

JULY, 2019

TAX Bulletin



VOLUME - 44



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

www.icmai.in

Headquarters: CMA Bhawan, 12 Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

Delhi Office: CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100



MISSION STATEMENT

“The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.”



VISION STATEMENT

“The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally.”

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.

JULY, 2019

TAX Bulletin



VOLUME - 44



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

www.icmai.in

Headquarters: CMA Bhawan, 12 Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

Delhi Office: CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100



FROM THE DESK OF THE CHAIRMAN

“Don’t be dismayed at goodbyes. A farewell is necessary before you can meet again. And meeting again, after moments or lifetimes, is certain ...”

- Richard Bach

New opportunities come in as old ones depart... While I am excited about the new beginnings in the forthcoming new Council of our Institute, there’s also a big part of me that’s sad to be saying goodbye to this amazing platform where I hold myself, as a Chairman. I am falling short of words to convey explicitly how much I have enjoyed my time working together and how much I value this post which has been bestowed on me, by my fellow members. I truly respect and appreciate the love and blessings showered on me over the past few years.

I have learned so much from my experiences here, the advices, and guidance over the past two years which has been provided by our esteemed resource persons, stakeholders and members. My time spent here, at the Institute and with this team has been such a valuable part of my career journey. I know I will carry the things I have learned here with me to my next adventure, and I will always look back on this experience with a lot of fondness.

Some tasks have been achieved and immense is yet to be achieved for the betterment and success of the profession. I am hopeful that the dedication and devotion of the Team- TRD would definitely bring in this much deserved success. I wish Team - TRD, All the Best!! We are open to your suggestions and insights. I thank everyone for every bit of contribution they have made for these achievements.

To pen down my parting thoughts in the words of Mahatma Gandhi, I would say, “Satisfaction lies in the effort, not in the attainment, full effort is full victory.”

Best Wishes.

A handwritten signature in blue ink, appearing to read 'Niranjana Mishra'.

CMA Niranjana Mishra

17th July 2019

TAXATION COMMITTEE 2018 - 2019

CMA Amit Anand Apte	-	President
CMA Balwinder Singh	-	Vice President
CMA Niranjana Mishra	-	Chairman

MEMBERS

CMA Sanjay Gupta, IPP	CMA Manas Kumar Thakur
CMA P Raju Iyer	CMA Papa Rao Sunkara
CMA Dr. P V S Jagannathan	CMA Dr. Sanjay R Bhargava (Co-opted)
CMA Antaryami Acharya (Co-Opted)	CMA Waman Parkhi (Co-Opted)

SECRETARY

CMA Rajat Kumar Basu

ACKNOWLEDGEMENTS

CMA Mrityunjay Acharjee	Vice-President (Accounts, Finance & Taxation), Balmer Lawrie Ltd.
CMA Amit Sarker	Director Indirect Taxation, Deloitte Haskins & Sells
CMA Vishwanath Bhat	Practicing Cost & Management Accountant
CMA B Mallikarjuna Gupta	SME, Speaker, Author & Advisor on GST
CMA T K Jagannathan	Practicing Cost & Management Accountant
CMA Shiba Prasad Padhi	Practicing Cost & Management Accountant
CMA Arindam Goswami	Practicing Cost & Management Accountant
CMA Anil Sharma	Practicing Cost & Management Accountant
CMA Dr. Sanjay R. Bhargava	Practicing Cost & Management Accountant
CMA Bhogavalli Mallikarjuna Gupta	SME, Speaker, Author & Advisor on GST
CMA Pankaj Kapoor	Assistant Professor (Management), Doon Business School

TEAM - TAX RESEARCH DEPARTMENT

CMA Rajat Kumar Basu	-	Additional Director - Tax Research
CA Neelesh Jain	-	Deputy Director - Tax Research
CMA Priyanka Roy	-	Assistant Director - Tax Research
Ms. Mukulika Poddar	-	Officer - Tax Research
CMA Debasmita Jana	-	Associate - Tax Research

SPECIAL ACKNOWLEDGEMENT

Mr. Dipayan Roy Chaudhuri	-	Graphics & Web Designer
---------------------------	---	-------------------------

CONTENTS

ARTICLES		
INDIRECT TAX		
01	SABKA VISHWAS – LEGACY DISPUTE RESOLUTION SCHEME - 2019	
	CMA Dr. Sanjay R. Bhargave	Page - 1
02	E-INVOICING IN GST	
	CMA Bhogavalli Mallikarjuna Gupta	Page - 4
03	GST TURNS' TWO – JOURNEY SO FAR AND WAY AHEAD	
	CMA Pankaj Kapoor	Page - 7
BUDGET HIGHLIGHTS		
	Team TRD	Page - 12
TAX UPDATES, NOTIFICATIONS AND CIRCULARS		
	Indirect Tax	Page - 18
	Direct Tax	Page - 28
PRESS RELEASE		
	Indirect Tax	Page - 31
	Direct Tax	Page - 33
JUDGEMENTS		
	Indirect Tax	Page - 35
	Direct Tax	Page - 37
TAX COMPLIANCE CALENDAR AT A GLANCE		
	Indirect Tax	Page - 40
	Direct Tax	Page - 41
BROCHURE		
	Certificate Course on GST – 5 th Batch	Page - 43

Articles on the Topics of Direct and Indirect Taxation are invited from readers and authors. Along with the article please share a recent passport-sized photograph, a brief profile and the contact details. The articles should be the author's own original. Please send the articles to

trd@icmai.in /trd.ad1@icmai.in



SABKA VISHWAS – LEGACY DISPUTE RESOLUTION SCHEME - 2019

CMA Dr. Sanjay R. Bhargave
Practicing Cost & Management Accountant

In order to reduce pending litigations, the dispute resolution scheme called “Sabka Vishwas Legacy Dispute Resolution Scheme 2019 is being introduced for resolution and settlement of pending cases of Central Excise, Service Tax, and Cesses which have got subsumed in GST and few more cesses and welfare funds.

All persons, except persons who are convicted under the act for which he intends to make declaration and those who have filed an application before Settlement Commission are eligible to avail the benefit of the scheme.

The scheme shall come into force from the notified date. The scheme shall be applicable to following duties, taxes and cesses.

- ✓ Central Excise Duty
- ✓ Service Tax i.e. Chapter V of Finance Act, 1994
- ✓ Various cess such as SBC, KKC, Edu. Cess, SHE Cess,
- ✓ Agricultural Produce Cess,
- ✓ Coffee Cess,
- ✓ Rubber Cess,
- ✓ Salt Cess.
- ✓ Special Excise Duty on Sugar and Sugar Cess.
- ✓ Additional Duties of Excise on Textile and Textile Articles and Textile Cess,
- ✓ Produce Cess,
- ✓ Tobacco Cess,
- ✓ Jute Cess.
- ✓ Coal Mines Cess,
- ✓ Spices Cess
- ✓ Iron Ore mines, Manganese Ore mines and Chrome Ore Mines Labour Welfare Cess
- ✓ Bidi Workers Welfare Cess,
- ✓ Excise Duty on Medicinal and Toilet Preparations,
- ✓ Additional Duties of Excise on Goods of Special Importance
- ✓ Additional Duties of Excise and Customs on Mineral Products
- ✓ Limestone and Dolomite Mines Labour Welfare Fund.
- ✓ Mica Mines Labour Welfare Fund
- ✓ Agricultural and Processed Food Products Export Cess.
- ✓ Cess under Oil Industry (Development) Act,1974

The relief under this scheme is available to the Tax Dues, Interest, Penalty, Late Fees, Prosecution with respect to matter and time period covered in declaration.

Substantial relief ranging from 40% to 70% in tax dues and 100% relief from Interest, Penalty, Late Fees and Prosecution has been proposed in the scheme as per the following

Sr. No.	Scenario	Meaning of Tax Dues. <i>(The word Duty has been used for all the duties, taxes and cesses covered under this scheme).</i>
1	Where a single appeal arising out of an	Total amount of duty disputed in said appeal

	order is pending as on 30.06.2019 before appellate forum.	
2	Where more than one appeals arising out of an order, one by declarant and other by departmental appeal, pending as on 30.06.2019 before appellate forum	Sum total of amount of duty disputed by declarant and department
3	Where SCN is received on or before 30.06.2019	Amount of duty payable as per SCN
4	Where an enquiry or investigation or audit is pending	Amount of duty payable as quantified on or before 30.06.2019.
5	Where amount has been voluntarily disclosed	Amount of duty stated in declaration

Relief available to declarant

Sr. No.	Where Tax Dues are relatable to	Slab in Rs.	Relief
1	SCN or one or more appeals arising out of SCN	≤ 50 Lakh	70% of Tax Dues
		≥ 50 Lakh	50% of Tax Dues
2	SCN for late fee or penalty only		Entire amount of late fee and penalty
3(i)	Amount in arrears	≤ 50 Lakh	60% of Tax Dues
		≥ 50 Lakh	40% of Tax Dues.
3(ii)	Amount Indicated in return as an amount of duty payable but not paid	≤ 50 Lakh	60% of Tax Dues
		≥ 50 Lakh	40% of Tax Dues
4	Linked to an enquiry, investigation or audit and the amount is quantified on or before 30.06.2019	≤ 50 Lakh	60% of Tax Dues
		≥ 50 Lakh	50% of Tax Dues
5	On account of a voluntary disclosures		No relief

It is pertinent to note that if any amount is paid as pre-deposit at any stage of appellate proceedings, enquiry, investigation or audit, the same shall be deducted when issuing a statement indicating amount payable. However if amount pre-deposited or paid exceeds the amount payable, no refund shall be granted to declarant.

Eligibility

Under this scheme, all persons shall be eligible **except** following namely-

- a) Who have filed an appeal before appellate forum AND such appeal has been heard on or before 30.06.2019 (*"Appellate forum" means the Supreme Court or the High Court or the Customs, Excise and Service Tax Appellate Tribunal or the Commissioner (Appeals)*)
- b) Who have been convicted for any offence punishable for the matter for which he intends to file declaration.

- c) Who have been issued a Show Cause Notice and the final hearing has taken place on or before 30.06.2019
- d) Who have been issued a Show cause notice for an erroneous refund or refund;
- e) Who have been subjected to an enquiry or investigation or audit and the amount of duty involved has not been quantified on or before 30.06.2019
- f) A person making a voluntary disclosure, -
 - (i) after being subjected to any enquiry or investigation or audit; or
 - (ii) having filed a return under the indirect tax enactment, wherein he has an amount of duty as payable, but has not paid it;
- g) Who have filed an application in the Settlement Commission for settlement of a case
- h) Persons seeking to make declarations with respect to excisable goods set forth

in the Fourth Schedule to the Central Excise Act, 1944. (Tobacco products)

Procedure under scheme

The following procedure has been prescribed.

- Eligible Person to file declaration in electronic form.
- Designated committee shall verify correctness (no verification in case of voluntary declaration).
- If amount declared by declarant and estimated by committee is equal then estimate shall be issued within 60 day.
- If amount estimated by Committee exceeds the amount declared by declarant then estimate shall be issued within 30 days in electronic form. In such case an opportunity of personal hearing shall be granted to the declarant and then after the personal hearing Statement of amount payable shall be issued in electronic form within sixty days from date of declaration.
- Amount payable shall be paid through internet banking within 30 days from receipt of statement.
- A discharge certificate shall be issued in electronic form within 30 days from date of payment and production of proof.
- Rectification of arithmetical or clerical error can be done within 30 days.

Impact of discharge certificate

Every discharge certificate shall be conclusive as to matter and time period stated therein. No Further duty, interest or penalty is payable by the declarant. No prosecution shall be initiated against the declarant. No matter and period declared shall be reopened.

However, it shall not preclude the issue of Show Cause Notice –

- For the same matter in subsequent period
- For a different matter in same period
- In case of voluntary disclosure, if any declaration found to be false within a year of issue of discharge certificate then proceedings under applicable indirect enactment shall be instituted.

Restrictions of the scheme

It has been provided that:-

- Amount payable shall not be paid through Input Tax Credit.
- Amount paid shall not be refunded under any circumstances.
- Amount paid shall not be taken as input tax credit. (This is applicable predominantly to payment of service tax under reverse charge or duty paid on captive consumption).
- Amount paid shall not entitle any person to take input tax credit as recipient of the excisable goods or taxable services.
- In case any pre-deposit or other amount / deposit already paid exceeds the amount payable as indicated in the statement of the designated committee, the difference shall not be refunded.

Rules to be issued by the Central Government

Central Government, by notification in the official Gazette shall make rules, on the following:-

- Form in which declaration may be made and the manner in which such declaration may be verified.
- The manner of constitution of the designated committee and its rules of procedure and functioning.
- The form and manner of estimation of the amount payable by declarant and procedure relating thereto.
- The form and manner of making payment by the declarant and the intimation regarding the withdrawal of the appeal.
- The form and manner of the discharge certificate.
- The manner in which the instructions may be issued and published.
- Any other matters relevant to the scheme.

This is the last chance to the taxpayers to settle the litigations under various Indirect Taxes enactments. It will also reduce the pending litigations and burden on the Government Departments and The Appellate Forum.

Substantial relief has been provided to the tax payers. Considering the cost of litigation and time required to resolve the dispute, the taxpayers have got an excellent opportunity to settle the pending disputes.



E-INVOICING IN GST

CMA Bhogavalli Mallikarjuna Gupta
SME, Speaker, Author & Advisor on GST

Goods and Service Tax has been rolled out from 1st of July 2017 and has completed two years. During this period there were many changes introduced as part of the tax ease of doing business and also to curb the menace of tax evasion. Once such measure to curb tax evasion is the introduction of e-waybills. As a next step now, the government wants to introduce the electronic invoice or commonly known as e-invoice across the globe. It has been introduced in many countries and they have followed different standards. In many countries the issue of e-invoice is mandatory for Business to Business and Business to Government transactions.

e-invoice not only reduces the tax evasion but also improves tax transparency. The seller has to upload the tax invoice issued from his accounting or ERP on the Government / Tax Department portal, get it authenticated and then only ship the goods or deliver the services. e-invoice is an invoice created, processed by the seller and received electronically by the supplier in PDF or XML or any other format. e-invoices reduce the turn-around time for the processing and delivery of invoices along with

a reduction in the cost of issue of the invoice. Advantages of e-invoice

- Lesser cost of invoice
- Reduced delivery time of invoice to suppliers
- Elimination or minimal cost for shipping of invoices to the customer (no courier costs)
- Reduction of usage of paper
- E-waybills to be autogenerated using e-invoice data
- Enabling filing of returns seamlessly by avoiding duplication of data entry and reconciliation issues
- Enabling digital tax administration

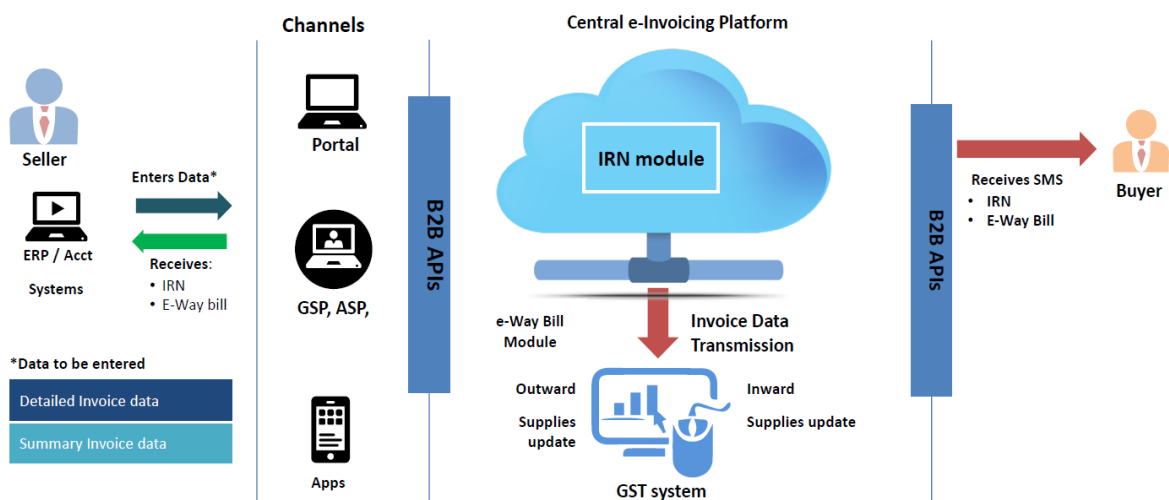
For the issue of e-invoice the supplier generates the invoice in his accounting or ERP system and then transmits the same to the Tax Authority Portal / Server for the basic validation. Once the invoice is validated by the Tax Authority Portal / Server, the same is transmitted back to the Supplier and a copy of the same is sent to the customer. In GST, the supplier's tax invoice will be updated in the Annex - 1 and the same will be reflected in the Annex - 2 of the buyer / customer in the new return formats proposed.



The GSTN is proposing the following for the issue of e-invoice in India

1. Invoice Reference Number will be issued for each and every invoice which is validated by the system. There is a provision for the issue of IRN given in Rule 138 (2) of CGST Rules 2017.
A registered person may obtain an Invoice Reference Number from the common portal by uploading, on the said portal, a tax invoice issued by him in FORM GST INV-1 and produce the same for verification by the proper officer in lieu of the tax invoice and such number shall be valid for a period of thirty days from the date of uploading.
2. The IRN issued will be 12 Characters ABX 99,99,99,999
A indicates the database identifier
B indicates the year – A for 2019, B for 2020, C for 2021...
X is a check digit
99999999 digits are running serial number, covers 100 Crore numbers
A..99999999 provides more than 1000 Crores of IRN per year.
3. Any invoice issued without IRN will be an invalid invoice
4. Six types of options / interfaces will be provided by the GSTN for the upload / transmission of the e-invoice. Online, Offline, SMS, Mobile Interface, Third Party and Direct Interface.
5. Small tax players are provided with the option of 7 free accounting packages, they can use any of them and issue e-invoice,
6. IRN can be canceled within 24 hours of the issue of IRN
7. In case of offline mode, data for e-invoice can be uploaded in two parts, Part A – contains basic information like Buyer GSTIN, Invoice Number, Invoice date, Taxable Value and aggregate tax. IRN issued on the basis of Part A data is a provisional number in nature.
8. In Part B – the complete information has to be uploaded and the basis of this only the final IRN will be issued.
9. Basis of the IRN issued, the data will be shared with the recipient and the recipient can accept, Reject or Amend the invoice.
10. For ease of verification by the buyer and the department, similar to QR code being issued for each and every e-waybill generated, it will be issued / generated for the e-invoices also.

The flow of data for the e-invoice proposed by the GSTN



Following are the changes required in the taxpayer's system

- a) Every accounting or ERP should be supporting the e-invoice requirements.
- b) The tax invoice number generated in the Accounting / ERP package should be able to export to the IRN Module of the GSTN for the issue of IRN Number.
- c) Once the IRN number is issued, the same should be imported into the Accounting / ERP System.
- d) There should be a provision to capture the IRN Number corresponding to the tax invoice number in the system.
- e) The final tax invoice issued should be having the IRN along with QR Code.
- f) The dispatch / packaging slip, which many taxpayers use must be having the facility to capture and display the IRN Number.
- g) Material movement can happen only receipt of IRN.
- h) Basis of the IRN, e-waybill is also being generated, there should be a facility to capture the IRN against the e-waybill also in the system.
- i) Proper care should be taken by the taxpayer and recipient for communication between them, it should be either basis of the tax invoice number or IRN Number else it will lead to confusion and reconciliation issues.
- j) Changes may be required in the bill payment process as many of the companies in India take a physical copy of the invoice for approval before payment is released.
- k) The recipients should be checking their e-mail at regular intervals for the e-invoices issued on them for their inward supplies.
- l) The recipient should ensure that their email id is working properly
- m) In the case of large organizations, the email id has to be assigned properly else there could be cases where it can be missed out. It is recommended to have a separate email id for the same and not person dependent.
- n) In the case of large organizations the process documents have to be updated accordingly and the technology partner has to be selected with proper care.

e-invoice is proposed to be implemented from the 1st of January 2020 and the same has been announced in the recent budget speech by the Honorable Finance Minister, Nirmala Sitharaman. The taxpayers, department and the Accounting / ERP companies should be gearing up of the same else again it will lead to delay in the generation of IRN and could also impact the delivery times of the goods thereby impacting the customer satisfaction. Both the buyer and sellers have to make necessary changes in their systems to ensure a smooth rollout and also train their team accordingly.

Any views or opinions represented above are personal and belong solely to the author and do not represent those of people, institutions or organizations that the author may or may not be associated with in professional or personal capacity, unless explicitly stated. Any views or opinions are not intended to malign any religion, ethnic group, club, organization, company, or individual.



GST TURNS' TWO – JOURNEY SO FAR AND WAY AHEAD

CMA Pankaj Kapoor

Assistant Professor (Management), Doon Business School

Abstract

Goods and Services tax (GST) is significant fiscal reform to stream line the administration of indirect taxes in India. Due to shared jurisdiction between states and centre, a dual GST law enforced in midnight of 1st July 2017 after around decade long deliberations. GST is Destination based consumption tax with objectives of elimination of cascading; reducing human intervention between department and assessee (replace it with electronic interface); ensuring seamless input tax credit.

This article is an attempt to appraise the journey of GST (at its second anniversary), so far (based upon tax collection along with its different components and number of returns filled among others parameters like compensation amount to states and tax rate with number of items falling in each rate class) and way forward.

The goods and services tax (GST) is indubitably, remarkable fiscal reform with far-reaching consequences. On 1st July 2019, GST enters into its' third year. Two year ago in the mid-night of 1st July 2017, central hall of parliament become the witness of roll out of GST - a destination based, value added tax on consumption by both centre and state; after wait of more than decade from conceiving the need and up-till the enforcement.

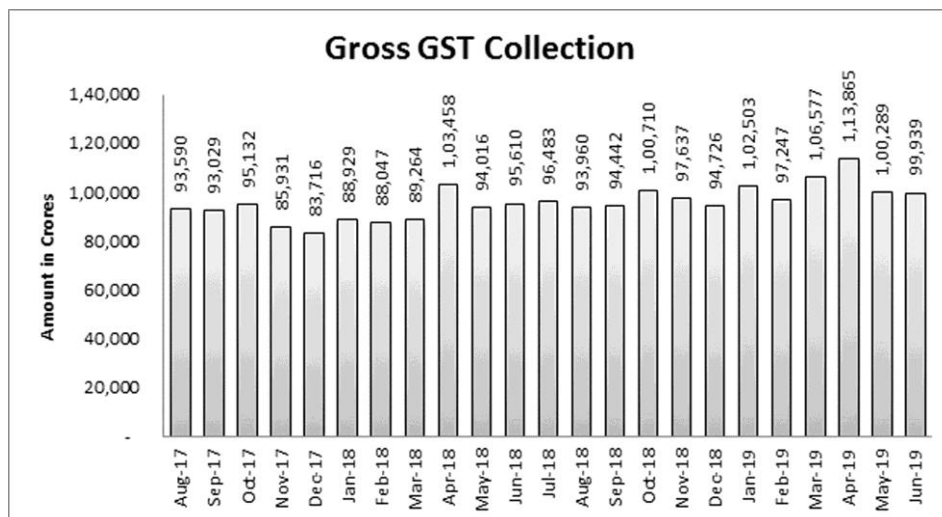
Whereas on one hand GST is expected to ease the compliance and reduces the cost; at same time ensure seamless input tax credit, with wider tax net; reduce or eliminate cascading effect; cut down transportation and logistics with e-way bill;

technology driven tax system; given India a common economic market – 'One Nation - One Tax'.

The performances in key aspects so far, are afore said;

1. Tax Collection

Tax reforms considered optimal, if tax revenue remain unaffected or least affected. Tax revenue from the GST is not only steady, but also witness the slight growth, despite the rate cut on many item. Graph below shows month wise gross collection from GST.

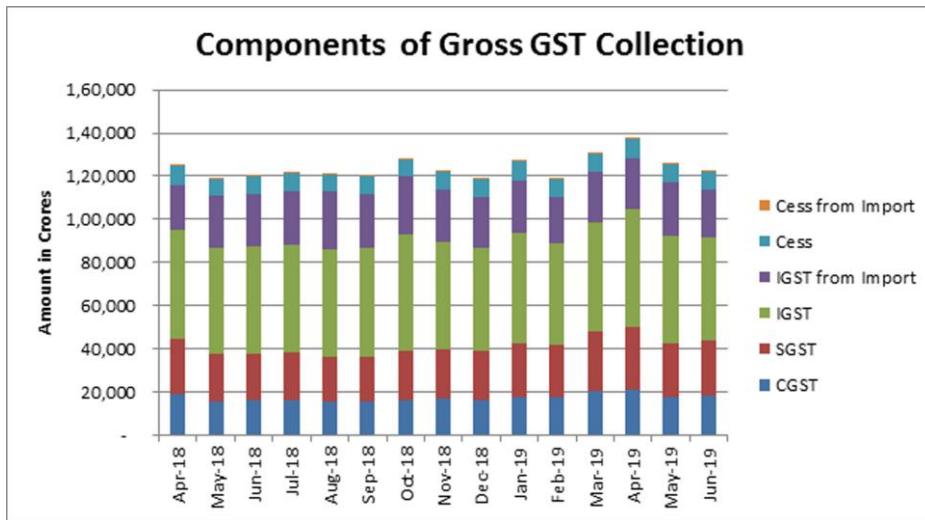


Source – Different print releases at <http://pib.nic.in>

Analysis - Average monthly gross collection since the GST introduced up-till month of June 2019 is INR 96,048 crores, with improving average over the year.

- From August 2017 to March 2018, average monthly gross collection was INR 89,705 crores
- During 2018-19 average monthly gross collection was recorded at 98,114 crores, which was 9.37% higher than 2017-18 (From August 2017)
- For ongoing fiscal year 2019-20, till month of June average monthly gross collection is 1,04,698 crores, which is 6.71% higher than monthly average of 2018-19 and 16.71% higher than 2017-18 (From August 2017).

Design of GST in India is complex, not in tune with some of other economies; which have single rate of GST with simple administration too. Major reason for same is the shared scope to levy and collect indirect taxes in India, among centre and states. States were not intended, to forgo its' authority of levy and administration including collection; in favour of centre; which results into dual GST (CGST and SGST apart from IGST, Which is applicable in case of Inter-state sale or Imports)

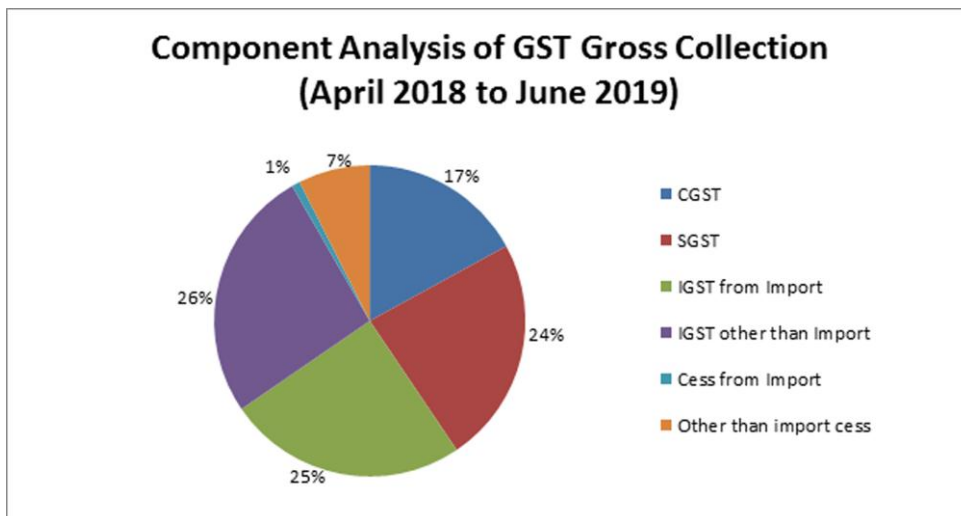


Source – Different print releases at <http://pib.nic.in>

For period from April 2018 to June 2019, average monthly collection (in Rs. Crores) of each component (as %age to gross collection shown in pie-chart below) is

CGST	SGST	IGST from Import	IGST other than Import	Cess from Import	Other than import cess
16,617	22,927	24,252	25,614	838	7,270

Source – Different print releases at <http://pib.nic.in>



2. Tax rate slabs and Allocation of items among slabs

Indian economy witnessed problem of fiscal deficits with inevitable economic instability, hence instead of using single rate (as used in France and Singapore) of GST (ranging between 12 to 18% near to revenue natural rate ranging between 11.6 (Factored at 80% compliance) to 18.86% by Dr. Arvind Subramaniam committee, using three different approaches); multiple tax rate used to maintain balance between revenue to government and to tax goods/services of basic necessity at lower rate.

Tax reforms considered optimal, if tax revenue remain unaffected or least affected and inflation remains in control. Malaysia is one of best example, where GST was rolled out (In 2018) within three years from its enforcement (In 2015) due to bad implementation which lead to high cost of living. In India, due care was given while designing the rate structure of GST' to keep perception among public positive; by keeping half of customer price inflation index item in exempted list and remaining in either of 5 or 12 % category; to keep prices under control. Government keeps the luxury and non-merit goods in high tax slab and option of charging extra cess is still lying with government to keep revenue collection intact.

Current structure of tax rate and item falling under each of rate slab are as follows;

Rate (%) of tax	0	0.25	3	5	12	18	28
Items (In numbers)	164	5	19	321	285	608	36

3. Enhancing Tax Net (Scope)

Scope of GST is wider and comprehensive then any earlier law, in domain of indirect taxes. After large discussions and deliberations, real estate sector was also included in GST net. Still the Electricity, Alcohol are out of scope of GST and Petroleum Products despite within the scope of GST law, are at GST councils discretion. Large portion of states revenue depends upon excise duty on Alcohol for human consumption and Electricity, hence state government are critical stakeholder in decision to bring these into GST tax net

4. Centre-State Relation

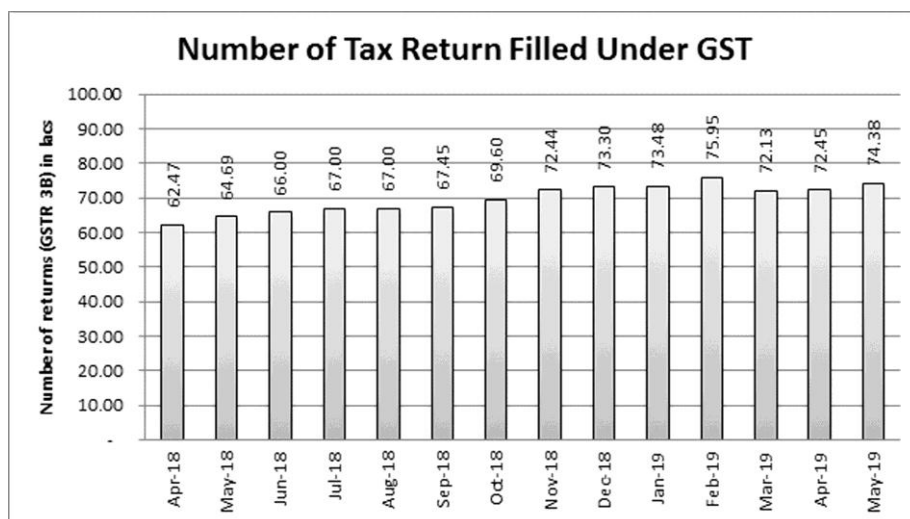
Prior to implementation, some of the states due to fear of revenue reduction; oppose GST. Then Centre took bold step for audacious tax reform, by bearing the revenue risk ensure the state to make their loss of revenue good that too with annual growth rate of 14% for five years from date of implementation. For year 2017-18 total of INR 48,178 crores was paid as compensation to states, highest compensation was claimed by Karnataka of INR 7535 crores; Mizoram and Nagaland seek nil compensation for same period.

GST council arrangement with constitutional validity has worked well, despite share of voting power among state and centre. On large-some Centre and States relations remain coordinial, this is depicted from decisions taken; as most of them have been unanimous. Council has proactively addressed issues as and when they arose; council met for 35 times since its constitution.

5. Invoicing, Payment and Return Procedures

GST subsumes 17 forms of taxes and 13 types of cess. So in line with expectations cost of tax management under GST is less expensive, in comparison to earlier regime. Payments under GST law are easier and paperless.

GST is digitally driven. In order to assure seamless ITC, the matching of output of supplier with Input of purchaser is cumbersome; more so over filling detail of the entire sale invoices by supplier is also tedious. To overcome this problem concept of monthly single return in form GSTR 3B and quarterly return (in cases where turnover less than 5 crores) adopted.



Source – Different print releases at <http://pib.nic.in>

From the graph shown above it is clearly visible that no. of return filled under GST improved over the period. Number of returns (in GSTR 3B) filled for April month of 2019 is 72.45 lacs, which is 9.98 lacs more than year ago for month of April 2018, similarly for May 2019 74.38 lacs returns filled which is 9.69 lacs more than same month year ago (May 2018). Relation between returns and gross GST collection is positive co-efficient.

Further in budget speech of 2019, on 5 July 2019 Hon'ble Finance Minister, Nirmala Sitaraman announced about an 'Central Electronic Invoice System' to generate invoice online, so that return can carry pre-filled applicable data from online invoices automatically; it is expected that such system will be in place by January 2020.

6. Inevitable Gains

6.1 Revamping logistics with reduction in transportation cost

With introduction of e-way bill from 1st April 2018, logistics become less time consuming even in across state border cases. "Trucks moving 300-350 km a day in the pre-GST days are now moving 400-410 km. faster turning wheels have led to a drop in cost of logistics," said Pirojshaw Sarkari, CEO, Mahindra Logistics.

As per report (issue way back in July 2017) from 'Road Transport and Highway ministry' claimed that India currently has very high logistics costs, about 14% of the total value of goods as against 6-8% in other major countries. With the introduction of GST, these costs will be brought down to about 10-12% due to efficient inter-state flow of goods, accelerating demand for logistics services.

ICRA conducted a study on 50 transport companies and 15 customer-oriented companies to find out the effects of GST on transportation and warehousing. It was found that the removal of inter-state check posts has been the main factor in reducing the transportation timing. "The impact is more pronounced in States like Kerala, West Bengal, Maharashtra, Madhya Pradesh and Bihar, which were known for notoriously high waiting time," said the report by ICRA.

6.2 One Nation – One Market

GST is true sense 'One Nation – One Market', with very less exception. One Rate can be further added to this tag-line of 'One Nation – One Market'. There is one rate of tax on particular good or service (classified based upon HSN) through-out the nation, hence business planning across state border become reality.

GST – Miles to go on from now

- a. Forecasting of future to plan strategically is key to success of every business. Uncertainty of circumstances may fail planning and result adversely. Large portion of operation aspects of GST witness such uncertainty during first 2 years of GST, which shows GST is still unstable law
- b. Tax administration and compliance – In filling process of GST returns the vendor reconciliation is complex. Compliance becomes further though when for service provider who require multiple registrations. Responsibility of tax administration is shared between states and centre due to shared jurisdiction. Anti-profiteering measure need to be clear and refined.
- c. In GST framework, due to exception to registration and composite scheme (provided to small suppliers), seamless ITC is not a reality; and hence still niggle in some of cases. Even refund cases of input taxes, where in applicable (e.g. Exporter); is need to be easy and within timeline provided

Conclusion

Without any exception, GST is a leap step towards streamlining of indirect taxes in India; with 'One Market – One Tax' motto. It eliminates cascading effects. It digitalise the registration, payment and return processes, in order to replace human interaction with electronic interface; between tax department to assessee; to curb unwanted mala-fide practices. Tax collection starts increasing slowly and compliance too, in term of number of tax return filled as % to total registered person.

Since enforcement, there is wide range and number of frequent notifications and circulars; which depicts that; GST is not settled law from operational aspects; hence, it may be too early to critically appraise such a landmark tax reforms.

BUDGET HIGHLIGHTS

TEAM TRD

Finance Minister Nirmala Sitharaman presented the maiden budget in the Lok Sabha on 5th July 2019. "Gaon, Garib and Kisan [village, poor, and farmer] is at the centre of all policies of this government. Summary of Budget is being given in this article.

INDIRECT TAX

A. Customs

Customs Duty Increased/Imposed

- Increase in custom duty on Gold and other precious metals - from 10% to 12.5%.
- Basic Customs Duty increased on –
 - ✓ Cashew kernels
 - ✓ PVC, tiles
 - ✓ Auto parts
 - ✓ marble slabs
 - ✓ Optical fibre cable
 - ✓ CCTV camera etc.
- 5% Basic Custom Duty -imposed on imported books.
- Special additional excise duty of Rs. 1 per litre will be imposed on petrol and diesel.

Exemption from Customs Duty/Reduction in Customs Duty

- Exemptions from Custom Duty on –
 - ✓ Electronic vehicles
 - ✓ Some other electronic products
- End use based exemptions on –
 - ✓ Palm stearin
 - ✓ Fatty oils withdrawn.
- Customs duty reduced on certain raw materials -
 - ✓ Inputs for artificial kidney and disposable sterilised dialyser and fuels for nuclear power plants etc.
 - ✓ Capital goods required for manufacture of specified electronic goods.
- Defense equipment not manufactured in India exempted from basic customs duty

B. Legacy Dispute Resolution Scheme

For quick closure of pending litigations in Central Excise and Service tax (pre-GST regime) , Legacy Dispute Resolution Scheme has been introduced.

C. GST

- Taxpayers having annual turnover of less than Rs. 5 crore can now file quarterly returns.
- Fully automated GST refund module shall be implemented.
- An electronic invoice system is proposed that will eventually eliminate the need for a separate e-way bill
- Further simplification of GST Processes

DIRECT TAX

A. Income Tax

- No change in Income Tax in case of income up to Rs 2 crores.
- Income Tax return can be filed using either Aadhar Number or PAN No.
- **Surcharge -**
 - ✓ Taxable income from Rs 2 crore to Rs 5 crore- Surcharge has been increased from 15% to 25%
 - ✓ Taxable income from Rs 5 crore and above- Surcharge has been increased from 15% to 37%
- **Deduction-**
 - ✓ Additional Income Tax Deduction of 1.5 lakh rupees has been provided on the interest paid on loans taken to purchase e-vehicles.
 - ✓ Additional deduction upto Rs. 1.5 lakh has been provided under section 80EE
 - Has been provided for interest paid on loans borrowed for self- occupied house property by 31/3/2020.
 - The cost of house must be within Rs. 45 lakh
- Faceless Income Tax Assessment in electronic mode is going to be launched in 2019 in a phased manner
 - ✓ with the aim to reduce taxpayer trouble.
- **Angel Tax**
 - ✓ Valuation of share issue will be beyond Income tax scrutiny in case of Startups.
 - ✓ Pre-approval is to be taken by A.O from Higher Authorities for assessment of Startups.
- All companies having annual turnover of Rs 400 crores, will now be under the bracket of 25% tax.
- Proposal has been give to provide relief in levy of securities transaction tax.
 - ✓ STT will be levied only on difference between Strike Price and Settlement Price.
- Prefilled Income Tax Returns for Salaries, Interest, Mutual Fund Income etc.
- 35AD exemption has been extended to Li-On battery, Semi-Conductor,Laptops, Fabrication & Photo Volic
- **Direct Tax Incentives for International Financial Services Centre (IFSC) -**
100 % profit-linked deduction in any ten-year block within a fifteen-year period. Exemption from dividend distribution tax from current and accumulated income to companies and mutual funds. Exemptions on capital gain to Category-III Alternative Investment Funds (AIFs).Exemption to interest payment on loan taken from non-residents.

According to budget, tax structure for F.Y 2019-20 are being given in nutshell

1. Personal Tax Rate

Slab of Income	Tax Rate for F.Y 2019-20
Upto 2,50,000	NIL
2,50,001-5,00,000	5%
5,00,001-10,00,000	20%
10,00,001 and above	30%

Cess - 4% on the amount of tax and surcharge

Rebate under Section 87A- Applicable for those whose income does not exceed Rs. 5,00,000.

Amount of Rebate - 100% of income tax calculated before cess 4% or Rs. 12,500 whichever is less.

Rate of Surcharge

Slab of Income	Tax Rate for F.Y 2019-20
Upto 50 Lakhs	NIL
50 Lakhs -1 Crore	10%
1 Crore- 2 Crore	15%
2 Crore – 5 Crore	25%
Above 5 Crore	37%

2. Corporate Tax Rate

Slab of Income	Tax Rate for F.Y 2019-20
The company whose turnover / gross receipt is less than INR 400 Crore in the previous year	25%
Other companies	30%

Surcharge for domestic company -

Slab of Income	Tax Rate for F.Y 2019-20
Income between Rs 1 Crore to Rs. 10 Crore	7% on the amount of the income tax
Income above Rs. 10 Crore	12% on the amount of the income tax

Cess - 4% on Income Tax plus Surcharge

3. Firms Tax Rate

Tax Rate - 30%

Surcharge - 12% of income tax if net income exceeds Rs 1 Cr.

Cess - 4%

4. Cooperative Societies

Slab of Income	Tax Rate for F.Y 2019-20
Total income upto Rs. 10,000	10%
Total income of more than Rs. 10,000 to Rs. 20,000	Rs. 1,000 plus 20% of total income in excess of Rs. 10,000
Total income of more than 20,000	Rs. 3,000 plus 30% of total income in excess of Rs. 20,000

Surcharge - 12% of income tax if net income exceeds Rs 1 Cr.

Cess - 4%

B. TDS

- 2% TDS has been levied on cash withdrawal of more than Rs 1 crore from bank account in a year.
✓ It will boost up digital transaction.

MSME SECTOR

A. Proposal for MSME Sector

Pradhan Mantri Karam Yogi Maandhan

Pension benefit has been announced -

- For around 3 crore retail traders and small shopkeepers with annual turnover less than Rs. 1.5 crore
- Requirement for enrolment under this Scheme -
(a) Aadhaar (b) bank account (c) self-declaration
- Rs. 350 crore allocated for FY 2019-20 for 2% interest subvention (on fresh or incremental loans) to all GST-registered MSMEs, under the Interest Subvention Scheme for MSMEs.
- **Payment platform for MSMEs** will be created to enable filing of bills and payment thereof, to eliminate delays in government payments.

START-UPS

A. Proposal for Start-ups

At present there are around 38000 start ups in India. In this budget few initiatives have been proposed for encouraging more start up in India.

- ✓ Capital gains exemptions have been proposed from sale of residential house for investment in start-ups extended till FY21.
- ✓ Angel tax- To resolve the issue of Angel Tax the startups and investors who file requisite declarations will not be subjected to any kind of scrutiny in respect of valuation of share premium. A mechanism of e-verification will be put in place and with this; the funds raised by startups will not require any tax scrutiny.
- ✓ Relaxation of conditions for carry forward and set off of losses.
- ✓ Government will start a new TV channel under DD bouquet for start-ups to help and encourage their initiatives.

BANK/NBFC

A. Proposal for Bank/NBFC

- ✓ In this budget it has been proposed that government will provide one time six months' partial credit guarantee to public sector banks (PSBs) for first loss of up to 10 percent for purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rs 1 lakh crore during the current financial year.
- ✓ Various Steps will be initiated to empower accountholders to have control over deposit of cash by others in their accounts.
- ✓ Proposal has been given to allow all NBFCs to directly participate on the TReDS platform.
- ✓ Steps will be taken to separate the NPS Trust from PFRDA.
- ✓ Requirement of creating a Debenture Redemption Reserve will be done away with to allow NBFCs to raise funds in public issues.
- ✓ Proposal has been given to facilitate on-shoring of international insurance transactions.
- ✓ BHIM, UPI, NEFT, RTGS will be further enhanced to promote less cash economy. Business establishments with annual turnover of Rs. 50 crore will be required to use such modes of payments with no charges or merchant discount rates will be imposed on customers or merchants. RBI and banks will absorb these costs.

SOCIAL STOCK EXCHANGE

In the budget, there is a proposal of a social stock exchange for listing social enterprises and voluntary organizations (NGO) engaged in social welfare activities so that NGOs can raise capital through an electronic fundraising platform.

SEBI to consider raising the threshold for minimum public shareholding in the listed companies from 25% to 35%.

FDI AND FOREIGN PORTFOLIO INVESTMENTS

- ✓ FDI in sectors like aviation, media (animation, AVGC) and insurance sectors can be opened further after multi-stakeholder examination.
- ✓ Insurance Intermediaries to get 100% FDI.
- ✓ Local sourcing norms to be eased for FDI in Single Brand Retail sector.
- ✓ Government will organize an annual Global Investors Meet in India, using National Infrastructure Investment Fund (NIIF) as an anchor to get all three sets of global players (pension, insurance and sovereign wealth funds).
- ✓ FPIs to be permitted to subscribe to listed debt securities issued by ReITs and InvITs.

- ✓ NRI-Portfolio Investment Scheme Route is proposed to be merged with the Foreign Portfolio Investment Route.
- ✓ Proposal to consider issuing Aadhaar Card for NRIs with Indian Passports on their arrival without waiting for 180 days.
- ✓ Cumulative resources garnered through new financial instruments like Infrastructure Investment Trusts (InvITs), Real Estate Investment Trusts (REITs) as well as models like Toll-Operate-Transfer (ToT) exceed Rs. 24,000 crore.
- ✓ Statutory limit for FPI investment in a company is proposed to be increased from 24% to sectoral foreign investment limit.

OTHER PROPOSALS

Jal Jeevan Mission

The main objective of Jal Jeevan Mission is to achieve Har Ghar Jal (piped water supply) to all rural households by 2024 with a focus on integrated demand and supply side management of water at the local level.

New National Education Policy

New National Education Policy (NEP) will be brought for bringing major changes in school and higher education, better governance system and greater focus on research and innovation.

National Research Foundation (NRF)

National Research Foundation (NRF) will be set up to strengthen, coordinate and promote research work in eco-systematic manner in the country.

New Space India Limited (NSIL)

New Space India Limited (NSIL) will be incorporated as a new commercial arm of Department of Space for the purpose of commercialization of products like launch vehicles, transfer to technologies and marketing of space products of ISRO.

National Sports Education Board (NSEB)

National Sports Education Board will be set up for development of sports-persons under the scheme Khelo India.

Credit Guarantee Enhancement Corporation

- ✓ Credit Guarantee Enhancement Corporation will be set up in 2019-2020 to enhance the sources of capital for infrastructure financing.
- ✓ Action plan will be taken to deepen the market for long term bonds with focus on infrastructure.
- ✓ Proposed transfer/sale of investments by FIIs/FPIs (in debt securities issued by IDF-NBFCs) to any domestic investor within the specified lock-in period.
- ✓ Stock exchanges will be enabled to allow AA rated bonds as collaterals.
- ✓ User-friendliness of trading platforms for corporate bonds will be reviewed.

Pradhan Mantri Matsya Sampada Yojana (PMMSY)

Under this, a robust fisheries management framework will be established to address critical gaps in value chain including infrastructure, traceability, modernization, production, productivity, quality control and post-harvest management

Pradhan Mantri Laghu Vyapaari Mann-Dhan Yojana (PMLVMY)

Pension benefits to around 3 crore retail traders and small shopkeepers with annual turnover less than Rs. 1.5 crore

Pradhan Mantri Shram Yogi Maan Dhan (PM-SYM)

About 30 lakh workers have joined the scheme. Rationalising of labour laws into 4 labour codes proposed.

Pradhan Mantri Gram Sadak Yojana (PMGSY)

- ✓ More than Rs. 80,000 crore has been allocated for upgradation of 1.25 lakh km of rural roads under the phase-III of this scheme.
- ✓ A target has been set to construct 7000 km road under this scheme during 2019-20
- ✓ Out of this 7000 km, 3,000-km roads will be built under the green technology with use of cold mixture, terazyme, iron slag, envirotac, cement stabilization; waste plastic, panel concrete, cell-filled concrete, nano technology and roller compacted concrete.

Women Empowerment

- ✓ A scheme of special loan has been proposed under MUDRA scheme for women to support and encourage women entrepreneurship through various other such schemes such as Stand up India and the Self Help Group (SHG) movement. One woman in every SHG will be eligible for a loan up to 1 lakh under the MUDRA scheme.
- ✓ Every women being a member of SHG having a Jan Dhan Bank Account, will be eligible for an overdraft of Rs 5,000.

Pradhan Mantri Gramin Digital Saksharta Abhiyan

- ✓ Internet connectivity will be set up in local bodies in every Panchayat under Bharat-Net to bridge rural-urban divide.
- ✓ Universal Obligation Fund under a PPP arrangement will be utilized for speeding up Bharat-Net.

Pradhan Mantri Awas Yojana Urban (PMAY-Urban)

- ✓ Nearly 1.95 crore houses are proposed to be provided to eligible beneficiaries under the Pradhan Mantri Awas Yojana
- ✓ Electricity and clean cooking facility will be provided to all willing rural families by 2022.
- ✓ This Yojana aims to achieve "Housing for All" by 2022:

Ease of Living

- ✓ Pradhan Mantri Shram Yogi Maandhan Scheme - Rs. 3,000 per month as pension is being paid to workers above the age of 60 working in unorganized and informal sectors.
- ✓ Solar stoves and battery chargers will be promoted using the approach of LED bulbs mission.

Employment

- ✓ Govt will streamline multiple labour laws into a set of four labour codes
- ✓ Government will increase efforts to improve the skills of our youth in newer areas such as Artificial Intelligence, Big Data, Robotics, etc valued highly within and outside the country to ensure they can secure high paying jobs both in India and abroad.

BUDGET AT A GLANCE

Became more costly	Became cheaper
Gold, Silver , Imported Platinum	Imported Naptha
Split AC, Metal Fittings, Cashew	Mobile Charger
Video Recorder, Digital Camera, CCTV	Set top box , Camera Module
Marbel, Ceramic Tiles, Vinyl Flooring	Tanned Skin
Petrol, Diesel, Ceramic Products	Parts of E-vehicles
Newsprint, Imported Books	Imported Defence Equipment
Soap, Ciggrates, Chewing Tobacco, Pan Masala	Imported Wool Fiber

TAX UPDATES, NOTIFICATIONS AND CIRCULARS

INDIRECT TAX

CUSTOMS - TARIFF

Notification No. 18/2019-Customs

Date – 6.07.2019

Seeks to increase the effective rate of Road and Infrastructure cess, as additional duty of customs, on petrol and diesel

CBIC has notified some goods which will be exempted from so much of the additional duty of customs leviable thereon under section 111 read with the Sixth Schedule to the said Finance Act, 2018 when imported into India.

Chapter or heading or sub-heading or tariff item	Description of goods	Rate
2710	Motor spirit commonly known as petrol	Rs. 9 per litre
2710	High speed diesel oil	Rs. 9 per litre

Notification No. 19/2019-Customs

Date – 6.07.2019

Seeks to exempt specified defense equipment and their parts from Basic Customs Duty for a period of 5 years

CBIC has specified few goods which will be exempted when imported into India from the whole of the duty of customs leviable thereon, subject to the following conditions, namely:-

- a) an officer not below the rank of Joint Secretary to the Government of India in the Ministry of Defence certifies,
 - i. the quantity, description and technical specifications of the imported goods; and
 - ii. that the said goods are intended for the purpose of and use by the defence forces only and recommends the grant of exemption to the imported goods;
- b) the importer shall, at the time of import, furnish the said certificate to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be.

Chapter or Heading or Sub-heading or tariff item	Description of goods
8406 82 00	Steam Turbines and other vapour turbines with output between 5-15 MW for Naval craft
8408 10 93	Compression Ignition Internal Combustion piston engine with output more than 3 MW for Naval craft
8411 12 00	Turbojets, turbo-propellers and other gas turbines for Mig-29 K or LCA
8411 21 00, 8411 22 00	Turbojets, turbo-propellers and other gas turbines for Multi-role or Utility Helicopters
8487 10 00	Ships or boats propellers and blades required as Controllable pitch propellers for Naval craft
8502 13 20, 8502 13 30, 8502 13 40	Electric generating sets with power output 1-3 MW
8502 39 90	Electric generating sets with power output 1 MW and above

8543 70 13	Mine detector for Mine Detection Sweep
8705 90 00	Special purpose motor vehicle, other than those principally designed for the transport of persons or goods for Vehicle based Mine scattering system
84, 85, 8802 12 00, or 90	(i) Helicopters of an unladen weight exceeding 2000 kg of the following types, - a) Military Helicopters with co-axial intermeshing or tandem rotors (KA 31, Kamov Ka 226, Chinook) b) Military Helicopters with empty weight more than 3500 Kg (Multi role and utility helicopters, Apache AH 64E) (ii) Associated Role Equipment, Ground Support Equipment, Ground handling Equipment, Ammunition, Special Maintenance Tools, Special Test Equipment and spares for goods mentioned at (I) above
84, 85, 8802 20 00 or 90	(i) Aeroplanes and other aircraft of an unladen weight not exceeding 2000 kg required under the category of Military trainer aircraft (ii) Associated Role Equipment, Ground Support Equipment, Ground handling Equipment, Ammunition, Special Maintenance Tools, Special Test Equipment and spares for goods mentioned at (I) above
84, 85, 8802 30 00 or 90	(i) Aeroplanes and other aircraft of an unladen weight exceeding 2000 kg, but not exceeding 15,000 Kg required under the following categories, - a) RPA for military use - Operating altitude more than 35000 feet (HALE-High Altitude Long Endurance); b) Fighter aircraft (MMRCA, MRFA) (ii) Associated Role Equipment, Ground Support Equipment, Ground handling Equipment, Ammunition, Special Maintenance Tools, Special Test Equipment and spares for goods mentioned at (I) above
84, 85, 8802 40 00 or 90	(i) Aeroplanes and other aircraft of an unladen weight exceeding 15,000 Kg required under the following categories, - a) Carrier Borne Fighter aircraft; b) Military Transport aircraft (C-130, C-17); c) Flight Refueller aircraft; d) AWACS aircraft; e) Recce and surveillance aircraft f) Amphibious aircraft; (ii) Associated Role Equipment, Ground Support Equipment, Ground handling Equipment, Ammunition, Special Maintenance Tools, Special Test Equipment and spares for goods mentioned at (I) above
8803	Parts of goods of heading 8801 or 8802
8805 10 20	Deck Arrestor or similar gear required as Aircraft arrestor gears
8906 90 00	Other vessels, including warships and lifeboats other than rowing boats required under the category of underwater vehicle/ platforms for special operations
9301 10	Artillery weapons (for example guns, howitzers, and mortars) under the category of Guns (127 mm)
9301 10 90	Artillery weapons under the category of Heli Portable Howitzer of calibre more than 150 mm and weight 4500 Kg or less
9303	Rifles under the category of Sniper rifles .338 inch or more
84, 85, 87, 90 or 9306	(i) Rockets with calibre more than 250 mm; (ii) Integrated Air Defence Weapons Systems (IADWS); (iii) Vehicles, Launchers, Missiles with containers, Guns, Radars, Command posts, Sensor systems, Power generation units, Maintenance and repair equipment for goods mentioned at (II) above
84, 85, 90 or 9306	(i) The following goods, namely, - a) Ship launched missiles with range 8-32 Km; b) Land based missiles range more than 100 Km; c) Torpedoes; d) shoulder fired surface to air missile; e) Submarine launched land attack cruise missile;

	f) Harpoon anti-ship missile; g) Medium range anti-ship missile (ii) Long range Surface to Air Missile System (LR SAM) (iii) Missiles, Command and control Units, Radars, self-propelled launchers, Simulators, Inflatable dummies, Vehicles, Power generation units, Maintenance and repair equipment for goods mentioned at (I) above
84, 85, 87, 9301 10 10 or 93	(i) Self-propelled Air Defence Gun Missile System (ii) Vehicles, missiles, guns, radar, command and control post for goods mentioned at (I) above
73, 84, 85, 90 or 93	(i) Parts, sub-parts, inputs for use in manufacture of AK-203 rifle; (ii) Machinery, Fixtures, Gauges, Tools and jigs for goods mentioned at (I) above.

Notification No. 20/2019-Customs
Date – 6.07.2019

Seeks to further amend notification No. 52/2017-Customs dated 30th June 2017 so as to increase the effective rate of Basic Customs Duty on petroleum crude

CBIC has made further amendments in the Notification No.52/2017-Customs, dated the 30th June, 2017.

"1	2709 00 00	(i) All goods other than petroleum crude; (ii) petroleum crude	Nil Re 1 per tonne	-	-
----	------------	---	--------------------	---	---

Notification No. 21/2019-Customs
Date – 6.07.2019

Seeks to further amend notification No 25/98-Customs dated 2nd June 1998 to update the classification of the goods in the notification.

CBIC has made further amendments in the Notification No. 25/1998-Customs, dated the 2nd June, 1998.

In the said notification, -

- (i) in the opening paragraph, for the words "sub-heading Nos.", the words "heading, sub- heading or tariff item" shall be substituted;
- (ii) for the TABLE, the following TABLE shall be substituted, namely: -

Heading or Sub- heading or tariff Item	Description
7017 10 00 or 7020 00	Quartz reactor tubes and holders designed for insertion into diffusion and oxidation furnaces for production of semi-conductor wafers.
8419 89 or 8486	Chemical vapour deposition apparatus for semi-conductor production.
8419 90 or 8486	Parts of chemical vapour deposition apparatus for semi-conductor production.
8421 19 or 8486	Spin dryers for semi-conductor wafer processing.
8421 91 00 or 8486	Parts of Spin dryers for semi-conductor wafer processing.
8424 89 or 8486	Deflash machines for cleaning and removing contaminants from the metal leads of semiconductor packages prior to the electroplating process.
8424 89 or 8486	Spraying appliances for etching, stripping or cleaning semi- conductor wafers.
8424 90 00 or 8486	Parts of spraying appliances for etching, stripping or cleaning semi-conductor wafers.
8456 11 00 or 8456 12 00 or 8486	Machines for working any material by removal of material, by laser or other light or photo beam in the production of semiconductor wafers.
8456 90 10 or 8486	Machine tools for working any material by removal of material, by laser or other light or photon beam, ultrasonic, electro-discharge, electro-chemical, electron beam, ionic-beam or plasma arc processes, for dry-

	etching patterns on semiconductor materials of the said First Schedule.
8486 40 00	Focussed ion beam milling machines to produce or repair masks and reticles for patterns on semiconductor devices.
8456 90 90 or 8486	Laser cutters for cutting contacting tracks in semiconductor production by laser beam.
8464 10 or 8486	Machines for sawing monocrystal semiconductor boules into slices, or wafers into chips.
8464 20 00 or 8486	Grinding, polishing and lapping machines for processing of semiconductor wafers.
8464 90 00 or 8486	Dicing machines for scribing or scoring semiconductor wafers.
8466 91 00 or 8486	Parts of grinding, polishing and lapping machines for processing of semiconductor wafers.
8466 91 00 or 8486	Parts of machines for sawing monocrystal semiconductor boules into slices, or wafers into chips.
8466 91 00 or 8486	Parts of dicing machines for scribing or scoring semiconductor wafers.
8466 93 or 8486	Parts of focussed ion beam milling machines to produce or repair masks and reticles for patterns on semiconductor devices.
8466 93 or 8486	Parts of machines for working any material by removal of material, by laser or other light or photo beam in the production of semiconductor wafers.
8466 93 or 8486	Parts of machines for dry-etching patterns on semiconductor materials.
8466 93 or 8486	Parts of laser cutters for cutting contacting tracks in semiconductor production by laser beam.
8466 93 or 8486	Parts of apparatus for stripping or cleaning semiconductor wafers.
8477 10 00 or 8479 89	Encapsulation equipment for assembly of semiconductors.
8477 90 00 or 8479 90	Parts of encapsulation equipment for assembly of semiconductors.
8479 50 00 or 8486	Automated machines for transport, handling and storage of semiconductor wafers, cassettes, wafer boxes and other material for semiconductor devices.
8479 89 or 8486	Apparatus for growing or pulling monocrystal semiconductor boules.
8479 89 or 8486	Epitaxial deposition machines for semiconductor wafers.
8479 89 or 8486	Apparatus for physical deposition by sputtering on semiconductor wafers.
8479 89 or 8543 30 00 or 8486	Apparatus for wet-etching, developing, stripping or cleaning semiconductor wafers and flat panel displays.
8479 89 or 8486	Die attach apparatus, tape automated bonders and wire bonders for assembly of semiconductors.
8479 89 or 8486	Machines for bending, folding and straightening semiconductor leads.
8479 89 or 8486	Physical deposition apparatus for semiconductor production.
8479 89 or 8486	Spinners for coating photographic emulsions on semiconductor wafers.
8479 90 or 8486	Parts of apparatus for growing or pulling monocrystal semiconductor boules.
8479 90 or 8486	Parts of epitaxial deposition machines for semiconductor wafers.
8479 90 or 8486	Parts of apparatus for physical deposition by sputtering on semiconductor wafers.
8479 90 or 8486	Parts for die attach apparatus, tape automated bonders and wire bonders for assembly of semiconductors.
8479 90 or 8486	Parts of spinners for coating photographic emulsions on semiconductor wafers.
8479 90 or 8543 90 00 or 8486	Parts of apparatus for wet-etching, developing, stripping or cleaning semiconductor wafers and flat panel displays.
8479 90 or 8486	Parts of automated machines for transport, handling and storage of semiconductor wafers, wafer cassettes, wafer boxes and other material for semiconductor devices.
8479 90 or 8486	Parts of machines for bending, folding and straightening semiconductor leads.
8479 90 or 8486	Parts of physical deposition apparatus for semiconductor production.
8480 71 00 or 8486	Injection and compression moulds for manufacture of semiconductor devices.
8514 10 00 or 8486	Resistance heated furnaces and ovens for the manufacture of

	semiconductor devices on semiconductor wafers.
8514 20 00 or 8486	Inductance or dielectric furnaces and ovens for the manufacture of semiconductor devices on semiconductor wafers.
8514 30 or 8486	Parts of resistance heated furnaces and ovens for the manufacture of semiconductor devices on semiconductor wafers.
8514 30 or 8486	Apparatus for rapid heating of semiconductor wafers.
8514 90 00 or 8486	Parts of furnaces and ovens of heading Nos. 8514 10 to 8514 30 or 8486.
8514 90 00 or 8486	Parts of apparatus for rapid heating of wafers.
8543 10 10 or 8486	Ion implanters for doping semiconductor materials.
8543 or 9017 20	Pattern generating apparatus of a kind used for producing masks or reticles from photoresist coated substrates.
8543 90 00 or 8486	Parts of ion implanters for doping semiconductor materials.
8543 90 00 or 9017 90 00	Parts and accessories of pattern generating apparatus of a kind used for producing masks or reticles from photoresist coated substrates.
8486 20 00	Apparatus for the projection or drawing of circuit patterns on sensitised semiconductor materials.
8486 90 00	Parts and accessories of the apparatus of heading Nos. 901041 to 901049
9011 10 00	Optical stereoscopic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles.
9011 20 00	Photo micrographic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles.
9011 90 00	Parts and accessories of optical stereoscopic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles.
9011 90 00	Parts and accessories of photomicrographic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles.
9012 10	Electron beam microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles.
9012 90 00	Parts and accessories of electron beam microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles.
9030 90	Parts and accessories of instruments and apparatus and parts of appliances for measuring or checking semiconductor wafers or devices.
9031 41 00	Optical instruments and appliances, for inspecting semiconductor wafers or devices or for inspecting photomasks or reticles used in manufacturing semiconductor devices.
9031 49 00	Optical instruments and appliances for measuring surface particulate contamination on semiconductor wafers.
9031 90 00	Parts and accessories of optical instruments and appliances for inspecting semiconductor wafers or devices or for inspecting masks, photomasks or reticles used in manufacturing semiconductor devices.
9031 90 00	Parts and accessories of optical instruments and appliances for measuring surface particulate contamination on semiconductor wafers.
Any Chapter	All goods required for the manufacture of goods specified against S.Nos. 1 to 67 above, subject to the condition that the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017."

Notification No. 22/2019-Customs
Date – 6.07.2019

Seeks to further amend notification No 25/2002-Customs dated 1st March, 2002 to exempt specified capital goods use for manufacture of specified electronic items

CBIC has made further amendments in the Notification No. 25/2002-Customs, dated the 1st March, 2002, namely :-

In the said notification, in the TABLE, -

- (i) S. Nos. 17, 25, 42, 46, 59 and 60 and the entries relating thereto shall be omitted;
- (ii) for S. No. 29 and the entries relating thereto, the following S. No. and the entries shall be substituted, namely: -

“29.	Automatic test and inspection equipment falling under tariff item 8479 90 90	PCB assemblies, Flexible Printed Circuit Board Assembly”;
------	--	---

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2019/cs-tarr2019/cs22-2019.pdf;jsessionid=6B3A46F9C928D5699B80C303D6047FC3>

Notification No. 24/2019-Customs
Date – 6.07.2019

Seeks to further amend notification No 57/2017-Customs dated 30th June, 2017 to explicitly exclude the specified electronic items from scope of entry at S.No.6A of the notification and to provide the effective rates on other goods

CBIC has made further amendments in the Notification No. 57/2017- Customs, dated the 30th June, 2017, namely:-

In the said notification, in the TABLE, -

- (i) against S. No. 6A, in column (3), after item (b), the following proviso shall be inserted, namely: -
“Provided that nothing contained in the entries mentioned at items (a) and (b) shall apply to the following goods, namely: -
 - (i) connectors;
 - (ii) microphones;
 - (iii) receivers;
 - (iv) speaker;
 - (v) SIM socket”;
- (ii) S. Nos. 11 and 12 and the entries relating thereto shall be omitted;
- (iii) against S. No. 13, for the entry in column (3), the following entry shall be substituted, namely: -
“All goods other than charger or adapter of the following goods, namely: -
 - (i) Cellular mobile phones;
 - (ii) CCTV Camera;
 - (iii) IP camera;
 - (iv) Digital Video Recorder (DVR);
 - (v) Network Video Recorder (NVR)”.

Notification No. 25/2019-Customs
Date – 6.07.2019

Seeks to further amend notification No 50/2017-Customs dated 30th June, 2017 so as to prescribe effective rate of Basic Customs Duty (BCD).

CBIC has made further amendments in the Notification No. 50/2017-Customs, dated the 30th June, 2017, namely:-

In the said notification,

(I) in the Table, -

- 1. S. No. 23 and the entries relating thereto shall be omitted;
- 2. S. No. 24 and the entries relating thereto shall be omitted;

3. against S.No.57, in column (3), in item I, sub-items (A), (B) and (C) and the entries relating thereto shall be omitted;
4. S. No. 67 and the entries relating thereto shall be omitted;
5. against S. No. 119, in column (3), for the words "Prawn feed, shrimp larvae feed and fish feed in pellet form", the following shall be substituted, namely: - "The following goods, namely: -
(1) Prawn feed; (2) shrimp larvae feed; (3) fish feed in pellet form";
6. S. No. 125 and the entries relating thereto shall be omitted;
7. for S. No. 136 and the entries relating thereto, the following S. No. and entries shall be substituted, namely:

"136.	261210 00	Uranium Ore and concentrates, for generation of nuclear power	Nil	-	-";
-------	--------------	---	-----	---	-----

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2019/cs-tarr2019/cs25-2019.pdf;jsessionid=EE20CFF6D413DE82904A360CFF1B4DB8>

Notification No. 26/2019-Customs
Date - 6.07.2019

Seeks to further amend notification No 14/2006-Customs dated 1st March 2006 in order to change the classification of other dyed fabrics of nylon from "5407 42 00" to "5407 42"

CBIC has made further amendments in the Notification No.14/2006-Customs, dated the 1st March, 2006, namely:-

In the said notification, in the Table, against serial numbers 41 and 42, for the entry in column (2), the entry "5407 42" shall respectively be substituted.

Notification No. 27/2019-Customs
Date - 6.07.2019

Seeks to further amend notification No 27/2011-Customs dated 1st March 2011 to reduce the export duty on EI tanned leather and Hides, skins and leathers, tanned and untanned, all sorts

CBIC has made further amendments in the Notification No. 27/2011- Customs, dated the 1st March, 2011, namely:-

In the said notification, in the Table, -

- (i) against S. No. 26, for the entry in column (4), the entry "Nil" shall be substituted;
- (ii) after S. No. 38 and the entries relating thereto, the following S. No. and the entries shall be inserted, namely: -

"38A	41	Hides, skins and leathers, tanned and untanned, all sorts	40".
------	----	---	------

CUSTOMS - NON TARIFF

Notification No. 48/2019-Customs (N.T)
Date - 04.07.2019

Exchange Rates Notification No.48/2019-Custom (NT) dated 04.07.2019.

CBIC has determined the rate of exchange of conversion of the foreign currencies into Indian currency or *vice versa*, has been effective from 5th July, 2019, relating to imported and export goods.

SCHEDULE - I

Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
Australian Dollar	49.60	47.45
Bahraini Dinar	188.75	176.95
Canadian Dollar	53.75	51.75
Chinese Yuan	10.20	9.85
Danish Kroner	10.60	10.25
EURO	79.25	76.30
Hong Kong Dollar	9.00	8.70
Kuwaiti Dinar	234.30	219.55
New Zealand Dollar	47.45	45.30
Norwegian Kroner	8.20	7.95
Pound Sterling	88.30	85.10
Qatari Riyal	19.55	18.30
Saudi Arabian Riyal	19.00	17.80
Singapore Dollar	51.75	49.95
South African Rand	5.05	4.75
Swedish Kroner	7.55	7.25
Swiss Franc	71.25	68.45
Turkish Lira	12.65	11.85
UAE Dirham	19.40	18.15
US Dollar	69.75	68.05

SCHEDULE - II

Foreign Currency	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees	
Japanese Yen	65.20	62.70
Korean Won	6.05	5.70

Notification No. 49/2019-Customs (N.T)

Date – 09.07.2019

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 further amendments in the Notification No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, namely:-

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	508
1511 90 10	RBD Palm Oil	540
1511 90 90	Others – Palm Oil	524
1511 10 00	Crude Palmolein	546
1511 90 20	RBD Palmolein	549
1511 90 90	Others – Palmolein	548
1507 10 00	Crude Soya bean Oil	697
7404 00 22	Brass Scrap (all grades)	3471
1207 91 00	Poppy seeds	3350

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 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	451 per 10 grams
71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	492 per kilogram
71	<p>i. Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92;</p> <p>ii. Medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage.</p> <p>Explanation. - For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver.</p>	492 per kilogram
71	<p>i. Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units;</p> <p>ii. Gold coins having gold content not below 99.5% and gold findings, other than imports of such goods through post, courier or baggage.</p> <p>Explanation. - For the purposes of this entry, "gold findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place.</p>	451 per 10 grams

TABLE - 3

Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$Per Metric Tonne)
080280	Areca nuts	3920"

Notification No. 50/2019-Customs (N.T)

Date - 12.07.2019

Amendment to the Notification No. 63/1994-Customs (N.T) dated 21st November, 1994, by notifying the pipeline of M/s Indian Oil Corporation Limited connecting Barauni, Patna, Motihari, Nonea in India to Amlekhgunj in Nepal as additional route for Raxaul LCS

CBIC has made further amendments in the Notification No. 63/1994-Customs (N.T), dated the 21st November, 1994, namely: -

In the said notification, in the Table, against serial number 6 relating to the land frontier of Nepal, against item (19) in column (3) relating to Raxaul, in column (4), after the entry (b), the following entry shall be inserted, namely: -

(1) (2) (3)	(4)
	“(c) The pipeline of M/s Indian Oil Corporation Limited connecting Barauni, Patna, Motihari, Nonea in India to Amlekhgunj in Nepal”.

Notification No. 51/2019-Customs (N.T)

Date – 15.07.2019

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	497
1511 90 10	RBD Palm Oil	527
1511 90 90	Others – Palm Oil	512
1511 10 00	Crude Palmolein	530
1511 90 20	RBD Palmolein	533
1511 90 90	Others – Palmolein	532
1507 10 00	Crude Soya bean Oil	686

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2019/cs-nt2019/csnt51-2019.pdf;jsessionid=6ED4DAAEC21B5A2E7DB22F875D1B6C47>

CUSTOMS – ANTI DUMPING DUTY

Notification No. 27/2019-Customs (ADD)

Date – 12.07.2019

Seeks to extend levy of anti-dumping duty till 27.10.2019, on imports of " Paracetamol" originating in or exported from china PR, extended vide notification No. 39/2018 Customs (ADD), dated the 20th August, 2018, in pursuance of order of Hon'ble High Court of Gujarat in the matter of SCA 5278/2019.

CBIC levied anti-dumping duty on imports of ‘Paracetamol’ falling under Chapter 29 of the First Schedule to the Customs Tariff Act, originating in or exported from China PR vide Notification No. 26/2013-Customs (ADD), dated the 28th October, 2013, for a period of five years from the date of publication in the Official Gazette.

The designated authority, vide Notification No. 7/16/2018-DGAD, dated the 25th April, 2018, initiated a review in the matter of continuation of anti-dumping duty and recommended the extension of the anti-dumping duty on the subject goods for a period of 6 months.

Later Hon'ble High Court of Gujarat in the matter of SCA No. 5278/2019 vide order dated 20th June, 2019, again directed that the Notification No. 39/2018-Customs (ADD), dated the 20th August, 2018 to further extended up to and inclusive of 09th July, 2019.

Now the Central Government has made further amendments in the Notification No. 39/2018 Customs (ADD), dated the 20th August, 2018.

In the said notification, for the figures, letters and word “9th July, 2019”, the figures, letters and word “27th October 2019” shall be substituted.

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2019/cs-add2019/csadd27n-2019.pdf;jsessionid=903CCE098215A35CE968E66B8E8285E5>

CIRCULARS

Circular No. – 18/2019

Date – 05.07.2019

Partial discharge of bonds executed by nominated agencies/ banks under notification No. 57/2000-Customs dated 08.05.2000

Circular No. 25/2018-Customs dated 08.08.2018 has prescribed standard operating procedures for the expeditious discharge of the bonds executed by nominated agencies/ banks under notification No. 57/2000-Customs dated 08.05.2000, as a measure of trade facilitation.

Presently, bonds are credited and closed only after entire imported goods have been used and exported as finished goods. These bonds and corresponding bank guarantees sometimes remain outstanding in full due to non-availability of facility of partial credit against that quantity of import of gold for which export obligations have been fulfilled. This hinders the expeditious discharge of bond leading to capital blockage of exporter which puts unnecessary burden on the exporters.

After receiving various representations from Gems & Jewellery export promotion council, a new provision has been developed in ICES 1.5 to proportionately credit the Bond and Bank Guarantee online as and when the exports are being made, partially against the said Bond and Bank Guarantee. Directorate General of Systems will issue system advisory giving details of the new functionality regarding partial crediting of RE bond in ICES.

The procedure and the timeline prescribed vide Circular No. 25/2018- Customs dated 08.08.2018 will apply mutatis-mutandis to partial discharge of bonds also.

DIRECT TAX

Notification No. 51/2019

Date – 04.07.2019

Notification regarding National Skill Development Corporation

CBDT has notified ‘National Skill Development Corporation’ (PAN AACCN8680L), a body constituted by the Central Government, in respect of the following specified income arising to that body, namely:-

- a) Amount received in the form of Government grants.
- b) Amount received in the form of grants for skill development other Government grants;
- c) Long-term or short-term capital gain out of investment in an organisation for skill development;
- d) Dividend and royalty from skill development venture supported or funded by National Skill Development Corporation;
- e) Income from Accreditation Fees, Registration fees, fees from training partners and other cost recovery from its skill development activities;
- f) Administrative & Mobilization fees from the scheme management;
- g) Income from institutions outside India for skilling, Training & Employability;
- h) Interest on loans to Institutions for skill development;
- i) Miscellaneous income, like sale of scrap, Profit on sale of assets, RTI application fees, forfeiture of Bank Guarantee, interest on income tax refund, excess provision written back; and
- j) Interest earned on (a) to (i) above.

2. The provisions of this notification shall be effective subject to the conditions that National Skill Development Corporation,-

- a) shall not engage in any commercial activity;
- b) activities and the nature of the specified income remain unchanged throughout the financial years; and
- c) shall file returns of income in accordance with the provision of clause (g) of sub-section (4C) section 139 of the Income-tax Act, 1961.

This notification shall be deemed to have been applied for the assessment year 2017-2018, 2018-2019, 2019-2020 and shall apply with respect to the assessment years 2020-2021 and 2021-2022.

Notification No. 52/2019

Date – 04.07.2019

Notification regarding Chhattisgarh Building and Other Construction Workers' Welfare Board

CBDT has notified 'Chhattisgarh Building and Other Construction Workers' Welfare Board' (PAN AAALC0598F), a Board constituted by the Government of Chhattisgarh, in respect of the following specified income arising to that Board, namely:-

- a) Worker's welfare cess;
- b) Registration fees; and
- c) Interest earned on (a) and (b) above.

This notification shall be effective subject to the conditions that Chhattisgarh Building and Other Construction Workers' Welfare Board –

- a) shall not engage in any commercial activity;
- b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

This notification shall apply with respect to the assessment year 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024.

CIRCULARS

Circular No. 14/2019

Date – 03.07.2019

Clarification regarding taxability of income earned by a non-resident investor from off-shore investments routed through an Alternate Investment Fund

In relation to Alternate Investment Funds (AIFs), references have been made to the Central Board of Direct Taxes (the Board) seeking clarity regarding taxability of income from investments made by the non-resident investor through these AIFs, outside India (off-shore investment).

The incidence of tax arising from off-shore investment made by a non-resident investor through the AIFs would depend on determination of status of income of non-resident investor as per provisions of section 5(2) of the Income-tax Act, 1961 (Act). As per section 5(2) of the Act, the income of a person who is non-resident, is liable to be taxed in India if it is received or is deemed to be received in India in such year by or on behalf of such person; or accrues or arises or is deemed to accrue or arise to him in India.

Chapter XII-FB contains special provisions relating to tax on income of investment funds and income received from such funds. Under Chapter XII-FB, section U5UB of the Act ("Tax on income of investment fund and its unit holders' is the applicable provision to determine the income and tax-liability of investment funds & their investors. In this context, 'Investment fund is defined in Explanation 1 of Chapter XII-FB to mean any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership

or a body corporate which has been granted a certificate of registration as a Category I or Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992). Thus, provisions of section 115UB apply only to Category I or Category II AIFs, as defined in SEBI's regulations.

By an overriding effect over other provisions of the Act, sub-section (1) of section 115UB of the Act provides that any income accruing or arising to, or received by, a person, being a unit holder of an investment fund, out of investments made in the investment fund, shall be chargeable to income-tax in the same manner as if it were the income accruing or arising to, or received by, such person had the investments made by the investment fund been made directly by him and not through the AIF.

As section 115UB (1) of the Act provides that the investments made by Category I or Category II AIFs are deemed to have been made by the investor directly, it is hereby clarified that any income in the hands of the non-resident investor from off-shore investments routed through the Category I or Category II AIF, being a deemed direct investment outside India by the non-resident investor, is not taxable in India under section 115(2) of the Act.

It is further clarified that loss arising from the off-shore investment relating to non-resident investor, being an exempt 1055, shall not be allowed to be set-off or carried-forward and set off against the income of the Category I or Category II AIF.

Circular No.15/2019
Date - 12.07.2019

Issues in respect of payment of third installment under the Income Declaration Scheme, 2016- clarification on certain procedural issues under section 119 of the Income Disclosure Scheme, 2016 read with section 119 of the Income-tax Act, 1961-reg.

Under the Income Declaration Scheme, 2016 (IDS), declarants were required to pay their determined liability towards tax, surcharge and penalty pertaining to the third installment as per the Form-2 issued by the Pro CIT/CIT, by 30th September, 2017.

In this regard, several references have been filed by the stakeholders with the Central Board of Direct Taxes (the Board) regarding difficulties faced by the declarants while effecting payment of third installment of IDS around 30th September, 2017 due to closure of banks on account of holidays due to which they couldn't effect payment of third installment within the stipulated time. Hence, a request has been made to the Board under section 119 of the Income-tax Act, 1961 (Act) read with section 119 of the IDS to grant appropriate relief in such cases.

Bank Holidays towards the due-date for the third installment: A clarification has been sought by the stakeholders regarding the third installment stating that since 30th September, 2017 was a closed national holiday, whether the payments effected or completed on next working day of the banks would be treated as an on-time payment of the statutory liability towards the third installment. It is seen that 1st October, 2017 & 2nd October, 2017 were also closed bank holidays, therefore, regular banking transactions could take place only on 3rd October, 2017 after 30th September, 2017. Therefore, in accordance with provisions of section 10 of the General Clauses Act, 1897, the Board hereby directs that all payments made/effectuated by the declarants on 3rd October, 2017 shall also be deemed to have been paid by the due date for the third installment i.e. 30th September, 2017.

Delayed credit by the Bank while payment was tendered by the declarant in a timely manner: In some of the references, it is stated that payment through cheque, RTGS, electronic transfer etc. towards payment of liability was tendered in the bank on or before 30th September, 2017. However, on bank's endorsement, the date is mentioned after 30th September, 2017, which could render these declarations void. The genuine hardship of the declarants on account of procedural/technical issues with the banks has been considered. It has been decided that payments effected through cheque/RTGS/electronic transfer by the declarant by 3rd of October, 2017 (the deemed extended date for the third installment as per para 2 above) which were credited by the banks till 5th October, 2017 shall be deemed to have been paid by 30th September, 2017. In this regard, the concerned Pro CIT/CIT shall furnish a report to the Pro DGIT (Systems) after necessary verification; to treat such payments to have been paid by the due date for the third installment i.e. 30th September, 2017.

PRESS RELEASE

INDIRECT TAX

Date – 03.07.2019

Clarification regarding Annual Returns and Reconciliation Statement

The Government has been receiving a number of representations regarding Annual Return (FORM GSTR-9 / FORM GSTR-9A) and Reconciliation Statement (FORM GSTR-9C). In this regard the following clarifications are issued for information of all stakeholders: -

a) Payment of any unpaid tax: Section 73 of the CGST Act provides a unique opportunity of self – correction to all taxpayers i.e. if a taxpayer has not paid, short paid or has erroneously obtained/been granted refund or has wrongly availed or utilized input tax credit then before the service of a notice by any tax authority, the taxpayer may pay the amount of tax with interest. In such cases, no penalty shall be leviable on such tax payer. Therefore, in cases where some information has not been furnished in the statement of outward supplies in FORM GSTR-1 or in the regular returns in FORM GSTR-3B, such taxpayers may pay the tax with interest through FORM GST DRC-03 at any time. In fact, the annual return provides an additional opportunity for such taxpayers to declare the summary of supply against which payment of tax is made.

b) Primary data source for declaration in annual return: Time and again taxpayers have been requesting as to what should be the primary source of data for filing of the annual return and the reconciliation statement. There has been some confusion over using FORM GSTR-1, FORM GSTR-3B or books of accounts as the primary source of information. It is important to note that both FORM GSTR-1 and FORM GSTR-3B serve different purposes. While, FORM GSTR-1 is an account of details of outward supplies, FORM GSTR-3B is where the summaries of all transactions are declared and payments are made. Ideally, information in FORM GSTR-1, FORM GSTR-3B and books of accounts should be synchronous and the values should match across different forms and the books of accounts. If the same does not match, there can be broadly two scenarios, either tax was not paid to the Government or tax was

paid in excess. In the first case, the same shall be declared in the annual return and tax should be paid and in the latter all information may be declared in the annual return and refund (if eligible) may be applied through FORM GST RFD-01A. Further, no input tax credit can be reversed or availed through the annual return. If taxpayers find themselves liable for reversing any input tax credit, they may do the same through FORM GST DRC-03 separately.

c) Premise of Table 8D of Annual Return: There appears to be some confusion regarding declaration of input tax credit in Table 8 of the annual return. The input tax credit which is declared / computed in Table 8D is basically credit that was available to a taxpayer in his FORM GSTR-2A but was not availed by him between July 2017 to March 2019. The deadline has already passed and the taxpayer cannot avail such credit now. There is no question of lapsing of any such credit, since this credit never entered the electronic credit ledger of any taxpayer. Therefore, taxpayers need not be concerned about the values reflected in this table. This is merely an information that the Government needs for 3 rd July 2019 Page 2 of 3 settlement purposes. Figures in Table 8A of FORM GSTR-9 are auto-populated only for those FORM GSTR-1 which were furnished by the corresponding suppliers by the due date. Thus, ITC on supplies made during the financial year 2017-18, if reported beyond the said date by the corresponding supplier, will not get auto-populated in said Table 8A. It may also be noted that FORM GSTR-2A continues to be auto-populated on the basis of the corresponding FORM GSTR-1 furnished by suppliers even after the due date. In such cases there would be a mis-match between the updated FORM GSTR-2A and the auto-populated information in Table 8A. It is important to note that Table 8A of the annual returns is autopopulated from FORM GSTR-2A as on 1st May, 2019.

d) Premise of Table 8J of Annual Return: In the press release on annual return issued earlier on 4th June 2019, it has already been clarified that all credit of IGST paid at the time of imports between July 2017 to March 2019 may be declared in Table 6E. If the same is done properly by a taxpayer, then Table 8I and 8J shall contain information on credit which

was available to the taxpayer and the taxpayer chose not to avail the same. The deadline has already passed and the taxpayer cannot avail such credit now. There is no question of lapsing of any such credit, since this credit never entered the electronic credit ledger of any taxpayer. Therefore, taxpayers need not be concerned about the values reflected in this table. This is information that the Government needs for settlement purposes.

e) Difficulty in reporting of information not reported in regular returns: There have been a number of representations regarding non-availability of information in Table 16A or 18 of Annual return in FORM GSTR-9. It has been observed that smaller taxpayers are facing a lot of challenge in reporting information that was not being explicitly reported in their regular statement/returns (FORM GSTR-1 and FORM GSTR-3B). Therefore, taxpayers are advised to declare all such data / details (which are not part of their regular statement/returns) to the best of their knowledge and records. This data is only for information purposes and reasonable/explainable variations in the information reported in these tables will not be viewed adversely.

f) Information in Table 5D (Exempted), Table 5E (Nil Rated) and Table 5F (Non-GST Supply): It has been represented by various trade bodies/associations that there appears to be some confusion over what values are to be entered in Table 5D, 5E and 5F of FORM GSTR-9. Since, there is some overlap between supplies that are classifiable as exempted and nil rated and since there is no tax payable on such supplies, if there is a reasonable/explainable overlap of information reported across these tables, such overlap will not be viewed adversely. The other concern raised by taxpayers is the inclusion of no supply in the category of Non-GST supplies in Table 5F. For the purposes of reporting, non-GST supplies includes supply of alcoholic liquor for human consumption, motor spirit (commonly known as petrol), high speed diesel, aviation turbine fuel, petroleum crude and natural gas and transactions specified in Schedule III of the CGST Act.

g) Reverse charge in respect of Financial Year 2017-18 paid during Financial Year 2018- 19: Many taxpayers have requested for clarification on the appropriate column or table in which tax which was to be paid on reverse

charge basis for the FY 2017-18 but was paid during FY 2018-19. It may be noted that since the payment was made during FY 2018-19, the input tax credit on such payment of tax would have been availed in FY 2018-19 only. Therefore, such details will not be declared in the annual return for the FY 2017-18 and will 3rd July 2019 Page 3 of 3 be declared in the annual return for FY 2018-19. If there are any variations in the calculation of turnover on account of this adjustment, the same may be reported with reasons in the reconciliation statement (FORM GSTR-9C).

h) Role of chartered accountant or a cost accountant in certifying reconciliation statement: There are apprehensions that the chartered accountant or cost accountant may go beyond the books of account in their recommendations under FORM GSTR-9C. The GST Act is clear in this regard. With respect to the reconciliation statement, their role is limited to reconciling the values declared in annual return (FORM GSTR-9) with the audited annual accounts of the taxpayer.

i) Turnover for eligibility of filing of reconciliation statement: It may be noted that the aggregate turnover i.e. the turnover of all the registrations having the same Permanent Account Number is to be used for determining the requirement of filing of reconciliation statement. Therefore, if there are two registrations in two different States on the same PAN, say State A (with turnover of Rs. 1.2 Crore) and State B (with turnover of Rs. 1 Crore) they are both required to file reconciliation statements individually for their registrations since their aggregate turnover is greater than Rs. 2 Crore. The aggregate turnover for this purpose shall be reckoned for the period July, 2017 to March, 2018.

j) Treatment of Credit Notes / Debit Notes issued during FY 2018-19 for FY 2017-18: It may be noted that no credit note which has a tax implication can be issued after the month of September 2018 for any supply pertaining to FY 2017-18; a financial/commercial credit note can, however, be issued. If the credit or debit note for any supply was issued and declared in returns of FY 2018-19 and the provision for the same has been made in the books of accounts for FY 2017-18, the same shall be declared in Pt. V of the annual return. Many taxpayers have also represented that there is no provision in Pt. II of the reconciliation statement for

adjustment in turnover in lieu of debit notes issued during FY 2018-19 although provision for the same was made in the books of accounts for FY 2017-18. In such cases, they may adjust the same in Table 50 of the reconciliation statement in FORM GSTR-9C.

k) Duplication of information in Table 6B and 6H: Many taxpayers have represented about duplication of information in Table 6B and 6H of the annual return. It may be noted that the label in Table 6H clearly states that information declared in Table 6H is exclusive of Table 6B. Therefore, information of such input tax credit is to be declared in one of the rows only.

l) Reconciliation of input tax credit availed on expenses: Table 14 of the reconciliation statement calls for reconciliation of input tax credit availed on expenses with input tax credit declared in the annual return. It may be noted that only those expenses are to be reconciled where input tax credit has been availed. Further, the list of expenses given in Table 14 is a representative list of heads under which input tax credit may have been availed. The taxpayer has the option to add any head of expenses.

All the taxpayers are requested to file their Annual Return (FORM GSTR-9 / FORM GSTR-9A) and Reconciliation Statement (FORM GSTR-9C) well before the last date of filing, i.e. 31st August, 2019.

Date – 04.07.2019

Extension of last date for availing the benefit of alternate composition scheme

Vide notification No. 02/2019-Central Tax (Rate) dated 07.03.2019, as amended by notification No. 09/2019-Central Tax (Rate) dated 29.03.2019, an alternate composition scheme has been made available to those suppliers of services or mixed suppliers, who were not eligible for the primary composition scheme. Only those taxpayers are eligible for this alternate scheme whose annual turnover in the preceding financial year did not exceed Rs. 50 lakhs. Taxpayers opting to pay tax under this scheme will pay tax at the rate of 6% (3% CGST + 3% SGST) of their turnover. Vide Circular No. 97/16/2019-GST dated 05.04.2019, the last date for registered persons for filing the intimation in FORM GST CMP-02

for availing the benefit of the alternate composition scheme was fixed at 30.04.2019.

In the 35th meeting of the GST Council held on 21.06.2019, it was recommended that the last date for filing the said intimation may be extended. Accordingly, a corrigendum dated 01.07.2019 to Circular No. 97/16/2019-GST has been issued extending the last date for filing the intimation for availing this benefit from 30.04.2019 to 31.07.2019.

Eligible taxpayers are encouraged to avail the benefit of the alternate composition scheme by applying on or before 31.07.2019.

DIRECT TAX

Date – 02.07.2019

Ratification by India of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting

India has ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI), which was signed by the Hon'ble Finance Minister at Paris on 7th June, 2017 on behalf of India, alongwith representatives of more than 65 countries. On 25th June, 2019, India has deposited the Instrument of Ratification to OECD, Paris alongwith its Final Position in terms of Covered Tax Agreements (CTAs), Reservations, Options and Notifications under the MLI, as a result of which MLI will enter into force for India on 01st October, 2019 and its provisions will have effect on India's DTAA's from FY 2020-21 onwards.

The Multilateral Convention/MLI is an outcome of the OECD / G20 Project to tackle Base Erosion and Profit Shifting (the "BEPS Project") i.e. tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations where there is little or no economic activity, resulting in little or no overall corporate tax being paid. India was part of the Ad Hoc Group of more than 100 countries and jurisdictions from G20, OECD, BEPS associates and other interested countries, which worked on an equal footing on the finalization of the text of the Multilateral Convention.

The MLI will modify India's tax treaties to curb revenue loss through treaty abuse and base erosion and profit shifting strategies by ensuring that profits are taxed where substantive economic activities generating the profits are carried out. The MLI will be applied alongside existing tax treaties, modifying their application in order to implement the BEPS measures. Out of 93 CTAs notified by India, 22 countries have already ratified the MLI as on date and the Double Taxation Avoidance Agreement (DTAA) with these countries will be modified by MLI. For the remaining CTAs, effect of MLI will take place as and when these countries ratify the MLI. Depending on the position taken under MLI by a country, India's DTAA with it shall get modified in the following prominent ways:-

- a) The minimum standard under BEPS Action 6 to tackle treaty abuse, i.e., insertion of new Preamble and the Principal Purposes Test (PPT) in the DTAA's shall be achieved.
- b) The minimum standard under BEPS Action 14 relating to the mutual agreement procedure shall get implemented.
- c) Artificial avoidance of Permanent Establishment (PE) status through commissionaire arrangements and similar strategies would be prevented. Avoidance of PE formation through specific activity exemptions and splitting up of contracts would also be prevented.
- d) Avenues leading to avoidance of capital gains from alienation of shares/ interests deriving value principally from immovable property would be plugged.
- e) Certain dividend transfer transactions that are intended to lower withholding taxes payable on dividends artificially would be prevented.

The date of entry into force of the MLI for India is 1st day of October, 2019. In respect of the 22 treaty partners of India who have deposited the Instrument of Ratification on or before 30th June, 2019, entry into effect for India under MLI with respect to the DTAA shall be from financial year 2020-21 onwards.

Date - 16.07.2019

CBDT issues clarification on incorrect reports in social media pertaining to difficulty in filing of Income Tax Returns

Central Board of Direct Taxes (CBDT) has said today that no changes have been made in any of the Income-tax Return (ITR) forms including ITR-2 and ITR3 since the notification made on 1st April 2019, i.e. on the 1st day of the Assessment Year 2019-20. There were reports in social media that the taxpayers were facing difficulties in filing return of income in ITR-2 & ITR-3 due to large scale changes in the ITR form on 11th July, 2019.

It is stated that the software utility for e-filing of all the ITR forms has been released long back. The utility for e-filing ITR-2 and ITR-3 was released on 2nd May and on 10th May 2019 respectively. However, the software utility update is a dynamic process and is continuously taken up as per the feedback received from the users/filers to ease their experience in electronic filing of returns.

It is further clarified that the updating of utility does not hamper filing of return as the taxpayers are allowed to file using the utility which is available at that point of time. For example, more than 85 lakh taxpayers have filed returns in ITR-1 till date by using the said utility, which has also undergone update later. Therefore, the impression that the taxpayers are not able to file return due to changes in ITR form is also not correct as more than 1.38 crore taxpayers have already filed their returns by using the utility released till date. Even though the utility is being updated regularly to provide ease to taxpayers, the returns filed by using the previous version of utility will continue to be valid.

It is pertinent to state that the updation in utility of ITR forms is based on feedback and mainly aimed at easing the compliance burden of the taxpayers by facilitating easier e-filing. For instance, this year, the facility of pre-filing of return forms has been provided based on the information furnished in the TDS statements. This facility has been updated in the utility subsequently. This would substantially reduce the efforts of taxpayers in filling of return forms.

It is reiterated that there are no changes in the notified ITR forms; only the utility has been updated to facilitate the taxpayers. Therefore, the assertion that numerous changes have been made in ITR-2 and ITR-3 on July 11, 2019, does not give a correct picture.

JUDGEMENTS

INDIRECT TAX

CSK Players not liable to pay Service Tax on Remuneration paid by Franchisee: CESTAT

Cricket Players of CSK vs. CCE(Appeals) Chennai

Case No. -40705-40752/2019
Date- 30.04.2019

Fact of the Case

- Cricket players are the assessee in the present case.
- The department proceeded against the cricket players representing various Teams owned by various franchises in the IPL by observing that the assessee's were providing Business Support Services up to 30.06.2010 and Business Promotion Services for the subsequent periods.
- On the first appeal, the Commissioner (A) set aside that portion of the demand pertaining to the period up to 30.06.2010 raised under BSS and upheld the balance service tax demand for and from 01.07.2010 onwards under Business Promotion Services.

Decision of the Case

- The Tribunal observed that the categorization of the same set of activities under two different services for two different periods is not permissible.
- It was held that having taxed under BSS, the Revenue should not have changed its stand for a different period when there is no change in the nature of services alleged
- The Tribunal further referred the decision of Kolkata High Court where there exists employer-employee relationship, the players are paid remuneration and, therefore, there is no service which is liable to be brought under the tax net for both the periods under the alleged heads and accordingly, the department appeals are dismissed and the assessee's appeals are allowed.

Notice Mandatory while detaining Goods not accompanied with E-Way Bill: Gujarat High Court

Sri Krishna Traders vs. State of Gujarat

Case No. - 11016 of 2019
Date - 26.06.2019

Fact of the Case

- E-Way Bill is an Electronic Way bill for movement of goods to be generated on the E-Way Bill Portal. A GST registered person cannot transport goods in a vehicle whose value exceeds Rs. 50,000 (Single Invoice/bill/delivery challan) without an e-way bill.
- While transporting the consignment of betel nuts from Vellore, State of Tamil Nadu, to Delhi, the goods were intercepted in Gujarat and later detained on the ground that E-Way Bill was not produced when demanded.
- The issue before the bench comprising Justice J B Pardiwala and Justice A C Rao was relating to the interpretation of Sections 129 and 130 of the GST Act.

Decision of the Case

- While granting interim relief to release the goods, the bench recalled its order passed on 8th March wherein it was observed that that the show-cause notice under section 130 of the CGST Act has been issued without complying with the requirements of section 129 of the CGST Act.
- It was also observed that the goods in question are perishable in nature.
- The vehicle bearing registration no.KA-14B-7985, as well as the goods, i.e. betel nuts, detained/seized under the purported exercise of powers under Sections 129 and 130 of the GST Act, shall be released immediately upon the writ-applicant depositing the amount of Rs.3,57,000=00 with the concerned department.

**Labour Services availed to Forest
Department for Environment Protection are
Exempted from GST: AAR**

Sri Puthoor Unnikrishnan vs. Kerala AAR

Case No. – Ker/27/2019

Date – 24.05.2019

Fact of the Case

- The applicant is providing various labour services directly to Kerala Forest Department, under his supervision and control.
- The applicant is providing labour services for setting up fire lines in forests to protect the forest from catching fire which causes damages to the forest, labour services for plantation of trees in forests, labour services for ril / river maintenance and labour services of clearing the truck path in forests.
- The Authority was considering the question, whether such supply of providing labour services for the above purpose is included in exempted services in Notification. No. 12/2017 Central Tax (Rate) dated 28-06-2017 or any other related notification.

Decision of the Case

- The honorable AAR bench observed that, “The services for setting up fire lines, plantation of trees in forest, river maintenance in forest, clearing of truck path in forest are pure services that are clearly falling within the purview of the term “Protection of Environment ‘Road’ / ‘Fire Services’ as covered in 12th Schedule under Article 243W of the Constitution.
- Therefore, these services are exempted as per Sl. No.3 of the Notification No.12/2017-Central Tax (Rate) dated 28-06-2017 (SRO. No. 371/2017)”.
- The Authority of Advance Ruling, Kerala has ruled that Supply of providing labour services for setting up fire lines in forests, Labour services for plantation of trees in forests, labour services for RIL / river maintenance, labour services of clearing truck paths in forests are exempted from GST.

**GST applicable on Construction of Flats to
be given on Lease**

**M/S Nagpur Integrated Township Private
Limited vs. Maharashtra AAR**

Case No. – 107

Date – 7.01.2019

Fact of the Case

- The applicant, Nagpur Integrated Township Private Limited was developing the property by constructing commercial and residential units and integrated facilities and was transferring the property to the customer on a long-term lease basis on payment of the amount referred to as lease consideration.
- The AAAR noted that customers would pay the developer 10 percent of the lease consideration as advance and balance in installments slab-wise as the construction progressed.
- The applicant has paid installments of completion of slabs and that this type of payment is made only when a person has entered into an agreement with a builder to purchase a flat in an ongoing project.

Decision of the Case

- It observed that the entire consideration had been received by the applicant from the buyers before the completion certificate issued by the competent authority which “generally does not happen in a lease transaction.”
- Such payments are generally liable to tax under GST laws but in the subject case the applicant is showing such payments as towards lease amount paid under a lease agreement.
- According to the bench, the transaction of sale of flats in the under-construction building has been “projected” by the developer as a lease transaction of residential units.
- While upholding the AAR order, the bench clarified that the transaction between the developer and the lessee is taxable under GST and that it is composite supply of works contract in

relation to construction of a complex, building which is intended to be handed over to the buyer and will attract tax at the rate of 18 %.

Gujarat HC partly strikes down Press Release extending Last Date to avail Input Tax Credit in respect of Invoices or Debit Notes

AAP & Co. vs. Union of India & others

Case No. - 18962 of 2018
Date - 24.06.2019

Fact of the Case

- The petitioner, a practicing Chartered Accountant prayed before the Court to quash the press release dated 18th October 2018 to the extent that its para 3 purports to clarify that the last date for availing the input tax credit relating to the invoices issued during the period from July 2017 to March 2018 is the last date for the filing of the return in Form GSTR-3B for the month of September 2018.
- As per the said press release, a taxpayer will not be able to claim the input tax credit for the period from July 2017 to March 2018 after filing of the return in Form GSTR-3B for the month of September 2018.
- It is submitted that the aforesaid clarification is not in consonance with Section 16(4) of the CGST Act/GGST Act which provides for the last date for taking the input tax credit.
- It is submitted that the last date of taking the input tax credit should be due date of filing of return in Form GSTR-3 or annual return whichever is earlier.

Decision of the Case

- The bench noted that the aforesaid press release is valid and in consonance with Section 16(4) of the CGST Act/GGST Act only if Form GSTR-3B is a return required to be filed under Section 39 of the CGST Act/GGST Act.
- Considering technical glitches in the GSTN portal as well as the difficulty faced by the taxpayers it was decided

to keep filing of GSTR-2 and GSTR-3 in abeyance.

- Therefore, in order to ease the burden of the taxpayer for some time, it was decided in the 18th GST Council meeting to allow the filing of a shorter return in Form GSTR-3B for the initial period.
- The bench noted that the Government, on realizing its mistake that the return in Form GSTR-3B is not intended to be in lieu of Form GSTR-3, rectified its mistake retrospectively vide Notification No.17/2017 Central Tax dated 27th July 2017 and omitted the reference to return in Form GSTR-3B being return in lieu of Form GSTR-3
- A two bench of the Gujarat High Court has set aside the press release dated 18th October 2018 as the same found to be illegal to the extent that its para-3 purports to clarify that the last date for availing input tax credit relating to the invoices issued during the period from July 2017 to March 2018 is the last date for the filing of return in Form GSTR-3B.

DIRECT TAX

ITAT upholds Penalty leviable on Surrender made on Account of Discrepancy in Stock

M/S Royal Lifestyle Jewellers vs. DCIT, Ludhiana

Case No. - 1585/Chd/2018
Date - 21.06.2019

Fact of the Case

- In the present case the assessee surrendered short stock which had not been accounted in the books of accountants.
- The Assessing Officer levied penalty under section 271AAB of the Act.
- On appeal, the first appellate authority upheld the order. Before the Tribunal, the assessee claimed that the penalty is not authorized by law.

Decision of the Case

- The Tribunal observed that the sole reason for levying by the Assessing Officer is that the surrendered income

was in the nature of undisclosed income under the provision.

- The Income Tax Appellate Tribunal (ITAT), Chandigarh bench has held that the penalty under Section 271AAB of the Income Tax Act was rightly imposed in the case where the assessee surrendered the short stock not accounted.

Share Purchase as per Order of Company Court constitute Dividend, not Capital Gain: Madras High Court dismisses Cognizant's Plea

Cognizant Technology Solution vs. DCIT, Chennai

Case No. - 9135 of 2018
Date -25.06.2019

Fact of the Case

- In the present case the assessee, engaged in the business of development of computer software and related services & export, bought back its own shares.
- Thereafter, during the year 2016 under the Scheme of Arrangement and Compromise, the assessee planned to purchase its own shares u/s 391 to 393 to increase earnings per share and return on equity over a period of time and enhance long-term value creation; and to reduce foreign currency fluctuation risk in respect of rupee funds in India.
- The gain arising to the shareholders in the course of buy-back was offered to taxation as capital gain as per the treaty relief and a total of Rs.898.01 Crores was paid as capital gain to the Department by the assessee.
- The Department held that the buy-back of share u/s 391 of the Indian Companies Act was nothing but the distribution of accumulated profit and it had to be treated as dividend u/s 2(22)(d) and Dividend Distribution Tax at 15% was required to be paid by the assessee.

Decision of the Case

- It is now questioned that gain on buy-back of shares cannot be categorized

as a dividend and it is a capital gain as per Section 46 A.

- It is a case of the Department that there was no dispute and necessity to file the petition u/s 391 to 393 of the Companies Act and it was filed only to avoid payment of Dividend Distribution Tax.
- Whenever a company distributes its profits to its shareholders, the profit so disbursed, will amount to dividend.
- The Madras High Court has held that the shares purchased pursuant to the order of Company Court would not amount to capital gain and rather to be treated as a dividend.

Uniform Allowance to Employees not Taxable as Fringe Benefits: ITAT

Mumtaz Hotels Ltd. vs. DCIT, Kolkata

Case No. - 2019/kol/2017
Date -21.06.2019

Fact of the Case

- The assessee filed its return of fringe benefit on 30.10.2007 showing value of expenses liable to fringe benefit at Rs.32, 75,705. The assessee treated the allowance as Fringe Benefit.
- In the provision of uniform, there is no element welfare involved as no benefit flows to the employees by wearing such uniform and it is worn in the hotel only.
- The assessee argued that the uniform supplied to the employees is the policy of the assessee and supply of uniforms are necessary for the purpose of carrying on its business.
- The assessee argued that providing uniform to the employees cannot be regarded as benefit or welfare facility and it is a statutory obligation in terms of standing orders framed by the assessee.

Decision of the Case

- The Tribunal observed that it is not an option and claimed the expenses incurred for staff uniform shall be excluded from chargeable expenditure under the head "Employees Welfare".

- In the opinion of the Tribunal the said clothes were not protective ones and they are not uniforms and not compulsory uniform under the statute.
- It is clear that the said clothing (uniforms) are not available for general or personal wear of the employees and when the clothing is not actually used for general or personal wear, in our opinion, are not taxable under fringe benefits.
- The Kolkata bench of the Income Tax Appellate Tribunal (ITAT) has held that the uniform allowance to the employees is not taxable as fringe benefits under the Income Tax Act, 1961.

Unsold Flats / Bunglows can't be Taxed on Notional Basis from Developer: ITAT

M/S Kolte Patil vs. ACIT, Pune

Case No. - 1238/PUN/2018
Date - 26.06.2019

Fact of the Case

- In the present case the assessee is a developer.
- During the course of assessment proceedings, AO noticed that assessee had ready possession of six unsold flats/bungalows but had not offered any deemed rent / notional rent on those flats/bungalows.
- The AO was of the opinion that the income from those unsold flats/bungalows must be charged to tax under the head "income from house property" on the basis of notional basis.
- Assessee inter-alia submitted that the flats /bungalows were stock-in-trade and no income has been earned from those flats. The submission of the assessee was not found

Decision of the Case

- The Tribunal noticed that identical issue arose in the case of assessee's sister concern i.e., M/s. Kolte Patil Developers Limited in A.Y. 2012-13, wherein the issue was decided in favour of the assessee by the Co-ordinate Bench of the Tribunal.

- In that case, it was held that since the unsold flats were treated as stock-in-trade, no such assessment can be made.
- The Income Tax Appellate Tribunal (ITAT), Pune bench has held that the developer cannot be liable to pay income tax on the deemed rent from the unsold flats/ bungalows since the same is treated as stock-in-trade.

Capital Gain won't attract on Sale of FSI / Transfer of Developmental Rights: ITAT

Mr. Deepak Talakshi Sah vs. Income Tax Officer

Case No. - 4838/M/2017
Date - 25.06.2019

Fact of the Case

- Here the assessee is the seller of TDR/FSI development rights.
- During the relevant assessment year, the assessee has sold TDR/FSI development rights for Rs.2.50 crore which was claimed as exempt from income tax.
- The Assessing Officer held that the transfer of development rights clearly attracts the capital gain tax as it is a transfer of capital asset.
- On appeal, the first appellate authority held in favour of the assessee. The department approached the Tribunal for relief.

Decision of the Case

- The Tribunal noticed the decision of Bombay High Court where the honorable High Court has held that in case of sale of FSI/TDR rights by the assessee to the developers which have accrued in favour of the assessee.
- In the present case, the facts are similar to the facts in the case as discussed hereinabove wherein the Hon'ble Bombay High Court has held that no capital gain tax is attracted in the case of sale of FSI/TDR.
- The Mumbai bench of the Income Tax Appellate Tribunal (ITAT) has held that the sale of FSI/ Transfer of Developmental Rights would not attract capital gain under the Income Tax Act, 1961.

TAX COMPLIANCE CALENDAR AT A GLANCE

GST CALENDAR

Date	Return Type
18-07-19	<i>CMP-08- for composition dealer for the quarter April – June 2019</i>
20-07-2019	<i>GSTR-3B - for the month of June 2019.</i>
20-07-19	<i>Due date for filing GSTR-5 & 5A - to be filed by the Non-Resident taxable person & OIDAR for the month of June 2019.</i>
31-07-19	<i>Due date for filing GSTR-1 for June quarter – Applicable for taxpayers with Annual Aggregate turnover upto Rs. 1.50/- Crore.</i>

DIRECT TAX CALENDAR - JULY, 2019

07.07.2019

- Due date for deposit of Tax deducted/collected for the month of June, 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
- Due date for deposit of TDS for the period April 2019 to June 2019 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H.

10.07.2019

- Due date for issuing quarterly TDS certificates in respect of salary paid and tax deducted has been extended from June 15, 2019 to July 10, 2019 vide order F.No. 275/38/2017-It(b), dated 04-06-2019

15.07.2019

- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of June, 2019 has been paid without the production of a challan
- Due date for issue of TDS Certificate for tax deducted under section 194-IA & section 194-IB in the month of May, 2019
- Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending June, 2019
- Quarterly statement of TCS deposited for the quarter ending 30 June, 2019
- Upload the declarations received from recipients in Form No. 15G/15H during the quarter ending June, 2019
- Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of June, 2019
- Due date for issuing quarterly TDS certificates and TDS certificate in respect of salary paid and tax deducted has been extended from June 15, 2019 to July 15, 2019 for the deductors of the State of Odhisha vide order F.No. 275/38/2017-It(b), dated 24-5-2019

30.07.2019

- Quarterly TCS certificate in respect of tax collected by any person for the quarter ending June 30, 2019
- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA & section 194-IB for the month of June, 2019

31.07.2019

- Quarterly statement of TDS deposited for the quarter ending June 30, 2019
- Annual return of income for the assessment year 2019-20 for all assessee other than (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c) working partner of a firm whose accounts are required to be audited or (d) an assessee who is required to furnish a report under section 92E.
- Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending June 30, 2019
- Statement by scientific research association, university, college or other association or Indian scientific research company as required by rules 5D, 5E and 5F (if due date of submission of return of income is July 31, 2019)
- Application in Form 9A for exercising the option available under Explanation to section 11(1) to apply income of previous year in the next year or in future (if the assessee is required to submit return of income on or before July 31, 2019)
- Statement in Form no. 10 to be furnished to accumulate income for future application under section 10(21) or 11(1) (if the assessee is required to submit return of income on or before July 31, 2019)
- Due date for claiming foreign tax credit, upload statement of foreign income offered for tax for the previous year 2018-19 and of foreign tax deducted or paid on such income in Form no. 67. (If the assessee is required to submit return of income on or before July 31, 2019.)

DIRECT TAX CALENDAR - AUGUST, 2019

07.08.2019

- Due date for deposit of Tax deducted/collected for the month of July, 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
- Due date for issue of TDS Certificate for tax deducted under section 194-IA and section 194-IB in the month of June, 2019

15.08.2019

- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of July, 2019 has been paid without the production of a challan
- Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of July, 2019
- Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending June 30, 2019

30.08.2019

- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA and section 194-IB for the month of July, 2019

CERTIFICATE COURSE ON GST – 5th BATCH

Course Details	
Course Eligibility	Qualified Cost & Management Accountants
	Other Professionals (CS,CA,MBA,M.Com, Engineers, Lawyers, etc)
	Executives from Industries
	GST Practitioners
	Students who are either CMA qualified or Final pursuing.
Course Fee	₹10,000 +18% GST
	₹8,000 + 18% GST (For CMA Members, CMA Final Passed Candidates and CMA Final pursuing Students)
	Special Discount for Corporate
	For number of employees 5 - 10 , discount is 15%
	For number of employees more than 10 , discount is 20%

Course Modalities		
Details	Classroom Learning / Offline Mode	Online Classes
Course Duration	72 Hours	72 Hours
Class Timings	Saturday – 2 Hours Sunday – 4 Hours	24*7 - Can be accessed anytime and anywhere (Internet Connection is required and classes can be attended from your place.)
Examination Fee	₹1000 + 18% GST	₹1000 + 18% GST
Assessment	Online mode	Online mode
Study Materials & Mock test paper will be provided to all participants		
Faculty - Experienced faculties from Industry and practice		

Places			
Locations	Classroom Learning	Online Classes	
North	<ul style="list-style-type: none"> Delhi 	Anywhere in India	
South	<ul style="list-style-type: none"> Chennai Bangalore Hyderabad Hosur 		
	East		<ul style="list-style-type: none"> Kolkata
			West

Course Contents	
Constitutional Background of GST, Concepts of GST & Definitions in GST.	Taxable event, Time of Supply and Place of Supply, Composite & Mixed supply , Works Contract, Exempted supply
Classification, HSN, SAC	Valuation under GST, Valuation rule
Input Tax Credit, Refund of ITC	Basic Procedures- Registration, Invoice, Bill of supply, E way Bills etc.
Records and Returns	Zero Rated Supplies , Imports and Exports
Payment and Refunds	Assessment and Audit
Demands	Adjudication and appeal
Penalties and Prosecutions	Advance Ruling
Job Work	Anti-profiteering
Applicability of TDS and TCS under GST and Filing of Return	Miscellaneous Provisions and Case studies on specific Chapters involving real life scenarios

**For any query, please mail us – trd@icmai.in
Contact No. +91 33 40364747/+91 33 40364714/+91 33 40364711**

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.

Disclaimer:

The Tax Bulletin is an informational document designed to provide general guidance in simplified language on a topic of interest to taxpayers. It is accurate as of the date issued. However, users should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Tax Bulletin. The information provided in these documents does not cover every situation and is not intended to replace the law or change its meaning.

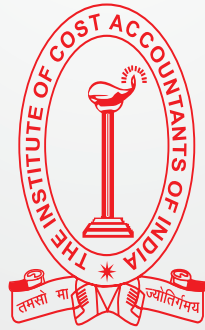
The opinion expressed in Article is fully based on the views of the experts. This information is provided for public services only and is neither an advertisement nor to be considered as legal and professional advice and in no way constitutes an attorney-client relationship between the Institute and the User. Institute is not responsible or liable in any way for the consequences of using the information given.

Contact Details:

Tax Research Department
12, Sudder Street, Kolkata - 700016

Phone: +91 33 40364747/ +91 33 40364714/ +91 33 40364711

E-mail: trd@icmai.in



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

www.icmai.in

Headquarters: CMA Bhawan, 12 Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

Delhi Office: CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100

Behind every successful business decision, there is always a CMA