for acts of omission and commission of the Business Facilitator/ Correspondent.

Hence, banking company is the service provider in the business facilitator model or the business correspondent model operated by a banking company as per RBI guidelines. The banking company is liable to pay GST on the entire value of service charge or fee charged to customers whether or not received via business facilitator or the business correspondent.

Issue 2: Clarification on the scope of services by BF/BC to a banking company with respect to accounts in rural areas:

It has also been requested that the scope of exemption to services provided in relation to "accounts in its rural area branch" vide Sl. No. 39 of Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 be clarified. This clarification has been requested as the exemption from tax on services provided by BF/BC is dependent on the meaning of the expression "accounts in its rural area branch".

It is clarified that for the purpose of availing exemption from GST under Sl. No. 39 of said notification, the conditions flowing from the language of the notification should be satisfied. These conditions are that the services provided by a BF/BC to a banking company in their respective individual capacities should fall under the Heading 9971 and that such services should be with respect to accounts in a branch located in the rural area of the banking company. The procedure for classification of branch of a bank as located in rural area and the services which can be provided by BF/BC, is governed by the RBI guidelines. Therefore, classification adopted by the bank in terms of RBI guidelines in this regard should be accepted.

CUSTOMS (TARIFF)

Notification No. 01/2019 – Customs

Date – 10th January 2019

Seeks to remove pre-import condition and include specified deemed export supplies for exemption from integrated tax and Compensation cess for materials imported against Advance Authorizations and Advance Authorizations for Annual Requirement

The Central Government makes the following further amendments in the following notifications of the Government of India in the Ministry of Finance (Department of Revenue)

<u>Notification</u>	<u>Date</u>	<u>Amendment</u>
18/2015- Customs	1st April, 2015	In the said notification,- (a) after condition (vi), the following conditions shall be inserted, namely:- “(vi)(a) in respect of imports made after the discharge of export obligation in full, if facility of input tax credit under relevant Goods and Services Tax law on inputs used for manufacture and supply of goods exported has been availed, then the importer shall, at the time of clearance of the imported materials, furnish a bond to the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, binding himself, to use the imported materials in his factory or in the factory of his supporting manufacturer for the manufacture and supply of taxable goods (other than nil rated or fully exempt supplies) and to submit a certificate from a chartered accountant within six months from the date of clearance of the said materials, that the imported materials have been so used; Provided that if the importer pays integrated tax and the goods and services tax compensation cess leviable on the imported materials under sub-section (7) and sub-

	<p>section (9) respectively of section 3 of the said Customs Tariff Act on the imported materials but for the exemption contained herein, then such imported materials may be cleared without furnishing a bond specified in this condition;</p> <p>(vi)(b) that in respect of imports made after the discharge of export obligation in full, and if facility of input tax credit under relevant Goods and Services Tax law has not been availed on inputs used in the manufacture and supply of goods exported and the importer furnishes proof to this effect to the satisfaction of the Deputy Commissioner of Customs, or the Assistant Commissioner of Customs, as the case may be, then the imported materials may be cleared without furnishing a bond specified in condition (vi)(a);”</p> <p>(b) in condition (viii), for the second proviso, the following proviso shall be substituted, namely:-</p> <p>“Provided further that notwithstanding anything contained hereinabove for the said authorizations where the exemption from integrated tax and the goods and services tax compensation cess leviable thereon under sub-section (7) and sub-section (9) respectively of section 3 of the said Customs Tariff Act, has been availed, the export obligation shall be fulfilled by physical exports or by making domestic supplies mentioned at serial numbers 1, 2 and 3 of the Table contained in notification No.48/2017-Central Tax, dated the 18th October, 2017 [published vide number G.S.R. 1305(E), dated the 18th October, 2017];”</p> <p>(c) condition (xii) shall be omitted.</p>
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For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfn-2019/cs-tarr2019/cs01-2019.pdf;jsessionid=6B23893285707BBF70756DE483B5BD15>

CUSTOMS (NON TARIFF)

Notification No. 01/2019 – Customs (N.T)

Date – 3rd January 2019

Inclusion of Land Customs Station (LCS), Barhni in the list of LCSs from which export under claim of Duty Drawback can be made to Nepal.

The Central Government makes further amendments in the Notification No.208/1977-Customs, dated the 1st October, 1977.

Amendments –

In the said notification, in paragraph 2, in condition (ii), for the words “Jaigaon, Moreh or Nepalgunj Road”, the words “Jaigaon, Moreh, Nepalgunj Road or Barhni” shall be substituted.

Notification No. 02/2019 – Customs (N.T)

Date – 3rd January 2019

Exchange Rates Notification No.2/2019-Custom(NT) dated 3.1.2019.

CBIC has determined the rate of exchange of conversion of foreign currencies into Indian currency or vice versa & it will be effective from 4th January, 2019 relating to imported and export goods.

Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
	(For Imported Goods)	(For Exported Goods)
Australian Dollar	50.05	47.80
Bahraini Dinar	192.85	180.85
Canadian Dollar	52.60	50.65
Chinese Yuan	10.40	10.10
Danish Kroner	10.90	10.50
EURO	81.55	78.60

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfn-2019/cs-nt2019/csnt02-019.pdf;jsessionid=978017BA781B239FBA194B568F540F3E>

Notification No. 03/2019 – Customs (N.T)
Date – 11th January 2019
Exchange Rates Notification No.3/2019-Custom(NT) dated 11.1.2019.

CBIC has made amendments in the Notification No.2/2019-CUSTOMS (N.T.), dated 3rd January, 2019.

Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
	(For Imported Goods)	(For Exported Goods)
South African Rand	5.25	4.90

Notification No. 04/2019 – Customs (N.T)
Date – 15th January 2019

Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver - Reg.

CBIC has made amendments in the Notification No. 36/2001-Customs (N.T.), dated the 3rd August, 2001. In the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following Tables shall be substituted, namely: -

TABLE-1

Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$Per Metric Tonne)
1511 10 00	Crude Palm Oil	544
1511 90 10	RBD Palm Oil	550
1511 90 90	Others – Palm Oil	547
1511 10 00	Crude Palmolein	553
1511 90 20	RBD Palmolein	556
1511 90 90	Others – Palmolein	555
1507 10 00	Crude Soya bean Oil	686
7404 00 22	Brass Scrap (all grades)	3526
1207 91 00	Poppy seeds	2258

TABLE-2

Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$)
71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 and 358 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	416 per 10 grams
71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 and 359 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	504 per kilogram

TABLE-3

Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$ Per Metric Tonne)
080280	Areca nuts	3942"

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfn-2019/cs-nt2019/csnt04-019.pdf;jsessionid=3418669FD13FC1B0E2F2EE51625F0675>

CUSTOMS (ANTI-DUMPING DUTY)

Notification No. 01/2019 – Customs (ADD)
Date – 4th January 2019

Notification No. 01/2019 - Customs (ADD) dated 04.01.2019 Seeks to impose anti-dumping duty on imports of "Methylene Chloride" originating in or

exported from European Union and United States of America

The designated authority vide notification No.7/15/2018 DGAD, dated the 3rd May 2018 had initiated the review the matter of continuation of anti-dumping duty imposed on imports of 'Methylene

Chloride' originating in or exported from European Union and United States of America vide Notification No. 24/2014- Customs (ADD), dated the 21st May, 2014.

Whereas, in the matter of review of anti-dumping duty on imports of the subject goods, originating in or exported from the subject country, the designated authority in its final findings, published vide notification No. F. No.7/15/2018-DGAD, dated the 22nd November, 2018 in the Gazette of India, Extraordinary, Part I, Section 1, dated the 22nd November, 2018 has come to the conclusion that-

- (i) there is continued dumping of the product concerned from the subject countries, causing injury to the domestic industry;
- (ii) price undercutting without anti-dumping duty is positive and significant;
- (iii) The financial performance of the Domestic Industry has deteriorated despite the anti-dumping duty in force. The domestic industry has shown negative growth in terms of the economic parameters such as production, sales, profitability and Return on Capital Employed during the

- (iv) Period of Investigation. The dumped imports from European Union and United States of America continue to cause injury to the domestic industry; dumping of the product under consideration from EU and USA is likely to continue/intensify should the current anti-dumping duty be revoked.

and has recommended the imposition of definitive anti-dumping duty on the imports of subject goods, originating in or exported from the subject country and imported into India, in order to remove injury to the domestic industry.

The anti-dumping duty imposed shall be effective for a period of five years (unless revoked, superseded or amended earlier) from the date of publication of this notification in the Official Gazette and shall be payable in Indian currency.

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2019/cs-add2019/csadd01-2019.pdf;jsessionid=4DA7CB049ECAB7B9E1EDD40A00209A78>

**Notification No. 02/2019 – Customs (ADD)
Date – 15th January 2019**

Seeks to rescind notification Nos.30/2018 - Customs(ADD) and 31/2018 - Customs (ADD) both dated 30.05.2018 that provided for provisional assessment of jute goods exported from Bangladesh or Nepal by M/s Janata Jute Mills Ltd., M/s. Aman Jute Fibrous Ltd. (Producer) and M/s IB Jute Corporation (Exporter/ Trader) till the final findings of New Shipper Review in this regard are recieved.

Central Government has rescinded the notifications of the Government of India in the Ministry of Finance (Department of Revenue) of the Table below, vide corresponding number G.S.R. of the said Table, except as respects things done or omitted to be done before such rescission.

TABLE

Notification No.	GSR No.
30/2018-Customs (ADD), dated 30-05-2018	514(E) dated 30-05-2018
31/2018-Customs (ADD), dated 30-05-2018	515(E) dated 30-05-2018

**Notification No. 03/2019 – Customs (ADD)
Date – 15th January 2019**

Seeks to further amend notification No. 1/2017-Customs(ADD) dated 5th January, 2017 to prescribe ADD on exports from Janata Jute Mills Ltd., M/s. Aman Jute Fibrous Ltd. (Producer) and M/s IB Jute Corporation on the basis of final findings of the Designated Authority in this regard.

In case of import of „Jute Products“ namely, Jute Yarn/ Twine (multiple folded/cabled and single), Hessian fabric, and Jute sacking bags falling under Tariff Headings 5307, 5310, 5607 or 6305 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) originating in, or exported from Bangladesh and Nepal and imported into India, the designated authority had come to the following conclusion vide notification No. 14/19/2015-DGAD, dated the 20th October, 2016-

- (i) there is dumping of subject goods from the subject countries;
- (ii) imports from subject countries are undercutting and suppressing the prices of the domestic industry;

- (iii) performance of domestic industry has deteriorated in the terms of profitability return on investments and cash flow;
- (iv) injury to domestic industry has been caused by dumped imports,

and had recommended imposition of definitive anti-dumping duty on imports of the subject goods, originating in, or exported from, the subject countries

and imported into India, in order to remove injury to the domestic industry.

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2019/cs-add2019/csadd03-2019.pdf;jsessionid=E8DCCB2BA91DD748A9B16206B20ABC72>

CUSTOMS (CIRCULARS)

**Circular No. 01/2019-Customs
Date – 2nd January 2019**

IGST Export Refunds—resolution of errors— reg.

The processing of IGST refund claims on exports is fully automated. Majority of refunds claims are getting processed and sanctioned within five days of filing of GSTR-1 and GSTR-3B returns.

However, in a few cases, particularly for the LCL cargo consignments originating from ICDs, Export General Manifest (EGM) related errors continue to hinder smooth and automatic sanction of IGST refund claims.

It has been observed that the main reasons for such EGM errors still hampering the IGST refund processing are as under:

- (i) Online filing of both local and Gateway EGM not being done on time by the concerned stakeholders.
- (ii) Mismatch in local and gateway EGM details wherever both are filed online.
- (iii) Non-filing of stuffing report by the Preventive officers at Gateway Ports for the LCL cargo being consolidated at the Gateway Ports/CFSS in the system.

Non-filing/Late filing of Online Local and Gateway EGM: -

- (i) The processing of IGST refund gets hampered either because the local EGM has not been filed online or has been filed late. There are instances where the cargo originating from the hinterland ICDs reached the gateway port without the local EGM having been filed online. Earlier vide Circular No. 42/2017-Cus., dated 7.11.2017 it was explained that due to manual filing of EGM in respect of Shipping bills originating from ICDs, system is unable to match the gateway EGM and the local EGM. Therefore, it was instructed that all the custodians / carriers / shipping lines operating at ICDs/ Gateway ports should file EGM online. It is re-iterated that the first step would be that

the concerned stakeholders at the originating ICDs file the local EGMs online.

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2019/Circular-01-2019-Customs.pdf;jsessionid=3253AB18A62845936AF511F2A3164ACE>

**Circular No. 02/2019-Customs
Date – 8th January 2019**

Customs Post Clearance Audit- reg.

A new audit approach is envisaged in view of the experience gained over the past years in implementation of Customs Post Clearance Audit, as well as the exposure to international best practices. Further, under the WTO's Trade Facilitation Agreement, it has been inter-alia provided that with a view to expediting the release of goods, each member shall adopt or maintain post clearance audit to ensure compliance with customs and other related laws and regulations; each member shall select a person or a consignment for post-clearance audit in a risk-based manner; each member shall conduct post clearance audits in a transparent manner. Customs Post Clearance Audit (PCA) is an initiative based on global best practices which promotes a culture of voluntary compliance. It is aimed at creating an environment of increased compliance while allowing the Department flexibility to enhance the facilitation for importers and exporters. PCA allows Customs to reduce border controls by shifting compliance checks from the clearance stage to the post clearance stage.

PCA was first introduced in 2005 (when the Risk Management System was operationalized). It replaced the conventional system of concurrent audit, which formed a part of the assessment process, by separating the audit function from assessment function, thereby facilitating expeditious clearance of goods. Onsite Post Clearance Audit (OSPCA) was also introduced in 2011, which envisaged a more comprehensive audit carried out at the premises of importers and exporters. Hitherto, OSPCA was conducted under section 17(6) of the Customs Act, 1962 as the provisions empowered

the proper officer to audit the assessment of duty on the imported goods or export goods at his office or at the premises of the importer or the exporter.

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2019/Circular-02-2019-Customs.pdf;jsessionid=EF66E0976603FOC4558CA8E28F83309F>

DIRECT TAX

Notification No. 88/2018
Date – 18th December 2018

Amendment of the Income-tax Rules, 1962 to provide the time limit for furnishing of report by constituent entity of an international group, resident in India, under sub-section (4) of section 286 of the Income-tax Act, 1961

The Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely: ____

1. Short title and commencement.—

This rule may be called the Income-tax (14th Amendment) Rules, 2018.

They shall come into force from the date of its publication in the Official Gazette.

2. In the Income-tax Rules, 1962, in Part II, in rule 10DB, for sub-rule (4), the following sub-rule shall be substituted, namely: ____

(4) The period for furnishing of the report under sub-section (4) of section 286 by the constituent entity referred to in that sub-section shall be twelve months from the end of the reporting accounting year.

Provided that in case the parent entity of the constituent entity is resident of a country or territory, where, there has been a systemic failure of the country or territory and the said failure has been intimated to such constituent entity, the period for submission of the report shall be six months from the end of the month in which said systemic failure has been intimated.”

Notification No. 8/2018
Date – 31st December 2018

Procedure, format and standards for filing an application for grant of certificate for deduction of Income-tax at any lower rate or no deduction of Income-tax under sub-section (1) of Section 197 / collection of the tax at any lower rate under sub-section (9) of Section 206C of the Income-tax Act, 1961 through TRACES

As per sub-section (1) of section 197 of the Income-tax Act, 1961, where, in the case of any income of any person or sum payable to any person, income-tax is required to be deducted at the time of credit at the

time of payment at the rates in force under the provisions of sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-1, 194J, 194K, 194LA [, 194LBB, 194LBC] and 195.

if the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, the Assessing Officer shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate.

Further as per sub-section (9) of section 206C of the Income-tax Act, 1961, where the Assessing Officer is satisfied that the total income of the buyer or licensee or lessee justifies the collection of the tax at any lower rate than the relevant rate specified in sub-section (1) or sub-section (1e), the Assessing Officer shall, on an application made by the buyer or licensee or lessee in this behalf, give to him a certificate for collection of tax at such lower rate than the relevant rate specified in sub-section (1) or sub-section (1e).

For more details, please follow –
https://www.incometaxindia.gov.in/communications/notification/notification_8_2018_tds.pdf

PRESS RELEASE

INDIRECT TAX

Press Release
Date – 10th January 2019

Recommendations made during 32 nd Meeting of the GST Council held on 10th January, 2019

The GST Council in its 32nd meeting held today at New Delhi gave approval for the following:

- Changes made by CGST (Amendment) Act, 2018, IGST (Amendment) Act, 2018, UTGST (Amendment) Act, 2018 and GST (Compensation to States) Amendment Act, 2018 along with amendments in CGST Rules, notifications and Circulars issued earlier and the corresponding changes in SGST Acts would be notified w.e.f. 01.02.2019
- The last date for passing the examination for GST Practitioners to be extended till 31.12.2019 for those GST Practitioners who have enrolled under rule 83(1)(b) i.e. who were sales tax practitioner or tax return preparer under the existing law for a period of not less than five years. Note: The decisions of the GST Council have been presented in this release in simple language for easy understanding. The same would be given effect to through Gazette notifications/ circulars which alone shall have the force of law.

DIRECT TAX

Press Release
Date – 7th January 2019

Direct Tax Collections for F.Y. 2018-19 up to December, 2018

The provisional figures of Direct Tax collections up to December, 2018 show that gross collections are at Rs. 8.74 lakh crore which is 14.1% higher than the gross collections for the corresponding period of last year.

Refunds amounting to Rs.1.30 lakh crore have been issued during April, 2018 to December, 2018, which is 17.0% higher than refunds issued during the same period in the preceding year. Net collections (after adjusting for refunds) have increased by 13.6% to Rs. 7.43 lakh crore during April - December, 2018. The net Direct Tax collections represent 64.7% of the total Budget Estimates of Direct Taxes for F.Y. 2018-19 (Rs. 11.50 lakh crore).

So far as the growth rate for Corporate Income Tax (CIT) and Personal Income Tax (PIT) is concerned, the growth rate of gross collections for CIT is 14.8% while that for PIT (including STT) is 17.2%. After adjustment of refunds, the net growth in CIT collections is 16.0% and that in PIT collections is 14.8%. It is pertinent to mention that collections of the corresponding period of F.Y. 2017-18 also included extraordinary collections under the Income Declaration Scheme (IDS), 2016 amounting to Rs.10,844 crore (Third and last instalment of IDS), which do not form part of the current year's collections.

An amount of Rs. 3.64 lakh crore has been collected as Advance Tax, which is 14.5% higher than the Advance Tax collections during the corresponding period of last year. The growth rate of Corporate Advance Tax is 12.5% and that of PIT Advance Tax is 23.8%

JUDGEMENTS

INDIRECT TAX

Bombay HC asks Govt. to form a High-Level Committee to grant Entertainment Tax Benefits under GST

ADLABS ENTERTAINMENT LIMITED vs. UNION OF INDIA & OTHERS

**Case No. – WRIT PETITION NO. 3027 OF 2018
DATE – 21.12.2018**

Fact of the Case

1. The petitioner has set up a theme park and water park at Khalapur, Maharashtra by making a sizable capital investment.
2. Under the old tax regime, the petitioners were liable to pay 15% GST and they availed certain tax benefits in the nature of entertainment tax waiver.
3. After GST rollout, the entertainment tax was subsumed and no incentive offered to the petitioner and the petitioner has to pay 18% GST.
4. It made the petitioner's business totally unviable. As a result the petitioner was unable to repay loan which was borrowed from bank and financial institution for making capital investment.

Decision of the Case

1. It was contended that the petitioner was granted incentive under the state tourism policy and they are unable to recover even its capital investment because the entire tax structure changed with the advent of GST.
2. A two-judge bench of the Bombay High Court has directed the State Government to constitute a high-level committee to study the issues and to grant relief to the entertainment sector after the entertainment tax benefits have been abolished after the launch of the new Goods and Services Tax (GST) regime.

Tendu Leaves are not 'Minor Forest Produce', Higher VAT Rate Leviable: Chhattisgarh HC

M/S SHOVA ENTERPRISES VS. STATE OF CHATTISGARH

**CASE NO – WRIT APPEAL NO. 632 OF 2018
DATE – 7.01.2019**

Fact of the Case

1. In the present situation state govt. of chhattisgarh is the applicant.
2. The State Government issued notification power under Section 15-B of the Chhattisgarh Value Added Tax Act, 2005 wherein the tax rate on minor forest produce was reduced to 5%.

3. While considering the writ petition, the Court held that ts per the said notification is applicable.

Decision of the Case

1. On appeal, the bench held that the notification extending benefit of 5% VAT has been issued by the State only for minor forest produce and the entry 'Tendu leaves' stands untouched as an item of highest incidence of tax and has been clubbed with some such goods like diesel, petrol, aviation fuel, etc.
2. There is a serious error of interpretation has been committed by the learned Single Judge by treating the Tendu leaves as a minor forest produce to allow benefit of reduced rate of tax at 5%.
3. A two-judge bench of the Chhattisgarh High Court has held that the tendu leaves are not 'Minor Forest Produce' and therefore, the concessional rate of 5% is not leviable on the same.

MAHARASHTRA AAR clarifies Taxability of Unleavened and Leavened Flatbread, Corn Chips, Pancake and Pizza Bread

SIGNATURE INTERNATIONAL FOODS INDIA PVT. LTD. VS. MAHARASHTRA AAR

DATE – 23.05.2018

Fact of the Case

1. The Applicant is a private limited company incorporated under the provisions of Companies Act, 1956
2. It engaged in the business of manufacturing, trading and exporting bakery products including flatbreads.
3. Presently, the Applicant supplies flatbreads to retailers, canteens, airlines, hotels, hospitals, schools, restaurants, wholesalers, distributors and other foodservice operators.
4. . The products are available in an ambient and frozen format with a shelf life ranging from a few days to one year depending on the customers' requirements.
5. The present application has been filed by the applicant Signature International Foods India Pvt. Ltd. before the Maharashtra Authority for Advance Ruling.

Decision of the Case

1. The Authority after considering the submissions made by both the parties ruled as under:
2. (a) In case of unleavened flat bread the ingredients and manufacturing process of the product, it was found that more than 80% of

the constituent ingredients are Atta, Maida and Water.

(b) After referring to the definitions of Chapatti and Roti the view of the authority was that unleavened flat bread would be classifiable as Plain Chapatti or Roti liable to a 5% tax.

3. Classification of Leavened Flatbreads including Naan, Kulcha and variants it was found that the food product filled with various ingredients such as chicken, pork, chopped onion, etc. is not a bread and would be covered under residual entry of the notification liable to 18% GST except pita bread.
4. In case of Pizza Bread it was ruled that the schedule entry for pizza bread is wide enough to cover pizza base within its ambit and hence is liable to tax at 18%.

Supply of food and beverages in trains to be considered as supply of 'Goods':
AAR New Delhi
Deepak & Co., vs. AAR - New Delhi

Fact of the Case

1. The assessee was engaged in supply of food and beverages to the passengers in trains as per the menu and tariff approved by the Indian Railways.
2. It contended that the supply of any food or beverage should be taxable at 5% if they are consumed on or away from the premises.
3. It filed an application for advance ruling for the same.

Decision of the Case

1. The Authority for Advance Ruling held that the train is a mode of transport and cannot be called as a restaurant, eating joint, mess or canteen, etc.
2. Therefore, the supply of goods, i.e., food, bottled water, etc., should be charged to GST on the value of individual items at the applicable rates as there is no element of service in it.

GST would be applicable on cheque bouncing charges:
AAR
Maharashtra AAR vs. Bajaj Finance Limited

Fact of the Case

1. The applicant, a NBFC is engaged in providing various types of loans to the customers, such as auto-loans, loans against the property, personal loans, consumer durable goods loans, etc.
2. It has entered into agreements with borrowers/customers for providing loans to them. The loan agreements provide for repayment of the outstanding dues/EMI

through cheque/ECS/NACH or any other electronic or clearing mandate.

3. In case of dishonoring of payment instrument or instruction, the applicant collects the penal or bouncing charges.
4. The applicant filed an application for Advance Ruling to clear the doubt whether the bouncing charges should be treated as supply.
5. It contended that bouncing charges collected from the customers are in the nature of penalty or liquidated damages.
6. Therefore, same are not considerations for supply of services and, hence, not subject to GST levy.

Decision of the Case

1. The Authority for Advance Ruling held that the receipt of cheque bouncing charges on dishonoring of cheques would be receipt of amounts for tolerating the act of their customers in dishonoring of cheque.
2. Therefore, it would be treated as supply under GST as per S. No. 5(e) of Schedule II of the CGST Act, 2017 and, hence, taxable under the GST Act.

Penal interest charged on default in EMI payment is taxable under GST: AAR - Maharashtra
Maharashtra AAR vs. Bajaj Finance Limited

Fact of the Case

1. The applicant was engaged in providing various types of loans to customers.
2. The applicant received penal charges on delayed payment of EMIs of loans.
3. The applicant filed an application to clear the doubt whether penal charges on delayed payment of EMIs of loans would be considered as supply or not.

Decision of the Case

1. The authority observed that penal charges on delayed payments would be considered as receipt of amounts for tolerating an act of their customers for having delayed/defaulted on their EMI payments within due dates.
2. The amount received as penal charges would not be considered as additional interest and, therefore, was to be treated as 'supply' under the GST Act.
3. Therefore, penal interest on default in EMI payment would be taxable under GST.

Sale of religious books or DVDs in Satsang would attract GST: AAR - Maharashtra
Shrimad Raichandra Adhyatmik Satsang Sadhana
Kendra vs. Maharashtra AAR

Fact of the Case

1. The assessee filed an application for Advance Ruling to clear the doubt whether the sale of

spiritual products such as books, DVDs, etc., could be treated as supply as per GST Act or not.

2. It contended that the money earned from such goods was used for main object only, i.e., for charitable and religious purposes.
3. Therefore, such an activity could not be treated as an activity of carrying out business.

Decision of the Case

1. The Authority for Advance Ruling held that there was no specific exemption to registered charitable trusts for supply of such goods under GST.
2. The sale of spiritual products which was incidental or ancillary to main charitable object of assessee could be said to be business.
3. Therefore, the sale of spiritual products could be treated as supply under the GST Act and GST would be applicable on it.

Transfer of business as 'Going Concern' is exempt from GST: Karnataka AAR Rajashri Foods (P.) Ltd vs. Karnataka AAR

Fact of the Case

1. The assessee is engaged in manufacturing business.
2. It intends to sell one unit along with all its assets and liabilities for a lump sum consideration.
3. It filed an application for Advance Ruling on the following two issues.
 - Whether such transaction would be deemed as supply of goods or supply of services or both.
 - Whether such transaction would be exempt under S. No. 2 of the Notification No.12/2017-Central Tax (Rate), dated June 28, 2017.

Decision of the Case

1. The Authority for Advance Ruling held that the business will continue in new hands. Hence, such transaction would be in the nature of a going concern.
 2. When the business is transferred as a going concern, then it does not amount to supply of goods as per part 4(c) of the Schedule II of the Central GST Act.
 3. Therefore, such transaction would be treated as 'Supply of service' and, hence, would be exempt from GST as per Notification No.12/2017-Central Tax (Rate), dated June 28, 2017.
-

Recruitment services rendered by an intermediary to students of foreign universities are not 'export of services'

Global Reach Education Services (P.) Ltd. vs. AAR- West Bengal

Fact of the Case

1. The assessee provided recruitment services to the students seeking admission in foreign universities and the consideration for such receives was received in convertible foreign exchange from such foreign universities.
2. It filed an application for advance ruling to decide if such services should be treated as an export of service.
3. The applicant contended that as per Section 13(2) the place of such supply should be deemed to be outside India as location of service recipient is outside India.

Decision of the Case

1. The Authority for Advance Ruling (AAR) held that such services would be provided only as a representative of the University and not as an independent service provider.
 2. Being an intermediary service provider, the place of supply shall be determined as per section 13(8)(b) of the IGST Act and not under section 13(2) of the IGST Act.
 3. Therefore, the place of supply shall be the location of service provider.
 4. As the condition for export of service was not satisfied, the assessee's service to the foreign universities would not qualify as 'Export of Services'. Hence, such service would be taxable under the GST Act.
-

Supply of food items to employees for a consideration in canteen run by co. is taxable under GST: AAAR

Kerala Caltech Polymers (P.) Ltd. vs. AAAR-Kerala

Fact of the Case

1. The applicant is engaged in manufacturing and sale of footwear. It was providing canteen services exclusively for the employees.
2. It incurred the canteen running expenses for a month and recovered the same from its employees without any profit margin.
3. The applicant submitted that the service provided to the employees was not being carried out as a business activity and it was rendered by virtue of provisions of Factories Act, 1948.
4. Therefore, the applicant is of the view that this activity would not come under the scope of Supply.

Decision of the Case

1. The Appellate Authority for Advance Ruling observed that the applicant recovers the amount from employees.
2. Therefore, the supply of food items to the employees for a consideration in a canteen run by the appellant would come under the definition of 'supply' as per the GST Act.

GST registration limit for co-owners of a property to be checked individually: AAR Kerala Elambrancheri Khaldoon vs. AAR-Kerala

Fact of the Case

1. The petitioner is one of the co-owners of a jointly owned immovable property. There are 13 co-owners holding equal share of land and building.
2. They had rented out these properties to different parties. The total rent from all these properties exceeds Rs. 20 lakhs in a financial year. But the individual share is not exceeding the threshold limit.
3. It filed an application for Advance Ruling to clear the doubt whether small business exemption would be available to all owners separately in case of joint owned property or not.

Decision of the Case

The Authority for Advance Ruling held that when the rent is collected together and divided equally between respective co-owners, then the small business exemption for registration under GST is available to co-owners separately.

HC refrains to issue any direction to Govt. on bringing petrol and diesel under GST K.K. Ramesh v. Union of India

Fact of the Case

1. The applicant filed a writ petition in the Madras High Court for inclusion of petrol and diesel under the ambit of GST to ensure 'One Nation One Tax'.
2. The applicant pleaded that the prices of petrol diesel and other essential goods will come down after its inclusion in GST.

Decision of the Case

1. The High Court held that it wasn't entrusted with the power to issue any directions to the Government for inclusion of petrol and diesel under GST.
2. It was only the prerogative of Central Government to act on the recommendations of GST council for its inclusion under GST.

Goods procured from one country and supplied to another doesn't attract IGST: AAR

Synthite Industries Ltd vs. AAR

Fact of the Case

1. The assessee received an order from a customer in USA for the supply of spices. It placed a corresponding order with a Chinese supplier, who shipped the goods directly to the customer in the USA.
2. The Chinese supplier raised an invoice on the assessee and assessee raised the invoice on the customer in the USA.
3. The assessee filed an application for advance ruling to determine if GST is leviable on sale of goods to the USA Company, when such goods would be shipped directly from China to the USA without entering India.

Decision of the Case

The Authority for Advance Ruling (AAR) held that the goods are liable to GST when imported into India. As goods are not imported into India at any point of time, the assessee is not liable to pay IGST on the sale of goods procured from China and supplied to the USA.

No contravention of anti-profiteering rules by 'Honda' car dealers as they passed on benefits of reduced rate Dinesh Mohan Bhardwaj vs. Vrandavaneshwree Automotive (P.) Ltd

Fact of the Case

1. The assessee filed an application before the Standing Committee alleging the profiteering practice of Honda car dealer.
2. He stated that he had entered into a contract to buy a Honda Car through an authorized Honda car dealer for Rs. 9.13 lakhs, which included excise duty (35%), CST (2%) and UP VAT (14%), i.e., in aggregate the tax was 51%.
3. He took the delivery of the Car in the GST regime by paying an amount of Rs. 8.99 lakhs.
4. He alleged that the dealer had not given the benefit of reduced rate of tax, which was 29% in GST regime.
5. Thus, such practice should be treated as profiteering and, hence, the action should be taken against the dealer.
6. The Anti-profiteering authority referred the matter to the Director General of Safeguards (DGSG).

Decision of the Case

1. The DGSG in his report found that in old regime, the tax incidence was 31.25% instead of 51%. Hence, the contention of assessee was incorrect.
2. The National Anti-profiteering Authority (NAA) held that the benefit of Rs. 10,550 on account of reduction of tax by 2% (reducing tax rate from 31.254% (pre-GST) to 29% (post-GST)), had already been passed on to the assessee.

- Therefore, no additional benefit on account of availment of ITC by the car dealer was required to be passed on to the customer.
- Thus, the contention of the assessee was not valid and was to be rejected.

[Goods couldn't be seized if e-way bill was generated before seizure order: HC Allahabad Bhumika Enterprises v. State of U.P.](#)

Fact of the Case

- The Authority seized the goods of the assessee on the grounds that the tax invoice was kept in a sealed envelope and the goods were transported without E-way Bill-02.
- It also issued a notice to the assessee for imposition of penalty.
- The assessee filed the writ petition in the High Court against the same.

Decision of the Case

- The High Court held that the E-way Bill-02 had been generated in favour of the assessee on March 26, 2018 at 11.50 am but the seizure order had been passed on March 27, 2018 at 6 pm.
- Therefore, there was no justification in the impugned seizure order.
- Hence, the seizure order as well as show cause notice were to be quashed.

[Credit of GST paid on sanitary fittings not available as it is an integral part of building: AAR Uttarakhand Bahl Paper Mills Ltd. vs. AAR- Uttarakhand](#)

Fact of the Case

The assessee filed an application before the Authority for Advance Ruling on the issue 'whether credit will be available for the GST paid in respect of office fixtures and furniture, AC plant and sanitary fittings installed in a new building constructed for furtherance of business and which would be capitalized in books of account or not.

Decision of the Case

- The Authority for Advance Ruling held that the input tax credit (ITC) of GST paid in relation to building or any other civil structure is not available.
 - The sanitary fittings are integral parts of building or any other civil structure. Therefore, the ITC of GST paid on such sanitary fittings is not available.
 - However, the credit of GST paid in respect of office fixtures & furniture, AC plant is admissible if registered person doesn't claim depreciation on the GST component under the Income-tax Act.
-

[GST is applicable on compensation received by tenant for delayed possession of new premises: AAR Maharashtra Zaver Shankarlal Bhanushali vs. AAR - Maharashtra](#)

Fact of the Case

- The assessee is a tenant in building premises. The owner of said building premises entered into an agreement with a developer for redevelopment of said premises.
- Consequent to the said agreement, the assessee is to vacate the premises to facilitate the redevelopment of the building.
- The assessee filed an application for Advance Ruling for applicability of GST on the compensation received by it for facilitating an alternative accommodation for the tenant and for delay in delivery of possession of the new premises.

Decision of the Case

- The Authority for Advance Ruling held that as assessee agrees to do an act, i.e., vacating the premises to facilitate the supply of service by the developer to the owner, the compensation received from the developer for vacating the said premises shall be subject to GST.
- Further, the amount received for delayed possession of new premises would be a receipt for tolerating the construction-cum-redevelopment work and for tolerating an act of not completing the re-development work within the prescribed time. The same would be covered under the definition of 'supply'.
- Therefore, the GST would be leviable on the said amount.

['Rakhi' classifiable as per its constituent materials; GST exemption is not applicable: AAR West Bengal M D Mohta vs. AAR-West Bengal](#)

Fact of the Case

- The assessee is a manufacturer of 'Rakhis' including decorative and designer rakhis.
- These rakhis consist of cotton thread, zari thread, silk thread, plastic beads, coloured stones and rudraksha.
- It filed an application for Advance Ruling on the classification of Rakhis.
- It contended that rakhis should be considered as handcrafted goods.

Decision of the Case

- The Authority for Advance Ruling held that 'Rakhi' is an independently identifiable product which is made of many materials.
- The material which provides the essential character to rakhi varies.

3. Therefore, the 'Rakhis' have to be classified according to the constituent materials used in it.
4. Further, the GST exemption under Notification No. 2/2017- Central Tax (Rate), dated June 28, 2017 is not available for rakhis.
5. The CBIC also clarified through FAQs dated July 20, 2017 that the rate of GST shall be nil in respect of following:
 - Puja samagri, including kalava (raksha sutra)
 - Rakhi, which is in form of kalava [raksha sutra]
6. Any other rakhi would be classified as per its constituent materials and attract GST accordingly.

No GST on salary remitted by HO to liaison office set-up in India for routine operations: AAR Rajasthan Habufa Meubelen B.V vs. AAR- Rajasthan

Fact of the Case

1. The assessee is the liaison office of a company incorporated at Netherlands.
2. It doesn't undertake any activity of trading, commercial or industrial in nature, except activities required for normal functioning of office.
3. The salaries of the employees are remitted by HO to liaison office.
4. The HO also reimburses other expenses incurred by liaison office for its operation.
5. The assessee filed an application for Advance Ruling on the issue 'whether reimbursement of expenses and salary is liable to GST or not and whether it is required to get registered under the GST or not.

Decision of the Case

1. The Authority for Advance Ruling held that the liaison office in India does not render any consultancy or other services directly or indirectly.
2. Therefore, the reimbursement of expenses and salary paid by head office to liaison office is not liable to GST.
3. Further, as no taxable supplies are made by the liaison office, they are not required to get registered under GST.

No credit of Krishi Kalyan Cess allowed under GST; Appellate authority upholds AAR's order Kansai Nerolac Paints Ltd. vs. AAAR - Maharashtra

Fact of the Case

1. The assessee wanted to carry forward the accumulated credit of Krishi Kalyan Cess (KKC) shown in service tax return as on June 30, 2017 to the electronic credit ledger under the GST Act.

2. It filed the application for Advance Ruling regarding admissibility of KKC as input tax credit under the GST Act.
3. The Authority for Advance Ruling (AAR) held that the ITC of KKC could not be carried forward under GST.
4. The assessee filed an appeal against the order of AAR before the Appellate Authority on the ground that KKC is subsumed in the CGST Act and it does not have any independent identity as KKC.
5. Therefore, it should be allowed as credit under the transitional provision.

Decision of the Case

1. The Maharashtra Appellate Authority for Advance Ruling (AAAR) held that cess and duty are separate levies and cannot be equated.
2. The credit of KKC can only be utilized for payment of KKC only.
3. Further, the FAQs issued by CBIC have clarified that ITC of KKC cannot be carried forward under GST.
4. Accordingly, it upheld the order of AAR.

Supply of UPS along with battery should be considered as 'Mixed Supply': AAR West Bengal Switching Avo Electro Power Ltd., vs. AAAR-West Bengal

Fact of the Case

1. The assessee filed an application for Advance Ruling to determine whether supply of UPS along with battery has to be considered as mixed supply as they are supplied under a single contract at a combined single price or not.
2. It contended that UPS cannot function without battery because it is an integral part of UPS.
3. Hence, it is naturally bundled and such supply should be treated as a composite supply and not as a mixed supply.

Decision of the Case

1. The Authority for Advance Ruling held that the storage battery has multiple uses and can be put to different uses.
2. Therefore, when battery is supplied with UPS, then it cannot be considered as a composite supply or a naturally bundled supply.

Supply of Goods by Cafe Coffee Day to SEZ units will not be treated as Zero rated supply Coffee Day Global Ltd. vs. AAR- Karnataka

Fact of the Case

1. The applicant, Café Coffee Day, is engaged in supply of non-alcoholic beverages to SEZ units using coffee vending machines.

2. It contended that all supplies to SEZ, without any distinction, to be treated as zero-rated supplies.
3. The applicant is of the view that the supplies made by CCD to the SEZ units are in the nature of zero-rated supplies, notwithstanding fact that they are not used for authorized operations.

Decision of the Case

1. The Authority for Advance Ruling observed that IGST ACT provides same meaning to SEZ which is assigned to it in the Special Economic Zones Act, 2005. SEZ Act also provides that the operations to be carried out in the Special Economic Zone and also in the units located therein have to be in accordance with the authorization to be given by the Central Government.
2. It is also observed by the AAR that the rule relating to refund under GST Act stipulates that the supply, in respect of which tax has been paid and refund is sought, shall be necessarily for authorized operations.
3. Therefore, it is decided that the supply of non-alcoholic beverages/ingredients, to SEZ units using coffee vending machines by the applicant, would not qualify as zero-rated supply.

GST to be levied on activities done by employees of corporate office for its units located in other states **Columbia Asia Hospitals (P.) Ltd. vs. AAR-Karnataka**

Fact of the Case

1. The employees of corporate office performed the activities in the course of or in relation to employment.
2. The same activities are also performed for the units located in the other States.
3. The assessee filed an application for Advance Ruling whether GST would be applicable on supplies made to other units located in other States by employees of corporate office or not.

Decision of the Case

1. The Authority for Advance Ruling held that the services provided by the employees to the employer, the corporate office, have the nature of the employee and employer relationship.
2. The corporate office and the units are distinct persons.
3. Therefore, activities performed by employees of corporate office for other units of company shall be treated as supplies as per Entry 2 of Schedule I of the CGST Act.
4. Hence, GST would be applicable even if made without consideration.

NAA imposes penalty on builder for not passing on the benefit of ITC to buyers **Sukhbir Rohilla v. Pyramid Infratech (P.) Ltd**

Fact of the Case

1. The Applicants, 100+ home buyers, filed an application against the builder before the Haryana State Screening Committee for not passing on the Input Tax Credit (ITC) of the GST paid on construction services.
2. They booked flats under the Haryana Affordable Housing Policy 2013 and paid Excise Duty and Value Added Tax (VAT).
3. After the GST roll-out, 12% tax was levied on the construction service which was further reduced to 8% from January 25, 2018.
4. But the benefit accrued to the builder post-GST had not been passed on to the flat buyers.

Decision of the Case

1. The National Anti-profiteering Authority (NAA) said that the concession given on construction services had impacted the tax revenue of Govt. and this step had been taken so as to reduce the prices charged by the builders from the vulnerable sections of society who could not afford high value apartments.
2. The NAA held that the builder had to reduce the price of the flat to be recovered from the buyers.
3. It also issued the show cause notice so as to levy the penalty on the builder.

GST would be applicable on free IPL tickets given on complimentary basis: AAR Punjab **K.P.H. Dream Cricket (P.) Ltd vs. AAR-Punjab**

Fact of the Case

1. The assessee filed an application for Advance Ruling whether it is required to pay GST on the 'Complimentary tickets' for the IPT matches or not.
2. It contended that the activity of providing complimentary tickets without any consideration on account of business promotion would not fall under definition of supply and, thus, would not be liable to GST.

Decision of the Case

1. The Authority for Advance Ruling decided that the activity of assessee of providing complimentary cricket match tickets to some persons would be considered as supply of service.
2. Therefore, all tickets supplied by assessee, including complimentary tickets, would be taxable and, thus, liable to GST.

[GST paid under wrong head by mistake can be adjusted under another head: HC Kerala](#)
[Saji S. v. Commission, State GST Department Tax Tower, Thiruvananthapuram](#)

Fact of the Case

1. The assessee, a registered dealer, purchased goods from consignor in Chennai.
2. While those goods were in transit, goods were detained and consignor paid the tax and penalty and it remitted the amount under the head 'SGST' instead of 'IGST'.
3. The authorities refused to release the goods on the ground that the remittance had to be paid under the head 'IGST'.
4. The assessee filed writ petition.
5. The assessee submitted that if the remittance was treated as a mistake on the consignor's part, the statute had empowered the authorities to transfer the deposit from one head to another, i.e., from SGST to IGST.
6. However, the authorities submitted that the petitioner had to pay the amount under 'IGST' and then claim a refund from the head 'SGST'.

Decision of the Case

1. The High Court observed that the GST Act provides for the refund of the tax paid mistakenly under one head instead of another head. But Rule 4 of the GST Refund Rules speaks of adjustment.
2. It was further observed that if the amount of refund would be completely adjusted against any outstanding demand under the Act, an order giving details of the adjustment to be made in Part A of Form GST RFD-07.
3. Thus, in the case of assessee, GST paid under wrong head by mistake could be adjusted under another head.
4. Therefore, High Court directed that the concerned officials must allow the adjustment and get amount transferred from the head 'SGST' to 'IGST'.

[Back office support services to overseas companies treated as Intermediary Services: AAR Maharashtra](#)
[V. Serv Global \(P.\) Ltd. vs. AAR - Maharashtra](#)

Fact of the Case

1. The applicant is engaged in back office administrative and accounting support services, pay-roll processing and maintenance of employee records to overseas clients.
2. It filed an application for advance ruling to determine whether it would constitute an 'export of service or not.'

Decision of the Case

1. The authority observed that the applicant would arrange/facilitate supply of goods or services or both between overseas client and customers of overseas client.
2. Therefore, applicant would be clearly covered and would fall in 'intermediary' definition as contained under Section 2(13) of IGST Act, 2017.
3. The place of supply in case of services provided by applicant being intermediary would be the location of supplier of services.
4. Hence, services proposed to be rendered by the applicant would not qualify as 'export of services' and, thus, would not to be treated as 'zero-rated supplies'.

[Car couldn't be detained for transportation of personal effects on ground of e-way bill: HC Kerala](#)
[Kun Motor Co. \(P.\) Ltd. v. Assistant State Tax Officer](#)

Fact of the Case

1. The 2nd appellant in State 1 purchased a Mini-Cooper car from the 1st appellant who was dealer of motor vehicles in State 2.
2. A temporary registration in the name of the 2nd appellant was taken from State 2 Motor Vehicles Department.
3. The dealer had transported the car in a specially equipped carriage by road.
4. The invoice of purchase of car showed collection of IGST and an invoice was also issued for transportation of the car.

Decision of the Case

1. The competent authority issued the order of detention of car on the ground that no e-way bill had been uploaded.
2. The appellant filed the writ petition in the Kerala High Court against such detention order.
3. The Kerala High Court held that the supply of new vehicle by dealer was terminated after the purchase of car in State 2 and subsequent movement of goods to State 1 was not occasioned by supply.
4. There could not be detention for transportation of personal effects for not uploading E-Way Bill.

DIRECT TAX

Mere Holding Shares for a Short Period won't constitute Business Income: Bombay High Court

Fact of the Case

1. In the present case assessee is a company engaged in business of trading in engineering goods, metal and other commodities.
2. The assessee declared a short term capital gain of Rs. 9.42 crores in his return.
3. The A.O rejected the return and treated the short term capital gain as business income.
4. The assessee explained that he had made investment in shares over last 10 to 15 years out of its own funds i.e without any borrowing loans.

Decision of the Case

1. The learned judges of Bombay High Court pointed out two things i.e "Investment" & "Trading". They also made a clear distinction between trading in shares and investment.
2. They observed that the assessee invested in shares for less than 12 months i.e short term investment out of his own fund but not from loan fund.
3. They also noted that the A.O had accepted the claim of short term capital gain in previous years in respect of purchase & sale of shares.
4. Dismissing the appeal filed by the revenue department, the bench passed the order that the holding of shares for a short period only will not convert short term capital gain into business income.

No Income Tax Deduction to Law Firm for Expenses incurred for Pleasure Tour by Counsels and Family: ITAT LUTHRA & LUTHRA LAW OFFICES VS. JCIT CASE NO. – ITA NO. 802/DEL/2015 DATE – 20.12.2018

Fact of the Case

1. In the present case the assessee is law firm.
2. The assessee firm provides services worldwide and for that purpose, it is needed to visit various places for client meetings, rendering services outside India, client development etc. and for which claimed deduction of travelling expenses of Rs. 19,918,038 for foreign travelling.
3. The A.O held that the assessee failed to establish that traveling expenses were incurred exclusively for the purpose of business and accordingly he disallowed 10% of the foreign traveling expenses, which was worked out to Rs. 19,91,803/-.
4. On the first appeal, the CIT(A) observed that the assessee claimed Rs. 30 lakhs for an advance made to M/s Tomas Cook for

traveling by the Counsels of the firm and their family members to Beijing in the month of April 2010 which is not allowable under the IT Act.

5. The assessee claimed that expenses are incurred for annual day event of the firm, but no documentary evidence of any kind has been produced before the Tribunal, which could establish that the trip to Beijing was in relation to the business activity of the assessee.

Decision of the Case

1. The Tribunal noted that the expenses have been incurred in relation to the extension of the stay, cancellation of the air ticket, bar party, photographers, smoothies ordered etc.
2. In the opinion of the Tribunal the tour was for the entertainment of the counsels and their family members and it has not served any business purpose of the assessee firm.
3. In the instant case nothing has been brought on record that the trip was in relation to any business activity of the assessee firm.
4. The assessee has failed to establish that the expenses were incurred wholly and exclusively for the Section 37(1) of the Income Tax Act, purpose of the business and thus same is not allowable.

Capital Gain of Multiple Years can be claimed against Purchase of New House: ITAT SHRI PANKAJ CHIMANLAL PATEL (HUF) VS. DY. COMMISSIONER OF INCOME tax

Case no. – ita no. 3179/ahd/2016
Date -12.12.2018

Fact of the Case

1. The issue before the Tribunal was that whether deduction under s.54F of the Act is available in respect of capital gains arising from the sale of more than one long-term capital assets, not being a residential house (original asset) against the construction or purchase of one residential house (new asset).
2. The Tribunal noted that the deduction under s.54F of the Act essentially depends upon the extent of utilization of the sale proceeds in the new asset.
3. The benefits of Section 54F of the Act also stands denied where the assessee owns more than one residential house other than a new asset on the date of transfer of the original asset.
4. The Section 54F in essence, offers some incentives to a taxpayer to change its unproductive assets into a residential house.

Decision of the Case

1. The Tribunal noted that the assessee is entitled to the deduction in respect of capital gains arising from the sale of only one long-term capital asset and conversion thereof in residential property would in effect seriously limit the object and purpose of Section 54F of the Act.
2. It will seriously curtail the application of Section 54F of the Act.
3. The Tribunal also notice the use of the broader expression 'any' long-term asset in distinction to the expression 'a' long-term asset as used in Section 10(38) of the Act.
4. The Income Tax Appellate Tribunal (ITAT), Delhi bench has held that the capital gain of multiple years can be claimed against purchase/construction of same new residential house i.e. new asset for the exemption under section 54 of the Income Tax Act subject to fulfillment of other conditions.

University not liable to deduct TDS on Reimbursement of Expenses for conducting Exams: Allahabad High Court
THE REGISTER, CSJM UNIVERSITY, KALYANPUR VS. COMMISSIONER OF INCOME TAX

CASE NO. – 147 OF 2018

DATE – 5.12.2018

Fact of the Case

1. In the present situation university is the assessee and it conducts examinations through various colleges affiliated to it.
2. These affiliated colleges/centers in holding the examinations incur various types of expenditure both administrative and procedural. The Assessee-University reimburses these expenses to the affiliated colleges/centers.
3. The Assessing Officer treated the assessee as assessee-in-default alleging that they have not deducted tax under Section 194J of the Income Tax Act,
4. In the opinion of A.O the amount so reimbursed by the assessee university to the affiliated colleges are in respect of professional or technical service and covered under section 194J of the I.T Act.

Decision of the Case

1. The tribunal observed that the payment of expenditure incurred by the affiliated colleges/centers is reimbursable but there is no involvement of professional or technical expertise.
2. The affiliated colleges/centers do not render any technical services in conducting of the examination.
3. The honorable two justices of Allahabad High Court agreed to the opinion of Tribunal and has held that the University is not liable to deduct

TDS on Reimbursement of Expenses for conducting Exams.

Liquidated Damages paid for Non-Compliance of Business Obligations are allowable Expenditure: ITAT M/S HINDUSTAN URBAN INFRASTRUCTURE LTD. VS. DCIT,KOLKATA BENCH

Case No. - ITA NO. 1615-1616/KOL/2017

Date - 31.12.2018

Fact of the Case

1. In the present case assessee is M/S Hindustan Urban Infrastructure LTD.
2. At the time of submission of I.T Return the assessee has shown the provision for liquidated damages amounting to Rs. 29,92,672 & Rs. 36,76,295.
3. The Revenue's last substantive ground in both assessment years seeks to revive the Assessing Officer's action disallowing assessee's provision for liquidated damaged amounting to Rs. 29,92,672/- and Rs. 36,76,295/-; respectively in both assessment years.
4. Before the tribunal, the department contended that the assessee's liquidated damages are in the nature of penal liability not allowable as expenditure incurred wholly and exclusively for the purpose of its business.

Decision of the Case

1. In the opinion of ITAT these peculiar facts and circumstances that the assessee had made the impugned provision as per its contractual liability on account of non-compliance/non-fulfillment of its business obligations to only its customer parties.
2. So there is no merit in favour of revenue's contention.
3. The Income Tax Appellate Tribunal (ITAT) has held that the liquidated damages paid in nature of contractual liability on account of non-compliance of business obligations to customers are allowable as expenditure under the provisions of the Income Tax Act.

TAX COMPLIANCE CALENDAR AT A GLANCE

GST CALENDAR

Date	Return Type
20 th January, 2019	GSTR-5. Monthly - Summary of outward taxable supplies and tax payable by Non Resident Taxable person.
20 th January, 2019	GSTR 5A. Monthly - Summary of outward taxable supplies and tax payable by OIDAR
20 th January, 2019	GSTR 3B for the Month of December, 2018
31 st January, 2019	GSTR 1. Quarterly - Summary of outward taxable supplies where Turnover is below ₹1.5 Crore.
31 st January, 2019	ITC-04. Quarterly – Statement of goods dispatched or received to/from job worker.
10 th February, 2019	GSTR-8. Monthly - E-commerce operators who are required to deduct TCS (Tax collected at source) under GST.
11 th February, 2019	GSTR-1. Monthly - Summary of outward taxable supplies where Turnover exceeds ₹1.5 Crore.
13 th February, 2019	GSTR-6. Monthly – Details of ITC received and distributed by ISD.
20 th February, 2019	GSTR 3B for the Month of January, 2018
31 st March, 2019	Due date of TRAN-1 is extended for certain taxpayers who could not complete filing due to tech glitch.
31 st April, 2019	Due date of TRAN-2 is extended for certain taxpayers who could not complete filing due to tech glitch.

DIRECT TAX CALENDAR - JANUARY, 2019

07.01.2019

- Due date for deposit of Tax deducted/collected for the month of December, 2018. However, all the sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan
- Due date for deposit of TDS for the period October 2018 to December 2018 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H

14.01.2019

- Due date for issuing TDS Certificate for tax deducted under section 194-IA & 194-IB in the month of November 2018

15.01.2019

- Due date for furnishing of Form 24G by an office of the Government where TCS for the month of December, 2018 has been paid without the production of a challan
- Quarterly statement of TCS deposited for the quarter ending December 31, 2018
- Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending December, 2018
- Due date for furnishing of Form 15G/15H declarations received during the quarter ending December, 2018

30.01.2019

- Quarterly TCS certificate in respect of tax collected for the quarter ending December 31, 2018
- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA & section 194-IB in the month of December, 2018

31.01.2019

- Quarterly statement of TDS deposited for the quarter ending December 31, 2018
- Quarterly return of non-deduction at source by a banking company from interest on time deposit in respect of the quarter ending December 31, 2018
- Intimation under section 286(1) in Form No. 3CEAC, by a resident constituent entity of an international group whose parent is non-resident.

DIRECT TAX CALENDAR - FEBRUARY, 2019**07.02.2019**

- Due date for deposit of Tax deducted/collected for the month of January, 2019. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan

14.02.2019

- Due date for issue of TDS Certificate for tax deducted under section 194-IA & section 194-IB in the month of December, 2018

15.02.2019

- Due date for furnishing of Form 24G by an office of the Government where TCS for the month of January, 2019 has been paid without the production of a challan
- Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2018

WEBINAR CALENDAR 16th To 31st JANUARY, 2019

Sl. No	Date	Time	Topic of the Webinar	Name of the Faculty
1.	24.01.19 (Thursday)	4:00 - 5:00 PM	GST Amendment Law and Latest Update	CMA Vishwanath Bhatt
2.	25.01.19 (Friday)	4:00 - 5:00 PM	New Forms for GST Annual Return and Audit	CMA Amit Sarkar
3.	31.01.19 (Thursday)	4:00 - 5:00 PM	New Horizons of GST Audit and Annual Return	CMA S. K. Bhatt

Please Note: One CEP hour awarded for attending each webinar

NOTES

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TAXATION COMMITTEE - PLAN OF ACTION

Proposed Action Plan:

1. Successful conduct of Certificate Course on GST.
2. Publication and Circulation of Tax bulletin (both in electronic and printed formats) for the awareness and knowledge updation of stakeholders, members, traders, Chambers of Commerce, Universities.
3. Publication of Handbooks on Taxation related topics helping stakeholders in their job deliberations.
4. Carry out webinars for the Capacity building of Members - Trainers in the locality to facilitate the traders/registered dealers.
5. Conducting Seminars and workshops on industry specific issues, in association with the Trade associations/ Traders/ Chamber of commerce in different location on practical issues/aspects associated with GST.
6. Tendering representation to the Government on practical difficulties faced by the stakeholders in Taxation related matters.
7. Updating Government about the steps taken by the Institute in removing the practical difficulties in implementing various Tax Laws including GST.
8. Facilitating general public other than members through GST Help-Desk opened at Head quarter of the Institute and other places of country.
9. Introducing advance level courses for the professionals on GST and Income Tax.
10. Extending Crash Courses on Taxation to Corporates, Universities, Trade Associations etc.

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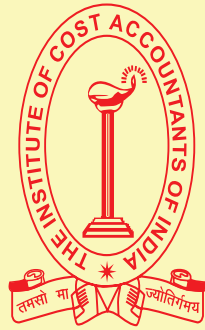
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