

DECEMBER, 2019

# TAX Bulletin

★ ★ VOLUME - 54 ★ ★



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**

(Statutory Body under an Act of Parliament)

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## 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 and also Crash Courses on GST for Colleges and Universities.

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## FROM THE DESK OF CHAIRMAN – INDIRECT TAXATION COMMITTEE

I would like to start by wishing you a *Merry Christmas* and a *very Happy New Year..!!*

A Seminar is the congruence of eminent Professionals wherein they interact, discuss and brain-storm about the delineated topic based on the current scenario. The Institute of Cost Accountants of India – Tax Research Department and the Bhubaneswar Chapter is proud to organise a **National Seminar** this week-end on the 21<sup>st</sup> and 22<sup>nd</sup> of December, 2019 at Bhubaneswar, where eminent Industry Representatives, Govt. Officials and Practitioners would have their deliberations. I cordially invite you all to the seminar.

The Theme for the said seminar would be “**Conducive Tax Laws – Challenges and Opportunities**”. The other details are as follows –

- **Date:** 21<sup>st</sup> & 22<sup>nd</sup> December, 2019
- **Venue:** Auditorium of KIIT, Campus - 5, Bhubaneswar, Odisha

The seminar would host the following sub-themes on which vigorous discussions are expected:

- Income Tax Act and Direct Tax Code – Expectations and Way ahead
- Beneficial provisions and recent Amendments under Income Tax Laws for domestic companies and value creation
- E-Invoicing and Reconciliation of credits
- ITC under GST law – Provisions, Advance Rulings and critical issues
- Readiness for the New Return Filing System
- Provisions and situation analysis – Deposit Work, Turnkey/EPC Contracts, Tolerance of an act, RCM and Export

The sub themes have been chosen in view of their criticality and linkages with the overall growth agenda of the country.

I urge you all to participant, interact and make the seminar a grand Success.

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

**CMA Niranjan Mishra**  
**Chairman, Indirect Taxation Committee**  
**18<sup>th</sup> December 2019**



## FROM THE DESK OF CHAIRMAN – DIRECT TAXATION COMMITTEE

I am happy that with the efforts of the Tax Research Department of The Institute of Cost Accountants of India, we can show our strength and come out as the lead and most preferred accountant professionals of our Country serving the Government in all its endeavours.

Moving in line with it, the Institute of Cost Accountants of India-Tax Research Department & Bhubaneswar Chapter has successfully organized a seminar on “**Conducive Tax Laws- Challenges & Opportunities**”. The seminar will be held at Auditorium of KIIT, Campus - 5, Bhubaneswar, Odisha on the 21<sup>st</sup> & 22<sup>nd</sup> December, 2019.

The Seminar will have technical sessions. The sub-themes of the technical sessions have been selected keeping in mind the glaring issues in today’s present Taxation Scenario. The Seminar will deliberate on micro and specific practical issues within each of the sub themes so as to present a holistic overview of the various facets and the action agenda for the CMAs.

Deliberations from Ministers, Government Officials, and Industry stalwarts will be the main attraction of the seminar. During this two day Seminar, Tax Research Department is all set to release certain note-worthy publication which is surely to watch out for.

Come lets participate and make it a huge success.

Jai Hind.

(Rakesh Bhalla)

**CMA Rakesh Bhalla**  
**Chairman, Direct Taxation Committee**  
**18<sup>th</sup> December 2019**

# TAXATION COMMITTEES 2019 - 2020

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## ACKNOWLEDGEMENTS

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### SPECIAL ACKNOWLEDGEMENT

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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***





# TAXABILITY OF NOTICE PAY RECOVERY UNDER GST LAWS – AN ANALYSIS

**CMA Niranjana Swain**  
Advocate & Tax Consultant

## 1.BACK GROUND:

Contractual agreement / appointment letter usually provides that an employee must serve a notice period upon giving a notice to resign from the employment. Intent of keeping this clause in the agreement / appointment letter is that the employer will have adequate time for making alternative arrangement for the resigned employee. It also provides that resigning employee can pay a certain amount which is known as “notice pay” in lieu of his obligation to serve the notice period (may be part or full period). Following are two important issues emerges

- ❖ Tax Departments are of the view that, this recovery of notice pay by employers / payment of notice pay by an employee is taxable under erstwhile Service Tax Law and also Goods and Service Tax Laws.
- ❖ Besides above many cases employee also claims that the amount paid / recovered by employer as “notice pay” is to be reduced from total salary received during a financial year and balance amount is taxable under income tax act.

As on today sufficient judicial precedents, Circular / clarification by the CBIC are not yet available which could put an end to the controversy / issues of taxability under both Income Tax Act and Goods and Service Tax Act.

This article analysed the provisions of both laws and available judiciary decisions on taxability of the “notice pay” in hands of employer and as well as employee.

## 2.LEGAL FRAMEWORK OF LAW AND JURDIICIARY PRONOUNCEMENTS AND ANALYSIS

### 2.1.Related Provisions under Indian Contract Act

Employment contracts are made under the **Indian Contract Act, 1872**. A contract of employment is a bilateral agreement for the exchange of service and remuneration over a period of time. Like any other valid contract it must satisfy all the essential ingredients viz. offer, acceptance, consideration, competent parties, legal object and free consent etc. Such employment contract in the form of an appointment letter or agreement usually provides for the notice pay recovery.

**It is worthwhile to reproduce Sec. 74 of the said Act as under:**

*“74. Compensation for breach of contract where penalty stipulated for.—1 When a contract has been broken, if a sum is named in the contract as the amount to be paid in case of such breach, or if the contract contains any other stipulation by way of penalty, the party complaining of the breach is entitled, whether or not actual damage or loss is proved to have been caused thereby, to receive from the party who has broken the contract reasonable compensation not exceeding the amount so named or, as the case may be, the penalty stipulated for.”*

Notice pay is nothing but the amount stipulated in the employment contract for breach in serving the stipulated notice period. Since notice pay is a sum mutually agreed by the parties for breach of contract it can be regarded as a consideration flowing from the employment contract itself read with Sec. 74 of the Indian Contract Act, 1872 and not under any other separate contract wherein employer has agreed to refrain from doing any act against the concerned employee. Once notice pay recovery is stipulated in the contract, an

employer can only sue for recovery of such amount but cannot enforce mandatory serving of the notice period. Once it is concluded that an employer cannot enforce mandatory serving of the notice period such employer cannot be said to have refrain from an act of suing the employee for mandatory serving against the notice pay recovery. In such scenario notice pay recovered cannot be said to be a consideration against agreeing to the obligation to refrain from an act, or to tolerate an act

## **2.2. PROVISIONS RELATED TO RECOVERY OF NOTICE PAY UNDER FINANCE ACT 1994 / SERVICE TAX ACT.**

Major amendment made in Service Tax Laws by way of introduction of negative list based taxation with effect from 1<sup>st</sup> July 2012. All the services were covered under the definition of service and were taxable, except the services listed in Negative list or services exempted vide mega exemption notification.

### **2.2.1. Section 65B (44) of Finance Act, 1994, definition of *service* reads as under:**

*“Service” means any activity carried out by a person for another for consideration, and includes a declared service, but shall not include;*

*(a) Xxx*

*(b) provision of service by an employee to the employer in the course of or in relation to his employment;*

In other words, the service provided by **employee to employer** in course of employment is excluded from service tax levy. However there is no such exclusion or exemption to the services provided by **employer to employee**. The same is also not covered in the exclusion limb of the service definition either and covers declared services in the definition of service, and declared services.

### **2.2.2. Section 66E (e) of Finance Act 1994 provides that:**

*‘agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act’*

When an employee resigned from service, either adequate notice for such resignation to be served or to pay equivalent salary for the notice period to the company or employer recover the same from his dues. It is pertinent to further examine, whether resigning and leaving employment by without servicing notice / or inadequate notice by which the employer **to tolerate an act or a situation** and payment or recovery of notice pay is liable for service tax.

The Service tax levy is an activity tax under negative list based taxation.. Service tax is leviable on service being **‘any activity’ for a consideration**. Though the employer is receiving / recovering a consideration, there is no activity done by such employer to the employee in exchange for consideration of notice period recovery. So one can argue that the fundamental premise of ‘activity for a consideration’ itself is not satisfied, in which case the Service tax levy may not be applicable.

### **2.2.3. Judiciary Pronouncements / Decisions under Service Tax Act:**

**2.2.3.1. In case of M/s. QX KPO Services Pvt Ltd vide Order in Appeal no. AHM-EXCUS-001-APP-0107-17-18 dated 29.09.2017**, the Commissioner (Appeals) has held that no service tax is payable on notice pay recovery. **The relevant para of the said judgement reads as follows:**

*9. At the onset, I will discuss the first issue; stating that as per the definition of service as envisaged under Section 65B(44)(b) of the Finance Act, 1994, the activity was carried out by one person to another for a consideration which is tolerating the act of the employees to leave the job without giving notice for the stipulated period and allowing the employees to leave the job. In view of the above, I find that the adjudicating authority has towed to the lines as prescribed in the amendments made in the Act w.e.f. 01.07.2012. in the new system, the word ‘service’ has been redefined under Section 65B(44) of the **Finance Act, 1994**. However, CBEC, in the month of June 2012, had introduced as ‘Education Guide’ in light of the new system. The said guide clarifies many queries that were supposed to erupt at the time of the amendments made in the Act w.e.f.*

01.07.2012. I would like to quote below a concerned paragraph from the said guide for clarification;

## **2.9 Provision of service by an employee to the employer is outside the ambit of service**

**2.9.1** Are all services provided by an employer to the employee outside the ambit of services?

No. Only services that are provided by the employee to the employer in the course of employment are outside the ambit of services. Services provided outside ambit of employment for a consideration would be a service. For example, if an employee provides his services on contract basis to an associate company of the employer, then this would be treated as provision of service.

**2.9.2** Would services provided on contract basis by a person to another be treated as services in the course of employment?

No. Services provided on contract basis i.e. principal-to-principal basis are not services provided in the course of employment.

**2.9.3** Would amounts received by an employee from the employer on premature termination of contract of employment be chargeable to service tax?

No. Such amounts paid by the employer to the employee for premature termination of a contract of employment are treatable as amounts paid in relation to services provided by the employee to the employer in the course of employment.

Hence, amounts so paid would not be chargeable to service tax. However, any amount paid for not joining a competing business would be liable to be taxed being paid for providing the service of forbearance to act.

***In view of the above, it now very clear that any payment made by either of the party to the other one would not be chargeable to service tax. Thus, from the above, conclude that the process of payment made by the employees to the appellants, for termination of job before the completion of the agreed upon period, is not to be treated as a service has any act of consideration for retraining from any act or tolerating any act.***

**Therefore, I hold that demand of Rs. 86,576/- should be set aside in the interest of justice and the appellants should be given relief from payment of Service Tax along with interest and penalty.**

2.2.3.2. In the case of **Gujarat State Fertilizers & Chemicals Ltd Vs Assistant Commissioner, Central Excise & Customs, Service Tax, Division-IV, Anand Commissionerate (Order-in-Appeal No. VAD-EXCUS-003-APP-392/2016-17 dated 20.10.2016)**, the Commissioner (Appeals) has held that no service tax is leviable on notice pay recovery. But in the said judgement the Commissioner (A) has not given specific finding as to why tax is not payable.

2.2.3.3. In case of **Satya Developers Pvt Ltd, 2017 (3) G.S.T.L. 325 (Del.)**, Hon'ble Delhi High Court has held that

**“Thus a contract has to be construed by looking at the document as a whole and the meaning of the document has to be what the parties intended to give to the document keeping the background in mind and conclusion that flouts business commonsense must yield unless expressly stated”. xxxxx**

2.2.3.4. In case of **Vimal Chand Ghevarchand Jain & Ors. v. Ramakant Eknath Jajoo 2009 (5) SCC 713**, the Supreme Court reiterated the principle of construction of a **commercial contract by looking at the document as a whole and construing it in its entirety.**

2.2.3.5. In a recent decision (in November 2009) of *M/s. HCL Learning Systems Vs CCE, Noida (Service Tax Appeal no. 70580 of 2018)*, the Allahabad CESTAT held that *when amounts are recovered out of salary already paid, such amounts would not be subject to service tax as salaries are not subject to tax.*

From above decisions of different authorities under law, recovery of notice pay / payment of notice pay is not subject to levy of service tax.

## 2.3 POSITION OF TAXABILITY OF RECOVERY OF NOTICE PAY UNDER INCOME TAX ACT, 1961

### **2.3.1. Taxable Income - Section 15 of the Income Tax Act, 1961**

It specifies the following kinds of income on which income tax is to be charged:

- a. *any salary due from an employer or a former employer to an assessee in the previous year, whether paid or not*
- b. *any salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer though not due or before it became due to him*
- c. *any arrears of salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer, if not charged to income-tax for any earlier previous year*

Such income is chargeable to income tax under the head 'Salaries'.

**2.3.2. As per Section 16 of the Act**, the income chargeable under the head "Salaries" shall be computed after making the following deductions:

- a. *a deduction in respect of any allowance in the nature of an entertainment allowance specifically granted by an employer to the assessee who is in receipt of a salary from the Government, a sum equal to one fifth of his salary (exclusive of any allowance, benefit or other perquisite) or five thousand rupees, whichever is less*
- b. *a deduction of any sum paid by the assessee on account of a tax on employment within the meaning of Article 276(2) of the Constitution, leviable by or under any law.*

Hence, salary received by an employee from his employer is subject to income tax as per the provisions of the Act. However when an employer deducts certain amount from his employee's salary if the employee leaves his employment without serving the notice period mentioned in the employment agreement / appointment letter, the issue is whether deductions made from the salary of employee who has not served notice period can be treated as income and subjected to tax.

**2.3.3.** The fact as well as decisions of **Nandinho Rebello v. Deputy Commissioner of Income-tax, Circle-14, Ahmedabad, [2017] 80 taxmann.com 297 (Ahmedabad - Trib.) / [2017] 164 ITD 440 (Ahmedabad-Trib.)** is reproduced below

**Facts of the case:** The assessee had resigned from two companies without serving notice period and therefore, both the companies deducted a notice pay of INR 1.10 lakh (USD 1716 approx.) and INR 1.66 lakh (USD 2589 approx.) respectively and handed the balance salary to the assessee. Since there was a deduction of INR 2.76 lakhs from his gross salary income, the assessee only showed his net receipt as income while filing his return. However, the income tax authorities denied such deduction on the ground that the Income Tax Act imposes charge when salary becomes due whether paid or not. Therefore, the income tax authorities sought to tax the entire salary due, that is, the salary without deductions. The AO passed an order without deduction of the notice pay recovered by the employer.

The assessee preferred appeal before the Id. CIT(A) who, after considering the submissions of the assessee, sustained the additions made by the Assessing Officer as under:-

*“4.3 I have considered the order of the AO and the submissions made by the appellant in this regard. Income under the head ‘salary’ is computed in accordance with Section 15,16 v& 17 of Income-tax Act. As per Section 15, salary income is charged on the due basis whether paid or not.*

Accordingly, the AO has charged the salary to income-tax on due basis. The deduction allowed under the head 'salary' is provided under Section 16, which is as under:

*“(ii) a deduction in respect of any allowance in the nature of an entertainment allowance specifically granted by an employer to the assessee who is in receipt of a salary from the Government, a sum equal to one fifth of his salary (exclusive of any allowance, benefit or other perquisite) or five thousand rupees, whichever is less;]*

*(iii) a deduction of any sum paid by the assessee on account of a tax on employment within the meaning of clause (2) of article 276 of the Constitution, leviable by or under any law.]”*

*Clearly the deduction made by the employer for the notice period is not provided in Section 16. The appellant's argument of the taxability of real income is not tenable as the doctrine of real income is inapplicable, because Section 15 of the I. T. Act imposes the charge when salary becomes due whether paid or not. The deduction of notice period is essentially application of income, after it has become due. The Madras High Court in the case of CIT Vs. P. Natraja Shastri (1976) 104 ITR 295 has held that where remuneration has already accrued to assessee and it was waived, it was rightly brought to tax by the Assessing Officer. The appellant during the hearing has relied upon the decision of Bombay High Court in the case of Ramchandra Dhonde Datar Vs. CIT (1961) 43 ITR 22 (Bom). The above case-law is irrelevant to the fact of the case, as it relates to whether compensation paid by the employer for termination of the employment is taxable. The instant case is allowability of deduction made by the employer for the notice period. Accordingly, the ground of the appellant is dismissed.”*

Aggrieved, the assessee is now in appeal before this Tribunal.

*Para 7. We have heard the ld. Departmental Representative and the perused the material available on record. We find that during the year under consideration the assessee served with Reliance Communication for 39 days for the period 01.04.2009 to 09.05.2009 and received a total salary of Rs.1,64,636/-, out of which Rs.1,10,550/- was recovered as notice pay as per agreement with the employer. Therefore, the assessee declared salary income of Rs.54,086/- after deducting notice pay of Rs.1,10,550/-. Thereafter, the assessee joined in Sistema Shyam Teleservices Ltd where he served for a period from 18.05.2009 to 24.02.2010 and received a total salary of Rs.13,95,880/- out of which Rs.1,66,194/- was deducted as notice pay as per agreement with employer. Therefore, notice pay of total Rs.2,76,744/- was claimed in the return of income as deduction which was recovered from the salary by assessee's previous employers as mentioned above. The Ld. CIT(A) was of the view that no such deduction is available under Section 16 of the Act and the salary income is taxable on due basis or on paid basis. After considering the facts as quoted above, we find that employers have made deduction from the salary which was paid to the assessee during the year under consideration because of leaving the services as per agreement made by the assessee and the respective employer. We find that this is a case of recovery of the salary which is already made to the assessee for which we have not to refer Section 16 of the Act as mentioned by the ld. CIT(A). It is pertinent to note that the assessee has actually received the salary from his previous employers after deducting the notice period as per the job agreement with them. Therefore, in our considered view, the actual salary received by the assessee is only taxable and therefore, we allow this ground of appeal of the assessee.*

In view of above provisions of law, judiciary decisions during service tax era (pre GST ) period the Notice Pay recovery / or paid by the employee may be concluded as not leviable to service tax and would be deducted for computation of taxable income under Income Tax Act, 1961.

#### 2.4. POSITION OF TAXABILITY OF RECOVERY OF NOTICE PAY UNDER GOODS AND SERVICE TAX ACTS:

The relevant provisions of law are reproduced and analysed below.

## 2.4.1. Section 7 OF Central Goods and Service Tax Act: Scope of Supply

1. For the purposes of this Act, the expression “supply” includes –

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

(b) import of services for a consideration whether or not in the course or furtherance of business; and

(c) the activities specified in Schedule I, made or agreed to be made without a consideration;

(d) Omitted vide Notification No. 02/2019-CT dated 29.01.19

1(A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.” (amended retrospective effect from 1.7.2017)

2. Notwithstanding anything contained in sub-section (1),—

(a) activities or transactions specified in Schedule III; or

(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

3. xxxxxx

**SCHEDULE III of Section 7 – Activities or transactions which shall be treated as neither supply of goods nor supply of services.**

1. Services by an employee to the employer in the course of or in relation to his employment.

2.xxxx

From above, it is concluded that the levy under **CGST Act, 2017** is on “supply” of goods or services or both. The word “such as” used preceding the words sale, transfer, barter, exchange, etc. indicates that the forms of supply shall be those which are enumerated therein or of similar character but not other dissimilar forms of supply. The expression “such as” indicates the character of the transactions. Furthermore, the CGST (Amendment) Act, 2018 introduced sub section (1A) to Section 7 of the CGST Act, 2017 with retrospective effect 01-07-2017 in place of Section 7 (1)(d), which seeks to levy tax on certain declared “supply” of goods or services referred to in Schedule II of the CGST Act, 2017.

Besides above *Services by an employee to the employer in the course of or in relation to his employment are activities or transactions which shall be treated as neither supply of goods nor supply of services under Schedule III of Section 7 of CGST Act 2017 .*

## 2.4.2. Clause 5(e) of schedule (II) to Section 7 of CGST Act is reproduced below.

**“The following shall be treated as supply of services, namely: –**

(e) **Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act;”**

Whether any activity or transaction in question can be said to be covered under clause 5(e) of Schedule II to section 7 then it seeks to declare agreeing to the obligation to refrain from an act or tolerate an act or a situation or to do an act, as declared supply of services.

The said clause 5(e) has the following ingredients: –

- one party is under obligation, as agreed, to refrain from an act;
- one party is under obligation, as agreed, to tolerate an act or situation;
- one party is under obligation, as agreed, to do an act; all against consideration

The clause 5(e) treats an act of forbearance (refrain) or tolerating an act or situation where one of the parties is under obligation, as agreed upon, to forbear, refrain or tolerate an act or situation, against consideration.

2.2.3. **Section 2(31)(b) of CGST Act 2017 defines consideration** in relation to supply of goods and services or both and includes the monetary value of any act or forbearance. The word “**Service**” defined under **Section 2(104) of the CGST Act, 2017** means anything other than goods, money and securities. It is pertinent to understand before levy,

- (i) whether the receipt or deduction of salary in lieu of notice period by an employee can be said to be consideration for an act of forbearance and
- (ii) whether the act of accepting the resignation without contractual period of notice from an employee can be said to be an act of toleration.

The employee opting to resign by paying amount equivalent to month of salary in lieu of notice, has acted in accordance with the contract and that being the case no question of any forbearance or tolerance does arise. Further, as per the agreement, the resignation by the employee is not subject to any acceptance or approval and employee is free to tender his resignation, make payment of notice period salary to leave. Hence, there is neither any activity nor any passive role played by the employer. It must be noted here, that there is no consideration within the meaning of Sec.2(31)(b) of the CGST Act, 2017 flowing from an act of forbearance in as much as there is no breach of contract, as a question of any consideration for forbearance would arise in case of breach of contract.

#### **2.2.4. Applicability of Decisions of Judiciary Authority under Finance Act 1994 to GST Regime:**

The position of law vis vis the decisions related to Service Tax Regime as well as under Income Tax Act, 1961 have been explained above. Provisions of Section 66E (e) of Finance Act 1994 as well as Clause 5(e) of schedule (II) to Section 7 of CGST Act are the same and in view of similarity, the decisions as explained in detail at para 2.2.3 and 2.3.3. are equally applicable.

### **3. Conclusions:**

So by taking into account the decisions as well as analysis, made in detail as above, it may be concluded that recovery of notice pay from dues of employee / payment of notice pay by the employee who could not serve the notice for the period as per contractual agreement / appointment letter may not attract levy of service tax or goods and service tax. It is also understood that there are much decisions of judiciary authorities are not available. However above issue is not free from litigation in view of action of department to levy service tax as well as GST on notice pay recovery during respective period of operation law. It is appropriate time for Department to come out with a Circular clarifying the position of law to avoid litigation and make the law assessee friendly.

**DISCLAIMER:** *The views expressed in this article are wholly based on my understanding and interpretation of the applicable Indian laws. Except as specified herein above, I have not consulted with or taken the view of any governmental or statutory body or any court of law and cannot be held responsible for any different view of law that may be taken by such bodies or any other person. If any reader used above views will be at his own risk for which I am not responsible. He is advised to consult any consultant for taking his own decision.*



## SIMPLIFICATION & EXTENSION OF DUE DATE FOR GST ANNUAL RETURNS AND AUDIT – BOON OR A BANE?

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Apart from the monthly filing of returns by the taxpayers in GST, all taxpayers have to file GST Annual Return and taxpayer with turn over above Rs 2 Crores have to file GST Audit Report yearly. Annual Return under GST has to be filed through GSTR – 9 by all the taxpayers who have registered in GST even for a single day during the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2017. The data to be reported is at a micro level, and most of the taxpayers have failed to maintain the data in the required manner as they have not reviewed or been guided based on the draft return formats released by the Government before the rollout of GST. The formats for the GSTR – 9 and GSTR – 9C (audit) have been released during Sep 2018; by that time, the financial year has lapsed, and most of the taxpayer was not in a position to get the data. This has resulted in requests from the trade, industry, and professionals for the extension of the due dates and simplification of the formats.

The Government has extended on multiple occasions from 31<sup>st</sup> Dec 2018 to finally now to 31<sup>st</sup> Dec 2019. Filing of Annual Return has been made optional for taxpayers having up to Rs 2 Crores has been made optional wide [Notification No. 47/2019 – Central Tax](#) for the Financial Year 2017-18 and 2018-19. Now, apart from this, the Government has simplified the return filing process for other taxpayers. This is good news for the taxpayers as their pain in collating the data is no longer required as most of them have been made optional for the Financial Year 2017-18 and 2018-19. The above said changes are likely to be made available to taxpayers on the GST portal by the 10<sup>th</sup> of Dec 2019.

Extension of the due date is not a blessing but it gives more time for the department to issue notices for the previous tax periods.

Sl.No	Financial Year	Filing of Return	Section 73 (3 years)	Section 74 (5 Years)
1	2017-18	31-Dec-2019	31-Dec-2022	31-Dec-2024
2	2018-19	31-Mar-2020	31-Mar-2023	31-Mar-2025

Even the period for retention of records increases, as per provisions of Section 36 of the CGST Act 2017, taxpayers are required to retain records for 72 months from the date of filing of Annual Returns.

Sl.No	Financial Year	Date of Filing	Records to be maintained till
1	2017-18	31-Dec-2019	31-Dec-2025
2	2018--19	31-Mar-2020	31-Mar-2026

### **Simplifications announced in GSTR – 9**

#### **1. Outward supplies can be reported net of Debit / Credit Notes and Adjustments**

The outward supplies being reported from Table 4A to 4G now can be reported net of Debit / Credit Noted and adjustments optionally if the taxpayer is having any difficulty in deriving the data. The outward supplies that can be reported are

- B2B Supplies
- B2C Supplies
- Deemed Exports
- Supplies to SEZ with payment of Duty
- Exports with payment of duty
- Advance received but supplies not made
- Inward supplies on which tax is payable on account of reverse charge



**2. Outward Supplies Without Payment of Duties**

The taxpayers can report the supplies made to SEZ or SEZ Developers, Exports, or Supplies on which the Recipient has to pay taxes can be reported net of Debit / Credit Notes & Amendments. These supplies are falling in table 5A to 5C

**3. Consolidated reporting for Exempted, Non-GST, and Nil Rated Supplies**

All the supplies related to Exempted, Non-GST, and Nil Rate Supplies, which are to be reported in Table 5D to 5F, can now be reported in Table 5D, i.e., Exempted as a consolidated amount optionally if the taxpayer has any challenges in deriving these amounts individually. These can be reported net of Debit / Credit Notes & Amendments rather than reporting them separately.

**4. Input Tax Credit**

Inward supplies from other than imports or from SEZ Units, imports and liable for reverse charge which are to be reported in Table 6B separately for Inputs, Capital Goods & Services can now be reported as a consolidated amount in Table 6B – “Inputs” if the taxpayer is not able to provide the breakup of the same.

Inward supplies received from unregistered suppliers liable for reverse charge are to be reported separately for Inputs, Capital Goods & Services can now be reported as a consolidated amount in Table 6C – “Inputs” if the taxpayer is not able to provide the breakup of the same. The amount to be reported here is only for the taxes paid and eligible amounts.

Inward supplies received from registered suppliers liable for reverse charge are to be reported separately for Inputs, Capital Goods & Services can now be reported as a consolidated amount in Table 6D – “Inputs” if the taxpayer is not able to provide the breakup of the same. The amount to be reported here is only for the taxes paid and eligible amounts.

Inward supplies from SEZ Units are to be reported separately for Inputs & Capital Goods can now be reported as a consolidated amount in Table 6E – “Inputs” if the taxpayer is not able to provide the breakup of the same. The amount to be reported here is only for the taxes paid and eligible amounts.

**5. Reversal of Input Tax Credit**

Taxpayers are required to reverse the input tax credit if the supplier is not paid within 180 days as per provisions of Rule 37, Input Service Distributor as per provisions of Rule 39, reversal in cases where the goods or services or both used partially for taxable supplies and partially for non-business purpose or exempted supplies as per provisions of Rule 42 and for transfer or sale of capital goods as per provisions of Rule 43, Blocked input tax credit under Provisions of Section 17(5) of the CGST Act 2017 were supposed to be reported separately in Tables 7A to 7E can now be reported as a single amount in Table 7H.

**6. Refunds**

The taxpayers are required to fill the amount for Refund Claimed, Refund Sectioned, Refund Rejected & Refund Pending are to be reported in Table 15A to 15D, now the taxpayers have the option of not reporting the same.

**7. Demands**

Taxpayers are required to fill the amount of Demand raised, Amount of Demand Paid, and Pending amounts in Table 15E to 15G, now the taxpayers have the option of not reporting the same.

**8. Reporting of other Supplies**

Taxpayers were required to report the supplies from Composition Tax Payers, Total amount of material not received from job work, which is considered as deemed supplies and goods shipped on approval basis but received within specified period are not returned are required to report in Table 16A to 16C and now the taxpayers have an option of not reporting the same.

**9. HSN Summary for Inward & Outward Supplies**

Taxpayers were required to provide the HSN Summary for the Inward Supplies and Outward Supplies in Table 17 & Table 18, and now the taxpayers have the option of not reporting the same.

## 10. Applicability of the optional reporting

In almost all the sections where details are required to be reported, but now the same has been made optional. The flexibility applies only from 1<sup>st</sup> July 2017 to March 2018 and from 1<sup>st</sup> April 2018 to 2019. Thereby meaning that the taxpayers have to file the detailed amounts for the year 2019-20.

### Simplifications in GSTR – 9C

GSTR – 9C is a reconciliation statement between the GST Returns and the Financial Statements. As part of the reconciliation statement, there is also a requirement to the return certified by a practicing Cost Accountant or Chartered Accountant, the wording used in the same are also modified to shift the onus from the GST Auditor to the Taxpayer.

Simplifications announced in GSTR – 9C

#### 1. Revenue Reconciliation

Taxpayers have to reconcile the revenue between the GST Returns and the Financial Statements. The tax payment is based on the Time of Supply for the GST Returns, and for the Financial Statements, they are based on the Accounting Standards; as a result, there will be a difference between both the revenues and the same is required to be reconciled and reported in GSTR – 9C. The reconciliation in the GSTR – 9C is required to classify under the following sections

- a) Unbilled Revenue at the end of the Financial year
- b) Unbilled Revenue at the beginning of the Financial year
- c) Supplies treated as Deemed Supplies as per Schedule – 1
- d) Credit Notes issued for the supplies in the next financial year, not reflected in the GST Returns
- e) Trade Discounts accounted in the Financial Statements, but they are ineligible as per GST and not reflected in the GST Returns
- f) Turnover from 1<sup>st</sup> April to 30<sup>th</sup> June 2017
- g) Credit Notes accounted in the Financial Statements, but they are ineligible as per GST and not reflected in the GST Returns
- h) Adjustments on account of supply of goods by SEZ units to DTA Units
- i) Turnover for the period under composition scheme
- j) Adjustments in the turnover under section 15 and rules thereunder
- k) Adjustments in turnover due to foreign exchange fluctuations

All these are required to be reported in Table 5A to 5N of the GSTR – 9C, now the taxpayers have an option to report the same separately as a consolidated amount in Table 5O.

#### 2. Input Tax Credit Reconciliation

Input tax credit reconciliation is required to be provided in Table 12, and as a part of it in 12 B, ITC booked in earlier Financial Year claimed in current Financial Year is not mandatorily required to be reported. Taxpayers have the option of not reporting it also.

In table 12 C, ITC availed as per audited financial statements or books of accounts, taxpayers have an option of not reporting it also.

#### 3. Expense wise reporting of Input Tax Credit

In Table 14 of GSTR – 9C, taxpayers are required to report the input tax credit based on various accounting/expense heads mandatorily, now taxpayers have the option of reporting the same.

#### 4. Certification from GST Auditor

GST Audit has to be certified by GST, a practicing Cost Accountant or Chartered Accountant, who is certifying the audit. The format and the content of the Certificate are the same except for the change of wordings from “true and correct” to “true and fair.” This gives a lot of breather for the practicing members as they are not coming forward to come and certify that the information provided by them is correct.

The simplification of the GSTR – 9 and GSTR – 9C is applicable only for the FY 2017-18 & 2018-19, and the extension of the due dates have been notified through the Removal of Difficulties [Order No. 08/2019-Central Tax](#) dated 14<sup>th</sup> Nov 2019. As per the current provisions, it is clear that the taxpayers will not be allowed to file

the Annual Returns after the due date. It is recommended to file the same before the due date to avoid the last-minute rush.

From the above, it makes it clear that the Government wants all the eligible taxpayers to file the GST Annual and Audit returns. Once the filing is completed, the Government may be taking up the assessment to ascertain the correctness of the data being furnished by the taxpayers and also detect any tax evasion which might have taken place. After the rollout of GST, to date, the taxpayers have not completed at least one audit or assessment.

Though it is optional to submit the data for the filing of the GST Annual Return and Audit, the same information may be asked by the department at the time of Audit / Scrutiny after the returns are filed. Then, the taxpayer has to prepare all the data and reconciliation statements and provide the same. It is the only postponement of the work but not total elimination. If we read the wordings used in the notification is “Optional” for reporting purpose only. Think Twice before your file or advise clients on utilizing the provision of the “Optional” filing of data.

***Disclaimer***

*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 & ELECTRICITY – A MYSTERIOUS AFFAIR

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“With great power comes a great Electricity Bill”, kudos to CBIC for issuing a circular that turned the tables and increased the electricity bills for consumers. Before proceeding with the validity of above statement, here are certain provisions of Electricity Act, 2003 that are relevant to be placed governing the topic for which we shall discuss:

Section	Provision
2(23)	"electricity" means <b>electrical energy-</b> (a) generated, transmitted, supplied or traded for any purpose; or (b) used for any purpose except the transmission of a message;
2(26)	"electricity trader" means a person who has been granted a licence to undertake trading in electricity under section 12.
2(70)	"supply", in relation to electricity, means the <b>sale of electricity</b> to a licensee or <b>consumer</b> .
12	No person shall (a) transmit electricity; or (b) distribute electricity; or (c) undertake trading in electricity, unless he is authorised to do so by a licence issued under section 14, or is exempt under section 13.

Relevant extract of Notifications issued under GST governing the Electricity Sector:

Sl. No	Description of Goods/ Services	Notification No
104	Electrical Energy	02/2017 – CT(R) dated 28.06.2017 (Classified as NIL rate)
25	Service of distribution or transmission of electricity by an electricity transmission or distribution utility	12/2017 – CT (R) dated 28.06.2019 (Classified as Exempt)

Readers may be aware that **circular no. 34/2018** dated **01.03.2018** was issued stating that all services apart from distribution of electricity is liable to GST. Now, the moot question that arises, are the ancillary services (Like application fees, meter testing fees, meter rent etc) in relation to electricity distribution actually taxable?

In Service Tax regime, it was a clear picture that all services in relation to electricity distribution would not be subjected to Service Tax. However, under GST regime it is opposite.

Attention of the readers is invited to Hon’ble Apex court judgement in the case of **Aluminium Co. [CIVIL APPEAL NOS. 2771-2822 OF 1996]** wherein it was duly upheld that from the generation till consumption of electricity it shall be regarded as **sale of goods**.

Moreover, under SL. 104 of **Notification No. 02/2017 – CT(R)** dated **28.06.2017**, which deals with exemption relating to goods, classifies electrical energy as a **Nil rate supply**. With this our first question is addressed that sale of electricity (means electrical energy as per definition (supra)) commonly known as “**Energy Charges**” reflected on our electricity bills is a **NIL rated supply**.

The definition of electricity as envisaged in section 2(23) covers within itself the process of Generation, Transmission and Distribution of Electricity. Now what is covered in the service notification is “Service of distribution of electricity”.

As per clause (102) of Section 2 of the CGST Act, 2017 “service means anything **other than goods (electricity distribution)**”. Now the readers may get a hint, that the circular has proceeded to tax something indirectly which was actually not taxable directly, which is against the settled principles of law.

What is covered in the said notification no 12/2017, in the opinion of the author are the ancillary services and not the main service of distribution of electricity (as referred to by circular no. 34/2018), as the distribution of electricity is not service but merely a sale transaction of goods (electrical energy).

The author has not discussed the Hon’ble Gujarat High Court Judgment in the case of **Torrents Power Limited (2018)**, wherein the said circular was set aside on the pretext that, distribution of electricity is a composite supply and hence exempted from GST. Readers are advised to read the said ruling of High Court.

Now, summon proceedings have already been initiated on various DISCOMs post issuance of this circular by DGGSTI on PAN India Level. It is pertinent to note that officers under DGGSTI are **central tax officers only** whose appointment although is legally not valid as they are not appointed as per provisions of Section 3 of the CGST Act, 2017. Irony is, being a central tax officer, they are exercise-ing jurisdiction over tax payers governed under State Tax.

**Disclaimer:**

*This publication contains information/ analysis solely for informational and academic purpose. It is not a guidance note and does not constitute any professional advice at all. The author does not accept any responsibility for any loss or damage of any kind arising out of any information in this article or for any actions taken in reliance thereon.*



# SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME 2019

**CMA Rakesh Choudhary**  
Fellow Cost and Management Accountant

Welcome to A One Stop Solution for Liquidation of Past Dispute Resolutions and Tax Dues Amnesty for Assessee's having Central Excise & Service Tax Legacy Disputes from further proceedings and legal prosecutions providing Benefits under the Scheme with total waiver of Penalty, Late Fees and Tax Reliefs for Cases in Past Litigations, Appeal, SCN's, Enquiries, Investigations, Audit, Tax Arrears and Tax Payable in past Returns not Paid with Tax Dues Quantified.

Scheme Validity from 1<sup>st</sup> September 2019 to 31<sup>st</sup> December 2019

Benefits under the Scheme

- Cases Pending in Litigation, Appeal, SCN's, Enquiries, Investigations and Audit with Tax Dues Quantified.

	<u>Tax Payable</u>
(a) <u>Duty Less than INR 50.0 Lakhs</u>	30%
(b) <u>Duty Greater than INR 50.0 Lakhs</u>	50%
- Cases Pending in Tax Arrears and Tax Payable in Returns but not Paid

	<u>Tax Payable</u>
(a) <u>Duty Less than INR 50.0 Lakhs</u>	40%
(b) <u>Duty Greater than INR 50.0 Lakhs</u>	60%
- Cases with Show Cause Notices for Penalty and Late Fees Only  
Tax Relief under the Scheme – 100%
- Voluntary Disclosures – Tax Payable – 100%
- Exclusions from the Scheme:-
  - Cases in respect of excisable goods set forth in the Fourth Schedule to the Central Excise Act, 1944 (this includes tobacco and specified petroleum products)
  - Cases for which the taxpayer has been convicted under the Central Excise Act, 1944 or the Finance Act, 1944
  - Cases involving erroneous refunds
  - Cases pending before the Settlement Commission.
- Resolving 1.5 Lakh Assessee's Under Litigations involving INR 3.75 Lakh Crores

## Authors' Analytics

“GST Revenue Collection by the Government for the period from 1.4.2019 to 30.11.2019 is estimated at INR 8,05,166 Crores. The GST Revenue collections for the month of November 2019 is estimated at INR 1,03,492 crores, of which CGST is estimated at INR 19,592 crores, SGST at INR 27,144 crores, IGST collections is estimated at INR 49,028 crores which includes INR 20,948 crores on imports and Cess is estimated at INR 7,727 crores which includes INR 869 crores on imports as per Ministry of Finance Statements.

The GST Revenue collections for the month of September 2019 is estimated at INR 91,916 crores and INR 95,380 crores for the month of October 2019. The GST revenues has been INR 7,40,650 Crores for the period from 1.7.2017 to 31st March 2018 which improved to INR 11,77,369 Crores for the period from 1.4.2018 to 31.03.2019, an increase of INR 4,36,719 Crores by 58.96%.”

## Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019

“Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019 has been introduced vide Financial Bill No. 2 Bill 2019 is a one time measure for liquidation of past disputes of Central Excise, Service Tax and 29 other indirect tax enactments. Our Finance Minister Smt. Nirmala Sitharaman, placed the finance budget on 5th of July 2019, which was the 1st Finance budget of this new Government, introduced a new amnesty scheme in the name of ‘Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019’.

### Tax Dues for Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019:

- ✚ Where single appeal is pending as on 30.06.2019 – Total amount of duty disputed in appeal;
- ✚ Where More than one appeal is pending, arising out of single order (Incl. Dept. Appeal) as on 30.06.2019 – Total amount of duty disputed in both appeal;
- ✚ Where any SCN has been received on or before 30.06.2019 – the amount of duty stated to be payable is the said SCN;
- ✚ Where an enquiry or investigation or audit is pending against the declarant – the amount of duty payable which has been quantified on or before 30.06.2019;
- ✚ Where the amount has been voluntarily disclosed by the declarant – Total amount of duty stated in the declaration;
- ✚ Where an amount in arrears relating to the declarant is due, the amount in arrears.

### Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019

<u>Sr. No.</u>	<u>Section</u>	<u>Particulars</u>
1.	120	Short Title and commencement
2.	121	Definitions
3.	122	Application of scheme to indirect tax enactments
4.	123	Tax Dues
5.	124	Relief available under scheme
6.	125	Declaration under scheme (Form SVLDRS-1) [Rule 3(1)]
7.	126	Verification of declaration by designated committee
8.	127	Issue of statement by designated committee - Form SVLDRS-2 [Rule 6(3)], Form SVLDRS-2A [Rule 6(4)], Form SVLDRS-2B [Rule 6(5)], Form SVLDRS-3 [Rule 6(2)] – Discharge Certificate u/s 137(8) Form SVLDRS 4 [Rule 9]
9.	128	Rectification of errors
10.	129	Issue of discharge certificate to be conclusive of matter and time period
11.	130	Restrictions of scheme
12.	131	Removal of doubts
13.	132	Power to make rules
14.	133	Power to issue orders, instructions, etc
15.	134	Removal of difficulties
16.	135	Protection to officers

### Sabka Vishwas (Legacy Dispute Resolution) Scheme Rules, 2019 – Salient Features

[Central Board of Indirect Taxes and Customs (CBIC), Notification No. 05/2019 Central Excise-NT, New Delhi, the 21<sup>st</sup> August, 2019]

In exercise of the powers conferred by section 132(1) & (2) of the Finance (No. 2) Act, 2019 (23 of 2019), the Central Government has introduced the Sabka Vishwas (Legacy Dispute Resolution) Scheme Rules, 2019.

#### Rule 1:- Short Title and Commencement

#### Rule 2:- Definitions

Rule 2(a):- "Scheme"

Rule 2(b):- "Section"

Rule 2(c):- "Form"

#### Rule 3:- Form of declaration under section 125 – Form SVLDRS -1

#### Rule 4:- Auto acknowledgement (ARN)

#### Rule 5:- Constitution of designated committee

#### Rule 5(1):-

The designated committee under section 126 shall consist of -

- (a) the Principal Commissioner or Commissioner of Central Excise and Service Tax, and the Additional Commissioner or Joint Commissioner of Central Excise and Service Tax, in a case where the tax dues are more than rupees fifty lakh:  
There shall be only one such designated committee in a Commissionerate of Central Excise and Service Tax;
- (b) the Additional Commissioner or Joint Commissioner of Central Excise and Service Tax, and the Deputy Commissioner or Assistant Commissioner of Central Excise and Service Tax, in a case where the tax dues are rupees fifty lakh or less:

There will only be one such designated committee in a Commissionerate of Central Excise and Service Tax;

- (c) the Principal Additional Director General (Adjudication) or Additional Director General (Adjudication), Directorate General of Good and Services Tax Intelligence (DGGI), and Additional Director or Joint Director, Directorate General of Good and Services Tax Intelligence (DGGI), Delhi.

Rule 5(2):-

The members of the designated committee mentioned in Rule 5(1) (a) & (b) shall be nominated by the Principal Chief Commissioner or Chief Commissioner of Central Excise and Service Tax.

Rule 5(3):-

The members of the designated committee mentioned in Rule 5(1) (c) shall be nominated by Principal Director General or Director General, Directorate General of Good and Services Tax Intelligence (DGGI).

Rule 6:- Verification by designated committee and issue of estimate, etc.-

Rule 6(1) – Verification by Designated Committee

Rule 6(2):- Form SVLDRS-3

Rule 6(3):- Form SVLDRS-2

Rule 6(4):- Form SVLDRS-2A

Rule 6(5):- Form SVLDRS-2B

Rule 6(6):- Form SVLDRS-3

Rule 7

Form and manner of making the payment

Rule 8

Proof of withdrawal of appeal from High Court or Supreme Court

Rule 9

Issue of discharge certificate

Sabka Vishwas (Legacy Dispute Resolution) Scheme Rules, 2019

Forms SVLDRS – 1, 2, 2A, 2B, 3 and 4

As per Notification No. 05/2019 Central Excise-NT, New Delhi, the 21st August, 2019 and as per G.S.R. 588(E).—In exercise of the powers conferred by sub-sections (1) and (2) of section 132 of the Finance (No. 2) Act, 2019 (23 of 2019), the Central Government hereby making the rules and forms annexed to the Rules as defined under Rule 2(c) of the Sabka Vishwas (Legacy Dispute Resolution) Scheme Rules 2019.

The Forms under the Scheme are as follows:

1. Form SVLDRS-1

Declaration under section 125 of the Finance Act (No. 2), 2019 read with rule 3 of the Sabka Vishwas (Legacy Dispute Resolution) Scheme Rules, 2019

2. Form SVLDRS-2

Estimate under section 127 of the Finance (No.2) Act, 2019 read with rule 6 of the Sabka Vishwas (Legacy Dispute Resolution) Scheme Rules, 2019 to be issued by the Designated Committee

3. Form SVLDRS-2As

Written submissions, waiver of personal hearing and adjournment under section 127 of the Finance (No.2) Act, 2019 read with rule 6 of the Sabka Vishwas (Legacy Dispute Resolution) Scheme Rules, 2019

4. Form SVLDRS-2B

Intimation of personal hearing after adjournment under section 127 of the Finance (No.2) Act, 2019 read with rule 6 of the Sabka Vishwas (Legacy Dispute Resolution) Scheme Rules, 2019

5. Form SVLDRS-3

Statement under section 127 of the Finance (No.2) Act, 2019 read with rule 6 of the Sabka Vishwas (Legacy Dispute Resolution) Scheme Rules, 2019 to be issued by the Designated Committee

6. Form SVLDRS-4

Discharge Certificate for Full and Final Settlement of Tax Dues under section 127 of the Finance (No. 2) Act, 2019 read with rule 9 of the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019

Features of the Scheme

1. Facility for adjustment of any deposits of duty already made
2. Settlement dues to be paid in cash electronically only and cannot be availed as input tax credit later
3. A full and final closure of the proceedings in question. The only exception is that in case of voluntary disclosure of liability, there is provision to reopen a false declaration within a period of one year
4. Proceedings under the Scheme shall not be treated as a precedent for past and future liabilities



5. Final decision to be communicated within 60 days of application
6. No final decision without an opportunity for personal hearing in case of any disagreement
7. Proceedings under the Scheme will be fully automated.
8. Where single appeal is pending as on 30.06.2019 – Total amount of duty disputed in appeal;
9. Where More than one appeal is pending, arising out of single order (Incl. Dept. Appeal) as on 30.06.2019 – Total amount of duty disputed in both appeal;
10. Where any SCN has been received on or before 30.06.2019 – the amount of duty stated to be payable is the said SCN;
11. Where an enquiry or investigation or audit is pending against the declarant – the amount of duty payable which has been quantified on or before 30.06.2019;
12. Where the amount has been voluntarily disclosed by the declarant – Total amount of duty stated in the declaration;
13. Where an amount in arrears relating to the declarant is due, the amount in arrears.
14. Scheme shall be applicable to the following enactments, namely:—
  - (a) The Central Excise Act, 1944 or the Central Excise Tariff Act, 1985 or Chapter V of the Finance Act (Service Tax), 1994 and the rules made thereunder;
  - (b) The Agricultural Produce Cess Act, 1940;
  - (c) The Coffee Act, 1942;
  - (d) The Mica Mines Labour Welfare Fund Act, 1946;
  - (e) The Rubber Act, 1947;
  - (f) The Salt Cess Act, 1953;
  - (g) The Medicinal and Toilet Preparations (Excise Duties) Act, 1955;
  - (h) The Additional Duties of Excise (Goods of Special Importance) Act, 1957;
  - (i) The Mineral Products (Additional Duties of Excise and Customs) Act, 1958;
  - (j) The Sugar (Special Excise Duty) Act, 1959;
  - (k) The Textiles Committee Act, 1963;
  - (l) The Produce Cess Act, 1966;
  - (m) The Limestone and Dolomite Mines Labour Welfare Fund Act, 1972;
  - (n) The Coal Mines (Conservation and Development) Act, 1974;
  - (o) The Oil Industry (Development) Act, 1974;
  - (p) The Tobacco Cess Act, 1975;
  - (q) The Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Act, 1976;
  - (r) The Bidi Workers Welfare Cess Act, 1976;
  - (s) The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978;
  - (t) The Sugar Cess Act, 1982;
  - (u) The Jute Manufacturers Cess Act, 1983;
  - (v) The Agricultural and Processed Food Products Export Cess Act, 1985;
  - (w) The Spices Cess Act, 1986;
  - (x) The Finance Act, 2004, 2007, 2015, 2016;
  - (y) Any other Act, as the Central Government may, by notification in the Official Gazette, specify.

15. Voluntary Disclosure under this scheme:-

- ✚ Not Eligible for any tax relief, but relief available for interest and penalty
- ✚ No verification by Designated Committee
- ✚ Within one year, if found to be false, appropriate proceedings shall be initiated
- ✚ The Supplier or Dealer or Person cannot make a voluntary disclosure after an enquiry or investigation or for an amount declared as payable in a return filed consequent to such proceedings.

16. The Relief in the Scheme calculated shall be subject to the condition that any amount paid as pre-deposit shall be deducted when issuing the statement indicating the amount payable by the declarant, provided that if the amount of pre-deposit or deposit already paid is greater than the amount payable, the declarant shall not be entitled to any refund.

Restrictions:-

- (a) Shall not be paid through the input tax credit account.
- (b) Shall not be taken as input tax credit; or entitle any person to take input tax credit, as a recipient, of the excisable goods or taxable services.
- (c) Shall not be refundable under any circumstances.

17. Tax Dues, under the Scheme shall be the disputed tax amount quantified and payable.

18. Verification of Declaration:-

- (a) A declaration in electronic form
- (b) A designated committee shall verify correctness
- (c) When amount declared = Estimated Amount, a statement in electronic form shall be issued within 60 days
- (d) When Estimated Amount is greater than the Amount declared by the declarant, an estimate of payment shall be issued within 30 days.
- (e) One Personal Hearing will be given, before issuing statement of amount payable.
- (f) After hearing the declarant, an e-statement indicating amount payable shall be issued within 60 days.
- (g) The declarant shall pay online within 30 days.
- (h) On payment and production of proof of withdrawal of appeal, the committee shall issue Discharge Certificate within 30 days.
- (i) Within 30 days of Issuance of Discharge Certificate, the committee can modify its order only to correct an arithmetical error or clerical error.

19. After Issuance of Discharge Certificate:-

- (a) Not be liable to pay any further duty, interest or penalty with respect to the matter and the time period covered.
- (b) Not be liable to be prosecuted under the Indirect Tax enactment.
- (c) Shall not be reopened in any other proceeding under the Indirect Tax enactment.
- (d) If false declaration is made in voluntary disclosure, proceedings under the applicable laws shall be started within a time-limit of one year.

20. In respect of matters under investigation by DGGI, there may be cases where the duty quantified relates to more than one commissionerate, in such cases the Designated Committee of the commissionerate involving the maximum amount of duty will decide the case. In other cases of DGGI, wherein the SCN that has been issued covers more than one commissionerate, a Common Adjudicator will be appointed under the intimation to the Chief Commissioner concerned & DG Systems.

21. There should be two Designated Committees of two officers each in a commissionerate to process the declaration received therefrom (Audit Commissionerates), Designated Committee have been set up based on the amount of tax dues before tax relief as per Rule 5(1)(a) of the Scheme Rules 2019.

22. Where Duty payable as determined by the Designated Committee comes to be more or less than the amount declared by the taxpayer, there will be no change in the composition of the Designated Committee.

23. Members of the Committee will be nominated by the Jurisdictional Principal Director General or Director General, DGGI. Designated Committee will be prompt in decision making by consensus and the senior officer in the committee will take lead to ensure the same.

24. All such persons who are eligible under the Scheme will be required to file an electronic declaration at the portal <https://cbic-gst.gov.in> in Form SVLDRS 1.

25. On receipt of declaration, an auto acknowledgement bearing a unique reference number will be generated by the system. This unique number will be useful for all future references. The declaration will automatically be routed to the designated committee that will finalize your case.

26. Within sixty days of filing of a declaration, a person will be informed electronically about the final decision taken in the matter by the designated committee.

27. A date of personal hearing is intimated along with the estimate issued by the Designated Committee in Form SVLDRS 2. Written submissions can be made, personal hearing can be waived, and one adjournment of the personal hearing can also be sought through Form SVLDRS 2A. These forms are available at the portal <https://cbic-gst.gov.in> and are submitted electronically.

28. A challan can be generated by a link provided in the Form SVLDRS3 issued by the department. Once the challan is generated, payment against the same can be made by the taxpayer.

29. Form SVLDRS3 provides a document upload facility for furnishing proof of withdrawal.

30. Disputes pertaining to Cenvat credit are covered under the Scheme, unless covered by a specific exclusion.

31. Issue of discharge certificate to be conclusive of matter and time period

Section 129 [Rule 9] [Form SVLDRS-4]

(1) Every discharge certificate issued under section 126 with respect to the amount payable shall be conclusive as to the matter and time period stated therein, and—

- (a) the declarant shall not be liable to pay any further duty, interest, or penalty with respect to the matter and time period covered in the declaration;
- (b) the declarant shall not be liable to be prosecuted under the 29 indirect tax enactment with respect to the matter and time period covered in the declaration;
- (c) no matter and time period covered by such declaration shall be reopened in any other proceeding under the 29 indirect tax enactment

(2) Notwithstanding section 129(1)—

- (a) no person being a party in appeal, application, revision or reference shall contend that the central excise officer has acquiesced in the decision on the disputed issue by issuing the discharge certificate under this scheme;
- (b) the issue of the discharge certificate with respect to a matter for a time period shall not preclude the issue of a show cause notice,—
  - (i) for the same matter for a subsequent time period; or
  - (ii) for a different matter for the same time period;
- (c) in a case of voluntary disclosure where any material particular furnished in the declaration is subsequently found to be false, within a period of one year of issue of the discharge certificate, it shall be presumed as if the declaration was never made and proceedings under the applicable 29 indirect tax enactment shall be instituted.

Others

SVLDRS adhoc report ‘Zone wise Category wise number of applications submitted and amount ‘Tax dues less Tax Relief’ is being communicated daily to all Chief Commissioner’s office and designated committee members.

[Directorate General of Systems & Data Management Central Board of Indirect Taxes & Customs Department of Revenue, Ministry of Finance]



## TRANSPOSE PAN - AADHAAR

**CMA Gopal Krishna Raju**  
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### INTRODUCTION

From April 1, 2019 it has become mandatory to quote and link Aadhaar number while filing income tax return (ITR), unless specifically exempted. An individual cannot file ITR without linking the two first. If your PAN is not linked with Aadhaar by the extended deadline, then as per current laws PAN will become inoperative. While quoting Aadhaar in lieu of PAN, the two are linked.

If both are not linked and a person quotes his Aadhaar in lieu of PAN, then he will be issued another PAN. In July 2019 Budget, the government had allowed quoting of Aadhaar number in lieu of PAN wherever quoting of PAN is mandatory. The Central Board of Direct Taxes (CBDT), then issued a notification on August 30, where it stated that if someone without a PAN card quotes their Aadhaar number to make a financial transaction, then the income tax department will consider this an auto-application for PAN and it will be issued to the individual.

### PAN and AADHAR are interchangeable for Income-tax purpose

Section 139A lays down the conditions in which a person is required to obtain PAN. In current scenario, PAN has to be mentioned in all communications with the Income-tax Dept. and in specified financial transactions which exceed the threshold limit.

It has been noticed by the Govt., that sometimes persons entering into high-value transactions, such as purchase of foreign currency or huge withdrawal from the banks, do not possess a PAN. Thus, the mandatory conditions [Applicable from September 1, 2019] for obtaining PAN have been mandated to be relaxed as under:

1. A person may furnish his Aadhaar number in lieu of PAN, and such person shall be allotted a PAN in the prescribed manner;
2. Every person who has been allotted a PAN, and who has linked his Aadhaar number with PAN as per section 139AA, may furnish his Aadhaar number in lieu of a PAN for all the transactions where quoting of PAN is mandatory as per Income-tax Act.

Consequential amendments have also been proposed in the penal provisions of Section 272B so as to levy a penalty of Rs. 10,000 for each default in the following cases:

- If person (i.e., banks, financial institution, etc.) fails to receive or authenticate the PAN or Aadhaar.
- If assessee fails to quote or authenticate his PAN or Aadhaar in specified transactions.

### PAN will be inoperative if not linked with Aadhaar

As per existing *proviso* to Section 139AA(2), PAN allotted to a person shall be deemed to be invalid if he fails to intimate his Aadhaar to the Dept., on or before the notified date. As a result, the PAN shall be deemed to be invalid even in all those financial transactions, or Income-tax return, which have been done or filed, as the case may be, before the date on which PAN is deemed to be invalid.

Thus, in order to protect the validity of transactions carried out previously through such PAN, it is amended the said *proviso* [Applicable from September 1, 2019] so as to provide that if a person fails to intimate the Aadhaar number, the PAN allotted to such person shall be made inoperative (without declaring it invalid) in the prescribed manner.

The due date for such linking had been extended at multiple occasions and the latest date is December 31, 2019.

### **Easy Linking of PAN with Aadhaar by sending an SMS**

- The PAN can be linked with the Aadhaar number by sending an SMS to **567678** or **56161** from the registered mobile number.
- In order to do so, you need to type UIDPAN<12-digit Aadhaar><10-digit PAN> and send SMS 'UIDPAN Aadhaar-number PAN-number' to **567678**.
- **Example:** If Aadhaar number is 111122223333 and PAN is AAAPA9999Q; then send SMS to 567678 or 56161 as: UIDPAN 111122223333 AAAPA9999Q
- NSDL and UTI won't charge you for this. However, SMS charges as levied by the mobile operator will be applicable.

### **Manual linking by filing up a form (Annexure-I)**

CBDT has provided for a manual method as well to ease the problems of taxpayers in case the person is unable to sort out the problem of mismatch in the data of PAN and Aadhaar through other methods. Any person can visit service centre of PAN service provider, NSDL or UTIITSL. There, he will be required to fill in the form 'Annexure-I' along with the supporting documents i.e. copy of PAN card and Aadhaar card.

Unlike online services, this service is not free of charge. An individual is required to pay a prescribed fee to them. The fee charged depends on whether while linking, correction is made in the PAN or Aadhaar details. For any correction in the PAN details, the fee charged is Rs 110. On the other hand, for correcting Aadhaar details, the prescribed fee is Rs 25. Biometric authentication is compulsory in case there is a major mismatch in data of PAN and Aadhaar.

### **Aadhaar Card-PAN Link – Online**

One can easily link Aadhaar Card with PAN by visiting the Income Tax Department of India's official website: [www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in)

- Step 1: After visiting Income Tax Department of India's official website, look for link Aadhaar and click on it
- Step 2: Enter Permanent Account Number (PAN)
- Step 3: Enter Aadhaar Number
- Step 4: Enter the name as mentioned on Aadhaar Card
- Step 5: Enter Date of Birth
- Step 6: Enter Captcha code.
- Step 7: Cross-check all the details and click on 'Link Aadhaar'

After the process is complete, users can view the status of their Link Aadhaar request here <https://www1.incometaxindiaefiling.gov.in/e-FilingGS/Services/AadhaarPreloginStatus.html>

### **Conclusion:**

The Central Board of Direct Taxes (CBDT) is likely to declare all PAN cards that are not linked to Aadhaar as "invalid" or not in use. In case of failure to intimate the Aadhaar number, PAN allotted to the person shall be deemed to be invalid and other provisions of this Act shall apply, as if the person had not applied for allotment of PAN.

All such PAN cards not linked to Aadhaar will become "inoperative" after the deadline is over. However, there is a possibility that the income tax department might allow revival of such inoperative PAN cards later on after the linkage is done. Since there is no clarity on the revival clause, it is better to not take risk and link the two cards now.



## E - ASSESSMENT SCHEME A SCRUTINY MECHANISM WAY FORWARD

**CMA Mushtaq Mir**

Practicing Cost & Management Accountant

Union Budget 2019 proposed Faceless Assessment Scheme. The scheme is finally passed by the parliament and subsequently implemented with issuance of notice U\S 143(2) of the Income Tax Act 1961 by designated authority authorized to issue notice U\S 143(2) of the Income Tax Act 1961. For the Assessment Year 2018-19 the notices are issued by said designated authority of the department and the scheme of faceless assessment has therefore been implemented.

The scheme seeks to eliminate human interface between the assessee and the Income Tax department. The Scheme lays down procedure to carry out faceless assessment through electronic mode. The Scheme lays following structures and procedures.

1. Structure for E Assessment
2. Procedure in E Assessment
3. Procedure for levy of penalty
4. Procedure for Appeal
5. Communication and electronic record
6. Appearance of taxpayer before centre and units

### 1. Structure for e-assessment

For the purpose of e-assessment, the CBDT has set up the below centers and units' and specify their respective jurisdiction:-

1. **National e-Assessment Centre:-** A National e-Assessment Centre to facilitate and centrally control the e-assessment. All the communications between all the units for the purpose of making an assessment under this scheme would be through the National e-Assessment Centre.
2. **Regional e-Assessment Centres:-** Regional e-Assessment Centres will be under the jurisdiction of the regional Principal Chief Commissioner for making assessment.
3. **Assessment units:-** Assessment units are for identifying points or issues, material for the determination of any liability (including refund), analysing information, and such other functions related to the assessment.
4. **Verification units:-** Verification units are established for conducting enquiry, cross verification, examination of books of accounts, witness and recording of statements, and such other functions.
5. **Technical units:-** Technical units are for technical assistance including any assistance or advice on legal, accounting, forensic, information technology, valuation, transfer pricing, data analytics, management or any other technical matter.
6. **Review units:-** Review units are for reviewing the draft assessment order to check whether the facts, relevant evidence and law and judicial decisions have been considered in the draft order.

### 2. Procedure in e-assessment

The procedure to be followed for e-assessment is as below:-

A notice under section 143(2) would be served by the National e-Assessment Centre specifying the issues for selection of taxpayer's case for assessment.

The taxpayer has a period of fifteen days for filing a response with the National e-Assessment Centre.

The National e-Assessment Centre will assign the case selected for the purposes of e-assessment to a specific 'assessment unit' in any one 'Regional e-Assessment Centre' through an automated allocation system.

Once a case is assigned to an assessment unit, it may make a request to the National e-Assessment Centre for:-

- a) Obtaining such further information, documents or evidence from the taxpayer or any other person, as it may specify
- b) Conducting of certain enquiry or verification by verification unit; and
- c) Seeking technical assistance from the technical unit

Upon a request being made by the assessment unit for any documents or evidence, the National e-Assessment Centre shall issue appropriate notice or requisition to the taxpayer or any other person for obtaining the information, documents or evidence requisitioned by the assessment unit.

Upon a request being made for certain enquiry or verification as above, the request shall be assigned by the National e-Assessment Centre to a verification unit through an automated allocation system

Upon a request being made seeking technical assistance as above, the request shall be assigned by the National e-Assessment Centre to a technical unit in any one Regional e-Assessment Centres through an automated allocation system

The 'assessment unit' shall, after taking into account all the relevant material gathered as above, pass a draft assessment order either accepting the returned income of the taxpayer or modifying the returned income of the taxpayer, as the case may be, and send a copy of such order to the National e-Assessment Centre

The 'assessment unit' shall, while making draft assessment order, provide details of the penalty proceedings to be initiated therein, if any

The National e-Assessment Centre shall examine the draft assessment order in accordance with the risk management strategy specified by the CBDT, including by way of an automated examination tool, whereupon it may decide to:

- a) Finalise the assessment as per the draft assessment order and serve a copy of such order and notice for initiating penalty proceedings, if any, on the taxpayer, along with the demand notice, specifying the sum payable by, or refund of any amount due to the taxpayer on the basis of such assessment; or
- b) Provide an opportunity to the taxpayer, in case a modification is proposed, by serving a notice calling upon him to show cause as to why the assessment should not be completed as per the draft assessment order; or
- c) Assign the draft assessment order to a review unit in any one Regional e-Assessment Centre, through an automated allocation system, for conducting review of such order

The review unit shall conduct review of the draft assessment order, referred to it by the National e-Assessment Centre, whereupon it may decide to:

- a) Concur with the draft assessment order and intimate the National e-Assessment Centre about such concurrence; or
- b) Suggest such modification, as it may deem fit, to the draft assessment order and send its suggestions to the National e-Assessment Centre.

The National e-Assessment Centre shall, upon receiving concurrence of the review unit finalise the draft assessment order or provide an opportunity to the taxpayer in case a modification is proposed

The National e-Assessment Centre shall, upon receiving suggestions for modifications from the review unit, communicate the same to the assessment unit

The assessment unit shall, after considering the modifications suggested by the review unit, send the final draft assessment order to the National e-Assessment Centre

The National e-assessment Centre shall, upon receiving final draft assessment order, finalise the draft assessment order, or provide an opportunity to the taxpayer in case a modification is proposed, as the case may be

The taxpayer may, in a case where notice is issued for making submissions against the draft assessment order, furnish his response to the National e-Assessment Centre on or before the date and time specified in the notice

The National e-Assessment Centre shall:

a) In a case where no response to the show-cause notice is received, finalise the assessment as per the draft assessment order; or

b) In any other case, send the response received from the taxpayer to the assessment unit

The assessment unit shall, after taking into account the response furnished by the taxpayer, make a revised draft assessment order and send it to the National e-Assessment Centre

The National e-Assessment Centre shall, upon receiving the revised draft assessment order:

a) In case no modification against the interest of the taxpayer is proposed with reference to the draft assessment order, finalise the draft assessment; or

b) In case a modification against the interest of the assessee is proposed with reference to the draft assessment order, provide an opportunity to the taxpayer for hearing and making submissions

The response furnished by the taxpayer shall be dealt with by the National e-Assessment centre and the draft assessment order finalized.

The National e-Assessment Centre shall, after completion of assessment, transfer all the electronic records of the case to the Assessing Officer having jurisdiction over such case for:

a) Imposition of penalty;

b) Collection and recovery of demand;

c) Rectification of mistake;

d) Giving effect to appellate orders;

e) Submission of remand report, or any other report to be furnished, or any representation to be made, or any record to be produced before the Commissioner (Appeals), Appellate Tribunal or Courts, as the case may be;

f) proposal seeking sanction for launch of prosecution and filing of complaint before the Court

The National e-Assessment Centre may at any stage of the assessment, if it considers necessary, transfer the case to the Assessing Officer having jurisdiction over such case

### **3. Procedure for penalty**

Any unit may, in the course of assessment proceedings, for non-compliance of any notice, direction or order issued under this scheme on the part of the taxpayer or any other person, send recommendation for initiation of any penalty proceedings under the income tax law, against such taxpayer or any other person, as the case may be, to the National e-Assessment Centre, if it considers necessary or expedient to do so

The National e-Assessment Centre shall, on receipt of such recommendation, serve a notice on the taxpayer or any other person, as the case may be, calling upon him to show cause as to why penalty should not be imposed on him under the income tax law

The response to show – cause notice furnished by the taxpayer or any other person, if any, shall be sent by the National e-Assessment Centre to the concerned unit which has made the recommendation for penalty



The said unit shall, after taking into consideration the response furnished by the taxpayer or any other person, as the case may be:

- a) Make a draft order of penalty and send a copy of such draft to National e-Assessment Centre; or
- b) Drop the penalty after recording reasons, under intimation to the National e-Assessment Centre

The National e-Assessment Centre shall levy the penalty as per the said draft order of penalty and serve a copy of the same on the taxpayer or any other person, as the case may be

#### **4. Procedure for appeal**

An appeal against an assessment order made by the National e-Assessment Centre under this scheme can be filed before the Commissioner (Appeals) having jurisdiction over the jurisdictional Assessing Officer.

#### **5. Communication and electronic record**

- a) All communications between the National e-Assessment Centre and the taxpayer, or his authorised representative, shall be exchanged exclusively by electronic mode; and
- b) All internal communications between the National e-Assessment Centre, Regional e-Assessment Centres and various units shall be exchanged exclusively by electronic mode.

All the electronic records issued under the scheme shall be authenticated by the originator by affixing his digital signature.

Every notice or order or any other electronic communication under this scheme shall be delivered to the taxpayer, by way of:

- i) Placing an authenticated copy of the communication in the taxpayer's registered account; or
- ii) Sending an authenticated copy thereof to the registered email address of the taxpayer or his authorised representative; and
- iii) Uploading an authenticated copy on the assessee's Mobile App; and followed by a real-time alert to the taxpayer.

The taxpayer shall file his response to any notice or order or any other electronic communication, under this scheme, through his registered account, and once an acknowledgement is sent by the National e-Assessment Centre containing the hash result generated upon successful submission of response, the response shall be deemed to be authenticated.

#### **6. Appearance of taxpayer before the centre and units**

A person is not required to appear either personally or through authorised representative in connection with any proceedings under this scheme before the income tax authority at the National e-Assessment Centre or Regional e-Assessment Centre or any unit set up under this scheme.

In a case where a modification is proposed in the draft assessment order, the taxpayer will be given an opportunity to make submissions against such modifications. The taxpayer or his authorised representative is also entitled to a personal hearing before income tax authority in any unit under this scheme. Such hearing would be conducted exclusively through video conferencing, including through video telephony, in accordance with the procedure laid down by the CBDT.

An income tax authority has the power to examine a taxpayer or record the statement of any taxpayer under this scheme. The income tax authority would do the same through video conferencing or video telephony.

For the purpose of facilitating the scheme, the CBDT shall establish suitable facilities for video conferencing and video telephony at such locations as may be necessary.

## **Merits and demerits of the Scheme**

The E assessment scheme is expected to provide a proper revenue governance and is expected to reduce burden of appearance before assessing officers and carrying a physical voluminous record for verification and examination by the assessing officer. With the scheme the taxpayer can reply the queries at any time with the time frame allowed for reply at his own place without visiting income tax office.

However some inherent demerits of the system of e assessment can not be ruled out and some timely expected shortcomings which are generally seen can be as under:-

1. The Assessment under e assessment scheme will be quite time consuming as the information and responses and actions have to flow through multiple hands, offices etc.
2. Due to non human interface the assessing authorities may not understand issue properly and in certain cases lot of explanation is needed due to which there are chances of unjustified tax demands.
3. Uploading of information by taxpayer and downloading of information by different units and its verification and examination by the verification can be timely a big challenge.
4. Since the remand proceedings are left with the jurisdictional assessing officer who may not be familiar with the issue therefore the system of remand may be time consuming and cumbersome.
5. Rectification of mistakes, levy of penalty is also the responsibility of jurisdictional assessing officer who may not be familiar with the issue. This may result delay in rectification proceedings and the process of levy of penalty as cumbersome.

The above shortcomings are timely quite evident but the with the implementation of scheme and familiarity of both income department and the tax payers with the scheme may eliminate these shortcomings in future and the objective of faceless assessment for better tax administration will be definitely achieved.



# PRE-BUDGET MEMORANDUM 2020-21

**CMA Neeraj Gupta**

Sr. Vice-President (Accounts & SAP), Avadh Sugar & Energy Ltd.

## HIGHLIGHTS

There are some such groups which deserve more tax relief and accordingly suggestions are being submitted before the Hon'ble Union Minister of Finance to consider these while preparing proposals for Union Budget 2020-21.

### Senior Citizens

- **Providing suitable investment options**  
Suitable investment options should be provided to Senior Citizens to keep their savings in, where not only their hard earn money is safe, but it gives them reasonable return too.
- **Limit on Mediclaim Insurance premium / Medical Expenses**  
Existing limit of Rs. 50,000/- u/s 80D towards deduction against payment of Mediclaim Insurance Premium or of Medical Expenses, needs to be increased to at least Rs.1.00 Lac.
- **Deduction in respect of Interest on Deposits**  
The sum up to Rs. 50,000 deductible u/s 80TTB out of interest earned from Savings or Fixed Deposit Account with Banks/Post Office is suggested to be increased to Rs.1.00 Lac.

### Pensioners

Return on deposits in National Pension Scheme, which is not assured at present, needs to be assured at 9%, while keeping the upper end variable as per market conditions.

### Assessees who, or whose dependents, are handicapped or suffering from serious diseases

- **Deduction in respect of maintenance of a handicapped dependant**  
Amount of deduction of Rs.75000/- allowed u/s 80DD in respect of maintenance including medical treatment of a handicapped dependant with specified disability and Rs.1.25 Lac in case of severe disability, needs to be increased to Rs.1.00 Lac & Rs.2.00 Lac respectively.
- **Deduction in respect of Medical Treatment**  
Expenditure by Assessee on medical treatment of specified diseases of self or dependents exempt u/s 80DDB up to Rs.40,000/- and Rs. 1.00 Lac in case of a Senior Citizen, needs to be increased to Rs.2.00 Lac & Rs. 3.00 Lac respectively and specified diseases also needs to include all serious diseases requiring huge amount of money for medical treatment.
- **Deduction in case of a person with disability**  
Deduction u/s 80U to Assessees suffering from certain disabilities of Rs.75,000 & Rs.1.25 Lac in case of severe disability, needs be raised to Rs.1.00 Lac and Rs.1.50 Lac respectively.

### House owners earning Rental Income

Flat deduction @ 30% of gross rent allowed u/s 24(a), needs to be increased by 5% for next every 5 years after first 10 years of construction of house, subject to maximum 50%.

## Salaried Class

Salaried class, in spite of being the most regular payer of Income Tax, is not getting their due. Hence, in order to bring some relief to this class, some measures are being suggested here below –

- **Deduction against conveyance expenses**  
Deduction against expenses incurred by employees on commuting between place of their residence and work should be allowed @ 5% of salary subject to maximum of Rs.50000 for big cities and @ 2.5% of salary subject to maximum Rs.25000 for smaller cities.
- **Deduction against House Rent Paid**  
The condition of payment of HRA by employer for allowing deduction towards house rent paid by the employee should be removed as taking a house on rent near work place is incidental to employment and getting an allowance from the employer is not in the hands of an employee.
- **Notional value of housing accommodation provided by the employer in certain cases**  
Accommodation is provided to employees in or near the workplace to make their services instantly available. Hence notional value of such facility should not be added in their taxable income, if there is no additional income to them by occupying it or the income so generated is separately subjected to tax.
- **Review of monetary ceilings determined under various provisions**  
In cases where a monetary ceiling is fixed for allowing exemption of or a deduction from income chargeable to tax etc., it may lose relevance, if not reviewed for long. Hence these may be linked with certain parameters to ensure suo-moto revision thereof.
- **Elimination of multiple categories of employees**  
Employees have been divided into various categories, prescribing different criteria for taxing their income, making computation of tax a complicated affair and giving rise to dissatisfaction among employees. Hence same criteria should be prescribed for all employees.
- **Allowing deduction for amount recovered by employer from an outgoing employee**  
Provision should be made to give credit of recovery made from the outgoing employees, while calculating their tax liability, if notice given by them for leaving employment falls short of the stipulated period.

## Other Suggestions –

- Concept of ‘Previous Year’ and the ‘Assessment Year’ needs to be replaced by ‘Financial Year’, as in case of other tax laws, in order to remove confusion.
- Threshold limit of income exempt from tax, which is Rs.2.50 Lac for general assesseees and Rs.3.00 Lac for Senior Citizens, needs to be revised to Rs.3.00 Lac and Rs.4.00 Lac respectively.
- Rates of Income Tax which are 5% from exemption limit to Rs.5.00 Lac, 20% after it to Rs.10.00 Lac and 30% after that may be revised to 5% from exemption limit to Rs.5.00 Lac, 10% after it to Rs.10.00 Lac, 20% after it to Rs.15.00 Lac and 30% after that to make these rational.
- Deduction up to Rs.1.50 Lac allowed u/s 80C for investment made by the Assesseees in specified schemes needs to be increased to Rs.2.00 Lac.

## SUGGESTIONS

Taxes are necessary to run the Government of any Country. However, while Indirect Taxes are levied irrespective of the bearing capacity of the target payers, Direct Taxes (to be more specific Income Tax, the governing provisions related to which in India are contained in the Income Tax Act, 1961 and the Income Tax Rules, 1962, hereinafter referred to as the 'Act' and the 'Rules' respectively), are levied on those who can bear and in proportion to their capacity. Hence, it seems justifiable that a lenient view is taken while taxing certain vulnerable groups, who are prone to become silent sufferers, so that justice is done with them. Accordingly, suggestions are being submitted for consideration of the Hon'ble Union Finance Minister, in respect of the Union Budget 2020-21.

### Senior Citizens

In most of the developed countries, people use to get benefit of various Social Security Schemes when they cross a certain age. Hence they need not worry about their future. However, in our country, such schemes either do not exist or are not sufficient to offer Senior Citizens a carefree '*after retirement life*'. Moreover, they have to continue paying taxes on their income in the same manner, as earlier, without providing sufficient additional relief, they seem to become entitled to. Here are some relief measures, Senior Citizens should get –

#### 1. Providing suitable investment options

Senior Citizens gradually lose their regular source of earning. So they want to keep their savings in such investments where, not only their hard earn money is safe, but it gives them reasonable return too. Though by investing in Shares, Mutual Funds etc. they may get good return but if they don't understand intricacies of Share Market, it may turn out to be a risky affair. If they invest in some property, the risk is still high as considering recent fall in real estate, not only they are no longer sure to earn good capital appreciation on investment, rentals have also come down drastically. Moreover, complexities of present day tenancy laws also discourage them to choose the rental income as regular source of their livelihood.

Hence the only safe option before them is to keep their savings in a Government Scheme or with Banks, Post Office etc. But the rates of interest have now come down to such a low level that they cannot earn reasonable return from these. Though some extra interest, over and above the normal rate, is being allowed to Senior Citizens, by Banks and Post Office etc., it is still not sufficient. The Schemes like 'Pradhan Mantri Vaya Vandana Yojana (PMVVY), announced for Senior Citizens, also needs certain modifications to provide some relief to them, as suggested below –

- a) Special schemes for deposit of money by Senior Citizens like PMVVY, should be open for them at all the times and not for a specified period so that any person who turns out to be a Senior Citizen later, does not have to wait for re-opening of the scheme.
- b) Period of deposit in such schemes should be extendable at the option of the depositor.
- c) Maximum limit of investment under such schemes should be increased to Rs.50.00 Lac.
- d) Rate of interest in such schemes, which is 8% at present, should be increased to 9%. Likewise, extra rate of interest allowed by Banks or Post Office should be such, to make the rate 9% in totality for them. Though a ceiling for Gross total Income of target Assesseees may be fixed for it, say up to Rs.10.00 PA.

#### 2. Limit on Mediciam Insurance premium / Medical Expenses

At present, senior Citizens are entitled to claim deduction against payment of Mediciam Insurance Premium, or if no such Insurance Policy is taken, on Medical Expenses, to the tune of Rs.50,000/- PA u/s 80D of the Act. However, considering the cost of medical treatment nowadays in India, it needs to be increased to at least Rs.1.00 Lac PA in case of Expenses.

#### 3. Deduction in respect of Interest on Deposits

Senior Citizens are entitled for a deduction up to Rs.50,000 u/s 80TTB out of interest on their deposits in Saving or Fixed Deposit Account with Banks/Post Office. However, this limit should be increased to Rs.1.00 Lac.

### Pensioners

An additional deduction of Rs.50,000/- is allowed u/s 80CCD for payment of contribution to National Pension Scheme (a portion of deduction allowed u/s 80C may also be used for this purpose within the overall limit of Rs.1.50 available under that Section) by a salaried or self employed person. Since at present, provision for payment of pension in most of the jobs has been scrapped and the persons engaged in self employment also need assured income in their old age, the return on such schemes should be assured to a reasonable minimum.

At present, the amount of return on this scheme varies as per share market conditions. Hence it needs to be modified in a manner so as to provide a minimum assured return, say at 9%, while keeping the upper end variable as per market conditions.

### **Assessee who, or whose dependents, are handicapped or suffering from serious diseases**

Persons who are handicapped or are suffering from some serious disease not only need special care but medical treatment as well, which is a costly affair. Though the Government should frame certain schemes to help out such people but till it is not done, at least they or their guardians, as the case may be, should not be deprived of the money in their hands, in the form of taxes which they could have spent on the treatment of their self or such dependants. Some suggestions may be given in this regard –

#### **1. Deduction in respect of maintenance of a handicapped dependant**

A fixed deduction of Rs.75000/- is allowed u/s 80DD in respect of maintenance (including medical treatment) of a handicapped dependant with specified disability and Rs.1.25 Lac in case of dependents with severe disability. As we know, how costly it has become to take care of such persons, it needs to be increased to Rs.1.00 Lac and Rs.2.00 Lac respectively to provide a meaningful relief to the guardians of such persons.

#### **2. Deduction in respect of Medical Treatment**

Expenditure by an Assessee for medical treatment of self or dependents for specified diseases is exempt u/s 80DDB up to Rs.40,000/- & Rs. 1.00 Lac in case of a Senior Citizen. However, deduction needs to be increased to Rs.2.00 Lac & Rs. 3.00 Lac respectively, as one cannot get the treatment of serious diseases in such a meager amount nowadays. Moreover, the list of diseases specified for this purpose does not include even heart bypass surgery, accidental injuries of serious nature etc., which have become common now. Hence the list should include all type of serious diseases/injuries requiring huge amount of money for medical treatment.

#### **3. Deduction in case of a person with disability**

Fixed Deduction is available u/s 80U to an Assessee suffering from certain disabilities, the amount of which is Rs.75,000 in case such disability is 40% & above and Rs.1.25 Lac in case of disability of 80% & above. Here again the quantum of deduction needs to be raised to Rs.1.00 Lac and Rs.1.50 Lac respectively.

### **House owners earning Rental Income**

While calculating the taxable rental income, a flat deduction @ 30% of gross rent is allowed u/s 24(a), irrespective of the amount incurred by the Assessee over maintenance of house. Though during initial few years of the construction of house, this quantum of deduction may be found sufficient to meet out such expenses like on white washing, painting etc. but as soon as the house becomes older, it starts demanding more expense on this count like plastering of walls/ floors, replacing wooden doors etc. Hence the existing rate of 30% may be restricted to the age of house up to first 10 years. Thereafter, it may be increased by 5% for next every 5 years of construction of house, subject to maximum 50% of the gross rent, to make it realistic.

### **Salaried Class**

Salaried class, in spite of being the most regular payer of Income Tax in India (may be primarily due to the stringent provisions of TDS as well as transparent nature of their source of income but they also by nature abide by rules and pay taxes willingly), is not able to get their due. Hence, in order to bring some relief to this class, following measures are being suggested –

#### **1. Deduction against conveyance expenses –**

Most of the employees have to incur expenses on commuting between place of their residence and work. However, no deduction is allowed to them for this. Previously, if an employee was getting any payment from his employer as Transport Allowance to meet out such expenditure, a sum up to Rs.1600/-PM was exempted out of it u/s 10 (14) read with Rule 2BB. But if he was not getting any amount from his employer as such, he was not entitled for any exemption on this score. However, deduction against conveyance expenses should not be linked with paying of an allowance by an employer, as employees have to incur these expenses irrespective of the fact whether their employers pay anything to them on this score or not. Even the exemption referred to above was withdrawn from the A.Y. 2019-20, apparently as an offset against restoration of Standard Deduction from that year.

Hence, an additional deduction, over and above the Standard Deduction allowed u/s 16 (i), should be allowed to all such employees who do not reside in the precincts of their work place and have to travel to it from their residence, whether in public transport or by an owned vehicle, unless conveyance facility is provided by the employer. In the past also, both of these benefits, namely exemption against Transport Allowance u/s 10 (14) and the Standard Deduction u/s 16 (i) were being allowed simultaneously up to the A.Y. 2006-07.

In fact, deduction against conveyance expenses should be allowed in the ratio of salary as the amount incurred by an employee for this purpose normally varies in proportion to it. According to a rough estimate, about 5% part of salary is spent by employees on conveyance which is purely linked with their employment. Even if they have to maintain a vehicle mainly for this purpose, they are not entitled to claim depreciation. Hence, a deduction at above rate percent of salary, with a ceiling, say of Rs.50000 for those residing in big cities and Rs.25000 for those residing in smaller ones may be considered for this purpose.

## **2. Deduction against House Rent Paid –**

Deduction against House Rent paid is allowed under any of the two provisions, namely –

### **A. To the employees who are getting House Rent Allowance (HRA)**

An employee who is getting allowance from his employer for making payment of rent in respect of residential accommodation occupied by him, can claim exemption u/s 10 (13A) read with Rule 2A, whether he owns any residential accommodation or not, to the least of a) an amount equal to 50% of salary, where the residential house is situated at Mumbai, Kolkata, Delhi or Chennai and 40% thereof in other cases, b) HRA received by the employee for the relevant period, and c) the excess of rent paid over 10% of salary.

### **B. To other employees/assesseees**

An employee, not getting any such allowance, or any other assessee, residing in a rented accommodation, would get a deduction u/s 80GG of the Act in respect of rent paid, if he or his specified relatives do not own any residential accommodation at the place of his work, the least of a) Rs.5000/- per month, b) 25% of his total income (excluding specified sums), and c) excess of rent paid over 10% of total income (excluding specified sums).

Though the deduction allowed u/s 10 (13A) seems to be more in comparison to that allowed u/s 80GG, the former still needs some modification. Since taking a house on rent near work place is incidental to employment and getting an allowance from the employer is not in the hands of an employee, the criteria of HRA being paid to the employee should be removed for calculating the amount eligible for exemption, though the limit of salary which is equal to 50% and 40% respectively at present may be revised at a slightly lower level, to rationalize the deduction under this section, if required. Moreover, full amount of rent paid should be exempt instead of reducing it by 10% of salary.

## **3. Notional value of housing accommodation provided by the employer in certain cases**

In case, an employer provides housing accommodation to his employees in or near the workplace to make their services instantly available for the job, the employees have to live in it as a condition of their employment. However, notional value of such accommodation is determined and taxed in the hands of employees which does not seem justifiable, especially in undernoted circumstances –

- i) Where, before occupying such accommodation, the employee was residing in an owned house which is now left vacant, no deemed income from vacant house property should be considered by virtue of the provisions of section 23(2)(b) and as such there is no additional income to such employee from occupying the new accommodation.
- ii) In case such owned house is then let out, giving rental income to employee, it is subjected to tax as Income from House Property. Hence the notional value of occupied accommodation should not be added in his income and taxed again.
- iii) In cases, when he owns a residential house but was residing in a rented house and could not vacate it due to some reason. Since he still continues paying rent for it, he does not get any monetary benefit by occupying the house provided by the employer. Accordingly, in such cases, perquisite value of house should be proportionately reduced for the period during which the rent is continued to be paid for rented house.

iv) In case he does not own any house and was also not residing in a rented house (e.g. living with his parents) and starts living in the accommodation provided by the employer, then also perquisite value should not be added in his income on the same ground.

In fact, the views expressed in clause no. 3 and 4 above are correlated. The logic is that since living near the work place is incidental to employment, if employee has to pay rent for that, it should be exempt from tax. But if the employer himself provides such accommodation, it should also not be taxed as a perquisite.

#### **4. Review of monetary ceilings determined under various tax provisions –**

There are several provisions wherein a monetary ceiling is fixed in the Act and the Rules for the purpose of allowing exemption of some income from tax or some deduction from income chargeable to tax etc. Such ceilings may be logical in the year when these are fixed but gradually lose their relevance, if not reviewed for a long time. A list containing some such ceilings fixed in respect of salary taxation, is being given here below to explain the position –

##### **A. Exemption for certain allowances paid by the employer u/s 10 (14) read with Rule 2BB -**

Children Education Allowance and an allowance granted to an employee to meet the hostel expenditure on his child are exempt from tax @ Rs.100 and Rs.300 respectively per month per child up to a maximum of 2 children under above Rules, the amount of which was last revised from 01-08-1997. As everybody knows, cost of education has gone manifold during the last two decades, these amounts of exemption have lost relevance. Hence these need to be suitably increased, say to Rs.1000/- and 3000/-, otherwise there is no use of continuing this exemption which has now turned out to be merely symbolic.

##### **B. Exemption for Leave Salary**

The amount of leave salary exempt u/s 10(10AA) (ii) in case of an employee other than of the Central or of a State Government is Rs.3.00 Lac w.e.f. 2-04-1998 and has not been revised since last about 21 years.

##### **C. Exemption for Compensation received at the time of voluntary retirement or separation**

Amount of exemption u/s 10(10C) for Compensation received at the time of voluntary retirement or separation fixed as Rs.5.00 Lac w.e.f. 1-04-1993, has not been revised since last about 26 years.

##### **D. Exemption for compensatory allowances**

There are certain allowances, normally paid to government employees, like High Altitude Allowance, Difficult Area Allowance etc., the nomenclature of which indicates that these are not being paid to increase their income but to compensate them for the loss suffered due to their posting in difficult areas/conditions. Though such allowances are exempt from tax to the extent provided u/s 10(14) read with Rule 2BB, these limits need to be modified with every revision in allowances. But in most of the cases, present exemption limits were revised between the years 1997-2001, though the amount of these allowances might have been revised after that. Hence there should be a blanket exemption of such allowances in case of government employees so that there is no need to frequently review these and for employees in other sectors posted in similar areas/conditions, it may be confined to the amount applicable for government employees.

##### **E. Standard Deduction**

In order to offset the expenses incurred by salaried class assesseees to earn their salary income (like purchasing of books and periodicals, obtaining membership of professional bodies, joining certain courses to move forward in career, attending seminars to update their knowledge, making payment to placement agencies to find a new job etc.) a flat deduction of Rs.50,000 is allowed as 'Standard Deduction' u/s 16 (i) of the Act. However, since this deduction is not linked with any parameter, it often remains unrevised for long, as has been in the past.

##### **F. Definition of 'Specified Employees'**

Section 17(2)(iii) defines certain employees whose income chargeable under the head Salary exceeds Rs.50000/- PA, as 'Specified Employees' for determining taxability of perquisites, namely services of sweeper, gardener, watchman or personal attendant, supply of gas, electricity or water, education facility to family members, leave travel concession, medical facility, car etc. It looks paradoxical that when the threshold limit for income exempt from tax is itself Rs.2.50 Lac at present, what relevance can be given to the annual income above Rs.50000/-!



Actually, it also seems to be the result of fixing independent ceilings without linking these to some parameters and then not reviewing these later. In fact, when this ceiling was fixed in the year 2002-03, the amount of income exempt from tax was also Rs.50000/- which meant that if the income of a person, before adding value of perquisites, was below the threshold limit of income exempt from tax for that year, no such perquisite value was to be added in his income so as to make it taxable. Accordingly, this amount should have been automatically increased to Rs.2.50 Lac at present.

Hence wherever a monetary ceiling is fixed, it should be subject to revision from time to time, say after every 5 years, instead of fixing it for once and then forgetting about it for the decades to come. Or else, it may be linked with some parameters like a percentage of the threshold limit of income exempt from tax so that it is automatically revised with every revision in such threshold limit.

## **5. Elimination of multiple categories of employees**

Under existing provisions, employees have been divided into various categories, prescribing different criteria for each such category for exempting certain income from tax or valuation of perquisites etc., like employees engaged with government, local authorities, statutory corporations, private and other sectors. Even these categories have not been put in same class all the times but are treated differently for different purposes, making calculation of their tax liability a complicated affair. Some such areas are –

### **A. Tax treatment of Gratuity**

Any death-cum-retirement gratuity received by employees of the Central or of a State Government or local authority (excluding employees of statutory corporation) is fully exempt from tax u/s 10(10) (i) of the Act, whereas limits have been placed for exemption in other cases u/s 10(10) (ii) and (iii).

### **B. Tax treatment of commutation of Pension**

Commutated pension received by an employee of Central or of a State Government, local authority or statutory corporation after his retirement, is wholly exempt from tax u/s 10(10A)(i) of the Act. However, limits have been placed for exemption in other cases.

### **C. Tax treatment of Leave Salary**

Full amount received as cash equivalent of salary in respect of the period of earned leave at his credit at the time of retirement/superannuation is exempt from tax in case of employees of Central or of a State Government u/s 10(10AA) (i) of the Act. However, in case of other employees, any amount so received is exempt subject to limitations prescribed u/s 10(10AA) (ii).

### **D. Perquisite value of rent-free unfurnished accommodation**

In case of employees of Central or of a State Government, value of perquisite for rent free unfurnished accommodation is equal to the license fee determined by the respective government as per rules. However, in case of other employees, the amount is to be calculated under Rule 3 (1), as a percentage of their salary income, depending on the city where the accommodation is situated which comes to on much higher side. Moreover, since rental value of accommodation is not considered in it, in case accommodation located at the same place but different in terms of space or facilities is provided to two employees earning equal salary, perquisite value will be the same for both of them.

In fact, the reason of treating different class of employees in a different manner seems to be based on a notion that the employees working in some sectors, especially in private sector, may get some benefits in such a manner which may escape tax liability, hence tax exemption should be allowed to them in a restrictive manner. This position may have been true earlier, but now, comprehensive rules for valuation of perquisites and strict provisions of TDS have made it sure that no benefits or amenities can be provided by an employer to its employees, which can escape tax. Even then, if it is apprehended that employers in any sector may plan the benefits given to their employees to unduly bring down their tax liability, the tax benefit for such items of income to the employees in that sector may be restricted, up to the extent available to government employees but criteria should be the same for all classes of employees for taxing their salary income.

## **6. Allowing deduction for amount recovered by employer from an outgoing employee**

In some cases employers make a recovery from outgoing employees, if the notice given by them for leaving employment falls short of the stipulated period. Since income of the concerned employees is reduced to that extent, credit of such recovery should be given while calculating their taxable income.

However, since there is no such provision under the present Income-Tax Law, the employers cannot do that. On the other hand, in case any reimbursement is made to concerned employees against such recovery, by their succeeding employers, it is added to the salary income of such employees and taxed as such.

To remove this anomaly, a provision should be made to give credit of the amount recovered from outgoing employees, in lieu of notice period, if any, while calculating their income tax liability. Also, in case after giving credit for the amount so recovered, the net salary from previous employer shows negative income for that year (such a situation may arise when the employee leaves job at the beginning of a financial year), it should be adjusted against his salary income from next employer. Of course, if the succeeding employer reimburses something towards such recovery, it should continue to be subjected to tax.

#### **Other Suggestions –**

1. The concept of dual periods of 'Previous Year' and the 'Assessment Year' was created when there was a choice of multiple tax periods, like Calendar/Diwali/Dusherra/Vikrami Samvat Year etc. But since as per existing tax provisions, there can be only one tax period namely, F.Y. starting from 1<sup>st</sup> day of April to 31<sup>st</sup> day of March every year, this concept should be done away with by replacing the words 'Previous Year' and the 'Assessment Year' with 'Financial Year', as in case of all other tax laws, in order to remove confusion.
2. The existing threshold limit of income exempt from tax, which is Rs.2.50 Lac for general assesseees and, Rs.3.00 Lac for Senior Citizens, needs to be revised to Rs.3.00 Lac and Rs.4.00 Lac respectively.
3. Present Rate of Income Tax is 5% after respective exemption limit to Rs.5.00 Lac, 20% after Rs.5.00 Lac to Rs.10.00 Lac and 30% over this amount. It seems that one more slab of 10% may be inserted so as to make the existing rate structure rational wherein first slab of 5% is straightaway increased to 20%. Accordingly, it may be revised to 5% after respective exemption limit to Rs.5.00 Lac, 10% after this amount to Rs.10.00 Lac, 20% after this amount to Rs.15.00 Lac and 30% over this amount.
4. Presently, a deduction up to Rs.1.50 Lac is allowed u/s 80C for investments made by the Assesseees in specified schemes like Life Insurance Premium, contribution to PF/PPF, NSC etc. Since such investments are made by them to secure their future, the quantum of this deduction should now be increased to Rs.2.00 Lac now.

# TAX UPDATES, NOTIFICATIONS AND CIRCULARS

## CGST Notifications

### **Notification No. 63/2019 – Central Tax**

**Date – 12th December 2019**

Seeks to extend the due date for furnishing of return in FORM GSTR-1 for registered persons in Jammu and Kashmir having aggregate turnover more than 1.5 crore rupees for the months of July, 2019 to September, 2019

CBIC has made amendment in Notification No.28/2019 – Central Tax, dated the 28th June, 2019,

*Amendment* - “The time limit for furnishing GSTR-1 by registered persons whose principal place of business is in Jammu and Kashmir having aggregate turnover of more than Rs. 1.5 crore in the preceding financial year or current financial year, for each of the months from July, 2019 to September, 2019 has been extended till 20th December, 2019.” 2.

This notification has come into force with effect from the 30th November, 2019.

### **Notification No. 64/2019 – Central Tax**

**Date – 12th December 2019**

Seeks to extend the due date for furnishing of return in FORM GSTR-1 for registered persons in Jammu and Kashmir having aggregate turnover more than 1.5 crore rupees for the month of October, 2019.

CBIC has made amendment in Notification No. 46/2019 – Central Tax, dated the 9th October, 2019

*Amendment* – The time limit for furnishing FORM GSTR-1 by registered persons whose principal place of business is in Jammu and Kashmir having aggregate turnover of more than Rs. 1.5 crore in the preceding financial year or current financial year for the month of October, 2019 has been extended 20th December, 2019.

This notification has come into force with effect from the 30th November, 2019.

### **Notification No. 65/2019 – Central Tax**

**Date – 12th December 2019**

Seeks to extend the due date for furnishing of return in FORM GSTR-7 for registered persons in Jammu and Kashmir for the months of July, 2019 to October, 2019

CBIC has made amendment in Notification No. 26/2019 – Central Tax, dated the 28th June, 2019

*Amendment* – The time limit for furnishing FORM GSTR-7 by registered persons whose principal place of business is in Jammu and Kashmir for the month of July, 2019 to October,2019 has been extended 20th December, 2019.

This notification has come into force with effect from the 30th Day of November, 2019.

### **Notification No. 66/2019 – Central Tax**

**Date – 12th December 2019**

Seeks to extend the due date for furnishing of return in FORM GSTR-3B for registered persons in Jammu and Kashmir for the months of July, 2019 to September, 2019

CBIC has made amendment in Notification No. 29/2019 – Central Tax, dated the 28th June, 2019

Amendment – The time limit for furnishing FORM GSTR-3B by registered persons whose principal place of business is in Jammu and Kashmir for the month of July to September, 2019 has been extended till 30th November, 2019

This notification has come into force with effect from the 30th November, 2019

**Notification No. 67/2019 – Central Tax**  
**Date – 12th December 2019**

Seeks to extend the due date for furnishing of return in FORM GSTR-3B for registered persons in Jammu and Kashmir for the month of October, 2019

CBIC has made amendment in Notification No. 44/2019 – Central Tax, dated the 09th October, 2019

Amendment – The time limit for furnishing FORM GSTR-3B by registered persons whose principal place of business is in Jammu and Kashmir for the month of October, 2019 has been extended till 20th December, 2019

This notification has come into force with effect from the 30th November, 2019

**Notification No. 68/2019 – Central Tax**  
**Date – 13th December 2019**

Seeks to carry out changes in the CGST Rules, 2017

In the Central Goods and Services Tax Rules, 2017, in rule 48, after sub-rule (3), the following sub-rules shall be inserted, namely:-

“(4) The invoice shall be prepared by such class of registered persons as may be notified by the Government, on the recommendations of the Council, by including such particulars contained in FORM GST INV-01 after obtaining an Invoice Reference Number by uploading information contained therein on the Common Goods and Services Tax Electronic Portal in such manner and subject to such conditions and restrictions as may be specified in the notification.

(5) Every invoice issued by a person to whom sub-rule (4) applies in any manner other than the manner specified in the said sub-rule shall not be treated as an invoice.

(6) The provisions of sub-rules (1) and (2) shall not apply to an invoice prepared in the manner specified in sub-rule (4).”

**Notification No. 69/2019 – Central Tax**  
**Date – 13th December 2019**

Seeks to notify the common portal for the purpose of e-invoice

CBIC has notified the following as the Common Goods and Services Tax Electronic Portal for the purpose of preparation of the invoice, namely:-

- (i) www.einvoice1.gst.gov.in;
- (ii) www.einvoice2.gst.gov.in;
- (iii) www.einvoice3.gst.gov.in;
- (iv) www.einvoice4.gst.gov.in;
- (v) www.einvoice5.gst.gov.in;
- (vi) www.einvoice6.gst.gov.in;
- (vii) www.einvoice7.gst.gov.in;
- (viii) www.einvoice8.gst.gov.in;
- (ix) www.einvoice9.gst.gov.in
- (x) www.einvoice10.gst.gov.in.

**Explanation.**-For the purposes of this notification, the above mentioned websites mean the websites managed by the Goods and Services Tax Network, a company incorporated under the provisions of section 8 of the Companies Act, 2013 (18 of 2013).

This notification shall come into force with effect from the 1<sup>st</sup> January, 2020.

**Notification No. 70/2019 – Central Tax**  
**Date – 13th December 2019**

Seeks to notify the class of registered person required to issue e-invoice

CBIC has notified registered person, whose aggregate turnover in a financial year exceeds one hundred crore rupees, as a class of registered person who shall prepare invoice in terms of sub-rule (4) of rule 48 of the said rules in respect of supply of goods or services or both to a registered person.

This notification shall come into force from the 1st day of April, 2020.

**Notification No. 71/2019 – Central Tax**  
**Date – 13th December 2019**

Seeks to give effect to the provisions of rule 46 of the CGST Rules, 2017

CBIC , on the recommendations of the Council, has appointed the 1st April, 2020, as the date from which the provisions of rule 46 of the CGST Rules, shall come into force

**Notification No. 72/2019 – Central Tax**  
**Date – 13th December 2019**

Seeks to notify the class of registered person required to issue invoice having QR Code

CBIC has notified that an invoice issued by a registered person, whose aggregate turnover in a financial year exceeds five hundred crore rupees, to an unregistered person (B2C invoice), shall have Quick Response (QR) code:

Provided that where such registered person makes a Dynamic Quick Response (QR) code available to the recipient through a digital display, such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic Quick Response (QR) code, shall be deemed to be having Quick Response (QR) code.

This notification shall come into force from the 1st April, 2020.

**CGST Circulars**

**Circular No. 127/46**  
**Date – 4<sup>th</sup> December 2019**

Withdrawal of Circular No. 107/26/2019-GST dt. 18.07.2019 – reg

Circular No. 107/26/2019-GST dated 18.07.2019 was issued wherein certain clarifications were given in relation to various doubts related to supply of Information Technology enabled Services (ITeS services) under GST.

Later CBIC has withdrawn, ab-initio, Circular No. 107/26/2019-GST dated 18.07.2019.

**Non-Tariff Notifications**

**Notification No. 87/2019- Customs (N.T.)**  
**Date – 2nd December 2019**

Notification of Vizinjham International Seaport and Muthalapozhi u/s 7(d) of the Customs Act for unloading and loading of boulders for breakwater construction.

CBIC has made amendments in the Notification No. 64/94 –Customs (N.T.), dated the 21st November, 1994- In the said notification. –

(a) after the second proviso, the following proviso shall be inserted, namely: -

“Provided also that Vizinjham International Seaport and Muthalapozhi are appointed to be coastal port for the purposes of loading and unloading boulders for construction of breakwater by M/s Adani Vizhinjam Port Private Limited.”

(b) in the TABLE, against serial number 7 relating to the State of Kerala, in column (3), after entry (13), the following entries shall be inserted, namely: -

“(14) Vizinjham International Seaport

(15) Muthalapozhi.”

**Notification No. 88/2019- Customs (N.T.)**

**Date – 5th December 2019**

Exchange Rates Notification No.88/2019-Customs (NT) dated 5.12.2019

CBIC has determined the rate of exchange of conversion of foreign currencies into Indian currency or vice versa relating to imported and export goods.

SCHEDULE-I

Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
	(For Imported Goods)	(For Exported Goods)
Australian Dollar	50.10	47.85
Bahraini Dinar	195.95	183.80
Canadian Dollar	55.25	53.30

For more details, please follow - <http://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2019/cs-nt2019/csnt88-2019.pdf>

**Notification No. 89/2019- Customs (N.T.)**

**Date – 10th December 2019**

Appointing the date for enforcing section 88 (b) of the Finance (No. 2) Act, 2019 to bring out the changes in the First Schedule to the Customs Tariff Act, 1975

CBIC has appointed 1st January, 2020, as the date on which, the provisions of the said clause shall come into force.

**Notification No. 90/2019- Customs (N.T.)**

**Date – 13th December 2019**

Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seed, Areca nut, Gold & Silver - reg.

CBIC has made amendments in the Notification No. 36/2001-Customs (N.T.), dated the 3rd August, 2001.

“TABLE-1

Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$Per Metric Tonne)
1511 10 00	Crude Palm Oil	687
1511 90 10	RBD Palm Oil	711
1511 90 90	Others – Palm Oil	699

For more details, please follow - <http://cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2019/cs-nt2019/csnt90-2019.pdf>

## Anti-Dumping Duty Notifications

### NOTIFICATION No. 45/2019-Customs (ADD)

Date – 10th December 2019

Seeks to impose anti-dumping duty on imports of Clear float glass originating in or exported from Pakistan, Saudi Arabia and UAE in pursuance of Final findings of Designated Authority in sunset review of notification No. 48/2014-Customs (ADD) dated 11.12.2014

In case of anti-dumping duty on imports of 'Clear Float Glass', falling under headings 7003, 7004, 7005, 7009, 7013, 7015, 7016, 7018, 7019, 7020 of the First Schedule to the Customs Tariff Act, originating in or exported from Pakistan, Saudi Arabia and UAE, and in the matter of review of anti-dumping duty on imports of Clear Float Glass, the Designated Authority has come to the conclusion that-

- (i) the product under consideration has been imported to India from the subject countries below its associated normal value, thus, resulting in dumping of the product;
- (ii) the domestic industry has suffered continued injury on account of dumped imports from the subject countries;
- (iii) the information on record shows likelihood of continuation of dumping and injury in case the antidumping duty in force is allowed to cease at this stage; and
- (iv) examination of the information on record as well as the submissions made by various parties indicate that the imports from the subject countries continue to injure the Indian domestic industry.
- (v) there is sufficient evidence to indicate that the revocation of the anti-dumping duties as this stage will lead to continuation of dumping and injury to the domestic industry,

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

For more details, please follow - <http://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2019/cs-add2019/csadd45-2019.pdf>

## DIRECT TAX

### Notifications

#### Notification No. 103/2019

Date – 13th December 2019

Provisions for making payment of tax and penalty as well as interest in respect of undisclosed income

CBDT has specified that the persons who have made a declaration under sub-section (1) of section 183, but have not made payment of the tax and surcharge payable under section 184 and penalty payable under section 185 of the said Act, in respect of the undisclosed income, on or before the due date, may make the payment of such amount on or before the 31st January, 2020, along with interest on such amount, @1% for every month or part of a month comprised in the period commencing on the date immediately following the said due date as so notified and ending on the date of such payment.

This notification shall be deemed to have come into force with effect from the 1st day of June, 2020.

# PRESS RELEASE

## DIRECT TAX

**Press Release**  
**Date – 5<sup>th</sup> December 2019**

### **CBDT issues draft notification seeking inputs for framing of rules with respect to Fund Manager Regime under Section 9A of the I.T. Act, 1961**

India is committed to exchange financial account information automatically from 2017 under Section 9A of the Income-tax Act, 1961 (the Act) provides for a special taxation regime in respect of certain offshore funds in the context of their fund managers being located in India. It is provided that in case of an eligible investment fund, the fund management activity carried out through an eligible fund manager acting on behalf of such fund shall not constitute business connection in India of the said fund. Further, it is provided that an eligible investment fund shall not be said to be resident in India merely because the eligible fund manager undertaking fund management activities on its behalf is located in India subject to the conditions mentioned in sub-section (3) of section 9A, one of which [clause (m) of said subsection] provides that the remuneration paid by the fund to an eligible fund manager in respect of fund management activity undertaken by him on its behalf is not less than the arm's length price of the said activity.

Accordingly, Income-tax Rules, 1962 (the Rules) were amended by way of insertion of rules 10V to 10VB and Forms 3CEJ and 3CEK vide notification No 14/2016 with SO 1101 (E) dated 15.03.2016. Rule 10V was further amended vide notification No 106/2016 with SO 3498(E) dated 21.11.2016.

Sub-rule (5) to (10) of rule 10V of the Rules contains the provisions relating to determination of the arm's length price in respect of any remuneration paid by the eligible investment fund to an eligible fund manager as referred to in clause (m) of sub-section (5) of section 9A.

Finance (No 2) Act, 2019 with effect from 1st April, 2019, inter alia, amended clause (m) of sub-section (5) of section 9A so as to provide that the remuneration paid by the fund to an eligible fund manager in respect of fund management activity undertaken by him on its behalf is not less than the amount calculated in such manner as may be

prescribed. Accordingly, the manner for calculation of the amount, compared to which the remuneration paid to the eligible fund manager should not be less, is required to be prescribed.

The draft notification proposing the above amendments has been uploaded on [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in) for inputs from stakeholders and general public. The inputs on the draft rules may be sent electronically at the email address, [ustpl1@nic.in](mailto:ustpl1@nic.in), latest by 19th December, 2019.

**Press Release**  
**Date – 7<sup>th</sup> December 2019**

### **Income Tax Department conducts search & survey operations on Share Brokers/Traders across India**

On 3rd December 2019, the Income Tax Department carried out search and survey operations on certain share-brokers/traders who were involved in facilitating accommodation of profits/loss through reversal trades in illiquid stock options in Equity Derivative Segment and also Currency Derivative Segment on Bombay Stock Exchange (BSE). Over 39 locations spread across Mumbai, Kolkata, Kanpur, Delhi, NOIDA, Gurugram, Hyderabad and Ghaziabad were covered.

The search/survey action has unravelled the entire modus-operandi which has been adopted by the share-brokers/traders to trade into the illiquid stock options in Equity Derivative Segment and thereby generate artificial losses/profit by executing reversal trades in a very short span of time. By this contrived methodology, the unscrupulous entities have secured desired profits/losses, which is estimated to be more than Rs. 3500 Crore. The search/survey action has also resulted into identification of the wrongful long-term capital gains taken in at least 3 penny stocks listed on the BSE, where the manipulated profits utilized by the beneficiaries aggregate to around Rs. 2000 Crore.

The search action has resulted into seizure of unaccounted cash of Rs. 1.20 Crore. The number of beneficiaries who have been benefitted by these manipulated transactions could be to the tune of a few thousand scattered across India and efforts are being made to identify them as also the corresponding quantum of income evaded.



Incriminating evidence recovered during the course of actions is also being examined for determination of contravention of the various direct tax laws.

**Press Release**  
**Date – 16<sup>th</sup> December 2019**

**Extension of date of Direct Tax payment in  
respect of third instalment of advance tax for  
FY 2019-20**

Considering the large-scale disruption of Internet Services in the North Eastern States-Assam, Tripura, Arunachal Pradesh, Meghalaya, Nagaland, Manipur and Mizoram, the Central Board of Direct Taxes, in exercise of powers conferred under clause (a) of sub-section (2) of section 119 of the Income-tax Act, 1961, has decided to extend the last date for payment of December instalment of Advance tax for FY 2019-20, from 15th December, 2019 to 31st December, 2019 in case of all the assesseees, Corporate and other than Corporate, in the above mentioned States.

# JUDGEMENTS

## INDIRECT TAX

### Agreement to Transfer of Right to use the Vessel would amount to a 'Deemed Sale', liable to be Taxed: SC

The Great Eastern Shipping Co. Ltd vs. State of Karnataka & ORS

Case No. – 3383 of 2004  
Date – 4th December 2019

#### Fact of the Case

- The appellant – The Great Eastern Shipping Co. Ltd. Owns a tug. The company entered into a Charter Party Agreement with New Mangalore Port Trust. It agreed to make available the services of tug, for the purposes of the Port Trust for six months.
- The Assistant Commissioner of Income Tax directed the company to register itself as a dealer under the provisions of the KST Act on the ground that the agreement attracted tax under section 5C.
- The company in the reply repudiated the claim on the ground that there was no transfer of right to use the goods given by the company to the Port Trust as the possession and custody of the tug continued with it.
- The company filed a writ petition on the ground that the KST Act does not extend to territorial waters of India situated adjacent to the landmass of the State of Karnataka.
- The company submitted that the Time Charter Agreement does not amount to transfer of right to use goods within the meaning of section 5C of the KST Act. It was only a contract of service. The contract is for the hire of a tug on payment of Rs.1.5 lakh per day.
- There is no dispute as to the vessel and the charterer has a legal right to use the goods, and the permission/licence has been made available to the charterer to the exclusion of the contractor.

#### Decision of the Case

- State of Karnataka submitted in the light of few judgements that the transfer of right to use occurs when the agreement has been entered into and not when the delivery of the goods takes place.

- He has further urged that a coastal State has jurisdiction to levy sales tax in the territorial waters abutting the coast.
- In a recent ruling, the Supreme Court of India has ruled that, agreement to Transfer of Right to use the Vessel would amount to a 'Deemed Sale' and hence liable to be taxed under Karnataka Sales Tax Act.

### No Service Tax on Activity of giving Flats in New / Re-Constructed Building to Existing Members of the Society: Commissioner of Central Tax & GST

M/s Ethics Infra Development Pvt. Ltd

Case No. – CGST/Thane/2018-19/5174  
Date – 26th November 2019

#### Fact of the Case

- The ruling was made while disposing of a show-cause notice issued by M/s Ethics Infra Development Pvt. Ltd. The notice entered into an agreement with 3 housing societies for re-development of the residential premises and built new flats in their residential area. In consideration, the existing members of the society were provided with free flats, as per agreed terms and conditions, to the existing members of the housing societies. The remaining units were sold to independent buyers.
- The question of whether handing over flats to existing members of the society would constitute sale was also discussed here.
- The notice argued that the relevant activity was basically the exchange of immovable properties and hence it cannot be termed as 'service' as per its definition under Section 65 B (44) of the Finance Act, 1994.

#### Decision of the Case

- The Commission, held that, "in the instant case, the land was owned by the housing society which entered into a development agreement with the builder/ developer who is the noticee in the instant case.
- As per the development agreement, the noticee was required to give a fixed percentage as additional carpet area to the existing society members free of cost. Hence the basic requirement of 'sale' is not met in as much as giving flats to the existing society

members in the developed/ re-constructed building is concerned.”

- The Commissioner of Central Tax & GST, Thane, Mumbai, ruled that the activity of giving flats in new/ re-constructed building to the existing members of the said society, who were flat owners in the said society is not a sale and hence is out of ambit and purview of levy of Service Tax.

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**IGST should be Paid by the Importer on Ocean Freight in Case of CIF Basis Contract under Reverse Charge: AAR**

Applicant - M/S M.K Agro Tech. Pvt  
Advance Ruling No. – KAR/ADRG/97/2019

Date – 27th September 2019

**Fact of the Case**

- The applicant M/S M.K Agro Tech. Pvt. Ltd has filed an application for advance ruling under section 97 of CGST Act 2017 and section 97 of the KGST Act 2017, before the Authority for Advance Ruling Karnataka seeking a ruling on whether under Reverse Charge Mechanism, IGST should be paid by the importer on ocean freight on the case of CIF basis contract.
- The brief fact of the case is that the applicant states that they are in the business of supplying edible oil and they import edible grade Crude Oil without any separate charges for transportation from other countries to Indian port on CIF basis. When it enters the Indian Port, Basic Customs Duty and applicable Cess along with IGST are paid.
- In the instant case, the applicant states that as per Rule 10(2) Customs Valuation Rules, 2007, for the valuation of basic customs duty, the cost of transportation is to be included.
- As per Section 3(17) and Section 3(18) of the Customs Tariff Act, 1975, IGST is to be charged on the value of import of goods.
- Import under FOB, Customs duty including IGST is payable on such imports and again IGST is payable under Notification No. 10/2017 – Integrated Tax leading to payment of IGST twice on the same element.
- The applicant is of the view that the GST has been introduced with the main focus to eliminate double taxation, however in such transactions; unavoidably IGST is taxed twice.

**Decision of the Case**

- The authority comprising of members Harish Dharmia and Dr. Ravi Prasad.M.P held that In the instant case, the importer in India is liable to pay the tax under RCM as they are deemed to be the recipient of service.
- The tax liable to be paid on the supply of services related to the transportation of goods and is not on the supply of goods.
- The taxable event is the import of goods into the territory of India and the valuation of the turnover of import of goods on which such tax shall be levied is as per the provisions of the Customs Act.
- Hence there is no double taxation involved in the above transactions as these are two distinct taxable transactions, one relating to the supply of goods and other relating to the supply of services.
- The IGST should be paid by the importer on ocean freight in case of CIF basis Contract, under Reverse Charge.

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**GST applicable on Payment Received as Bonus Paid to Security Personnel: AAR West Bengal**

Applicant – Ex Serviceman Resettlement Society  
Advance Ruling No. – 42 of 2019

Date -26th September 2019

**Fact of the Case**

- The Applicant submits that it supplies security and scavenging services to the Government hospitals, classifying the service under the act.
- The Applicant also provides a few copies of the bills raised on the recipient of its service.
- The security charge is the minimum wages for the security personnel their entitlements to ESI, EPF, and bonus as applicable.
- The applicant claims the minimum wages employee’s portion of EPF, ESI, etc. on its bill for monthly charges and charges GST on the gross amount including the security charges.
- The health and family welfare department directs that the contractual security personnel be paid bonus @8.33% once in a year. The applicant makes a separate bill for claiming the bonus amount. No GST is charged on such bills.

### Decision of the Case

- The division bench comprising of members Ms Susmita Bhattacharya, Joint Commissioner, CGST & CX Mr. Parthasarathi Dey, Senior Joint Commissioner, SGST observed that the security personnel engaged are at no point employees of the state government.
- The applicant can recruit, deploy, withdraw or replace any security personnel, provided the recipient kept informed. The applicant is the employer of the security personnel deployed and is responsible for paying all statutory dues including the employer's contribution to EPF, ESI, etc.
- It is the components of the applicant's expenditure. It is entitled to pass the liability to the recipient who, in terms of the agreement, apparently ready to bear that liability. the applicant is' therefore, liable to pay GST on the portion of the payment received on account of the bonus paid or payable to the persons it deploys as security personnel.
- The Authority of Advance Ruling (AAR) in West Bengal has ruled that, Goods and Services Tax (GST) is applicable on payment received as a bonus paid to security personnel.

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### GST: Section 171 not Applicable When No Reduction in Tax Rate or No Benefit from Additional ITC, says NAA

Applicant - M/S Vatika Ltd  
Case No. – 64/2019

Date -2nd December 2019

### Fact of the Case

- The applicants in the case present case forwarded an application to the Haryana State Screening Committee on Anti-Profiteering.
- The application stated that the Respondent had resorted to profiteering in respect of supply of construction services related to purchasing of Flat and also alleges that the Respondent had not passed on the benefit of Input Tax Credit (ITC) by way of commensurate reduction in the price of the apartment purchased by him, on implementation of GST.
- The application was forwarded to the Director-General of Anti-Profiteering for investigation.

### Decision of the Case

- The Authority, while considering the case pointed out that, "It is clear from the plain reading of Section 171(1) mentioned above that it deals with two situations one relating to the passing on the benefit of reduction in the rate of tax and the second pertaining to the passing on the benefit of the ITC."
- The Authority also further pointed that "DGAP has concluded his Report with the findings that the Respondent had neither been benefited from additional ITC nor there had been a reduction in the tax rate in the post-GST period.
- The National Anti-Profiteering Authority (NAA) ruled that since the Respondent Company has neither been benefited from additional Input Tax Credit (ITC) nor has there been a reduction in the tax rate in the post-GST period, Section 171 of the CGST Act, 2017 is not applicable.

## DIRECT TAX

### Exemption under Section 11 only When Requirements under Sec 11(4A) satisfied: Kerala High Court

The Commissioner of Income Tax , Cochin vs. St. Thomas Cathedral Church,Irinjalakuda

Case No. ITR No 2 of 2005  
Date – 13<sup>th</sup> November 2019

### Fact of the Case

- St.Thomas Cathedral Church is the applicant in the present case
- The moot question here was whether the income derived out of Kuri business conducted by the Charitable Trust is eligible for an exemption or not, in view of sub-section (4A) introduced to Section 11 of the Income Tax Act with effect from 01-04-1984.
- The Church argued that the pursuant to the remand made by the Hon'ble Supreme Court in the matter of Commissioner of Income Tax V. Dharmodayam Co. (1997) 225 ITR 686 the Income Tax Appellate Tribunal, Cochin Bench had reconsidered the matter and allowed the exemptions.
- Hence it was submitted that the reference needs to be answered in favour of the assessee.
- The Revenue contended that the order passed by the Tribunal in the matter of Dharmodayam Co., cannot as such be taken

as a precedent applicable in the case of the present assessee.

### **Decision of the Case**

- The Court, without answering the questions of law referred, remitted the appeals filed by The Commissioner Of Income Tax for fresh consideration.
- On the basis of the decision rendered by the Hon'ble Supreme Court in Commissioner of Income Tax V. Dharmodayam Co. and another (2001) 248 ITR 816, the Appellate Tribunal disposed the case

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### **Disallowance made by Interpreting Revenue Expenditure as Capital Loss not Sustained: ITAT**

M/S Nortel Networks India Pvt. Ltd. Vs. DCIT  
Case No.- ITA No. 1510/Del/2016

Date – 7<sup>th</sup> August 2019

### **Fact of the Case**

- The assessee submitted Income Tax Return declaring total income of himself for the year under consideration was assessed under section 143(3) of the Act
- The A.O disallowed some expenditures which was shown as revenue expenditure by assessee but those as capital loss and not allowable against the business profit
- The assessee gave proper explanation in favour of him
- But the A.O ignored the given explanation and imposed penalty in his assessment order against the assessee
- The assessee appealed to the ITAT against the order issued by A.O

### **Decision of the Case**

- The bench comprising of Judicial Member Sudhanshu Srivastava and Accountant Member O.P. Kant held that the assessee has disclosed all the facts material to the computation of the income in the assessment proceedings.
- During the assessment proceedings, the Assessing Officer asked queries in respect of the claim of loss of security deposit claim and the assessee submitted all the detailed information in respect of the transaction and no facts have been found to be wrong by the Assessing Officer.

- The issue involved is only of the interpretation of the transaction of loss of security. According to the assessee, it was in the nature of revenue expenditure whereas according to the Assessing Officer, it is a capital loss, not allowable against the business profit.
- Accordingly, the findings of the Ld. CIT(A) on the issue in dispute is set aside and the penalty levied by the Assessing Officer is cancelled. The appeal of the assessee is allowed.

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### **Disallowance of Rental Expenses merely as per the Leave and License Agreement can't be Sustained: ITAT**

Acuity Holdings Pvt. Ltd. Vs. Dy. Commissioner of Income Tax

Case No. ITA No. 4011/Mum/2017  
Date – 22<sup>nd</sup> November 2019

### **Fact of the Case**

- In the present case the assessee entered into a lease agreement of a premises to be used for residential purpose of employees / directors and his family members
- The assessee also used this premises for organising meeting of the fund investors of the company
- At this time of return submission of the company the assessee shows the rental expenses as business expense since the premises is used for official work also
- The A.O disallowed the above expenses as business expenditure
- The assessee appealed to ITAT against the order of A.O

### **Decision of the Case**

- The bench comprising of Judicial Member Saktijit Dey and Accountant Member Manoj Kumar Aggarwal held that though, in the leave and license agreement, it is mentioned that the premise has been taken on lease for the use of residence of directors/employees, however, it cannot be said that in course of such user, the directors are not doing any official work, such as, meeting the investors, etc.
- Therefore, merely because as per the terms of the leave and license agreement the premise is to be used for residence purpose of the directors, assessee's claim cannot be rejected.

- It is found that the borrowed fund or part of it has been utilized in acquiring the NCDs, then the interest on such borrowed fund has to be set-off against the interest income earned on NCDs to the extent of utilization of borrowed funds in NCDs. The aforesaid claim of the assessee, therefore, needs factual verification.
- So the issue is restored back to the Assessing Officer for fresh adjudication after verification of facts on record and due opportunity of being heard to the assessee.

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**Listing Fees Paid to the Stock Exchange not  
 Capital Expenditure: ITAT**

Great Eastern Energy Corporation Pvt. Ltd. Vs.  
 DCIT

Case No. – 3310/Del/2015  
 Date – 20<sup>th</sup> November 2019

**Fact of the Case**

- In the present case the Assessee was a company engaged in the business of exploration and production of coal bed methane's gas and compressed natural gas and filed its return of income.
- Assessment under Section 143 (3) of The Income Tax Act 1961 was passed by the learned AO.
- The AO made an addition on account of capitalization of share listing expenses and disallowed community development (Donation) expenses.
- The CIT (A) deleted the addition and allowed 50% of the disallowance in the name of community development donation expenses.

**Decision of the Case**

- The Tribunal pointed out that the shifting is merely the change of the exchange without increasing the capital base of the company. "Such listing adds several advantages to the business carried on by the company, particularly in the matter of confidence of customers and loyalty of employees, which generate value".
- "The tribunal hence concurred with the finding of learned CIT (A) in deleting the above disallowance noting that there is no increase in the capital base of the assessee company.
- The Income Tax Appellate Tribunal (ITAT) consisting of Shri Kuldip Singh, and Shri Prashant Maharishi ruled that expenditure on account of listing fees paid to the stock exchange could not be said to be capital expenditure. The tribunal clarified that the expenditure should be regarded as expenditure of revenue nature.

**Penalty u/s 271B not attracted on Tax Calculated  
 on Estimate Basis: ITAT Hyderabad**

Naveen Kumar Kaparthy vs. Income Tax Officer

Case No. – 1659 & 1660/H/2017  
 Date – 23<sup>rd</sup> October 2019

**Fact of the Case**

- The assessee, an individual engaged in the business of running a Kirana and General Stores, filed his return of income.
- The AO observed that assessee's total gross receipts from the business were not audited, as total sales turnover or gross receipts of business exceed Rs. 40 lakhs, the assessee should have got his accounts audited by an accountant before the specified date.
- The assessee failed to get his accounts audited as required u/s 44AB of the Act. The AO issued penalty notice under Section 271B of the Income Tax Act.
- The assessee stated that if a person has not maintained account books or any accounts the question of audit does not arise. In such an event alleged section 44AB do not get violated. In a case where accounts have not been maintained at all and therefore the penal provisions of section 271B of the Act would not apply.
- The AO observed that the assessee suppressed the gross receipts, as the assessee failed to explain the deposits in a bank account.
- The AO initiated penalty proceedings u/s 271(1)(c) on the ground that the assessee concealed his income by suppressing the gross receipts and hence, worked out the penalty on the amount of tax sought to be evaded. AO levied penalty u/s 271B of on the ground that assessee failed to comply with the provisions of section 44AB of the Act.
- The assessee preferred an appeal before the CIT(A), the CIT(A) upheld the penalty levied by the AO. Aggrieved by the order, the assessee preferred appeal before this authority.

**Decision of the Case**

- The authority comprising of learned members held that, In the instant case, the additions on which the penalty was imposed was estimated after applying the net profit rate and that it was a settled law that penalty on ad hoc disallowance or addition made on estimate basis was not attracted.
- Accordingly, by allowing the appeal of the assessee, set aside the order of the Ld. CIT (Appeals) and direct the AO to delete the penalty.

# TAX COMPLIANCE CALENDAR AT A GLANCE

## GST CALENDAR

Date	Return Type
20.12.2019	<b>GSTR-5 &amp; 5A for the month of November 2019</b> - to be filed by the Non-Resident taxable person & OIDAR
20.12.2019	<b>GSTR 3B</b> - for the month of November 2019.
31.12.2019	<b>GSTR 9 for the financial year 2017-18</b> - Annual return in GST for regular taxpayers for F.Y 2017-18 to be filed (Turnover up to Rs. 2 crores –it is not compulsory)
31.12.2019	<b>GSTR 9C for the financial year 2017-18</b> - GST Audit for F.Y 2017-18 to be filed whose Turnover more than Rs. 2 crores

## DIRECT TAX CALENDAR - DECEMBER, 2019

### 07.12.2019

- Due date for deposit of Tax deducted/collected for the month of November, 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

### 15.12.2019

- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of November, 2019 has been paid without the production of a challan
- Third instalment of advance tax for the assessment year 2020-21
- Due date for issue of TDS Certificate for tax deducted under section 194-IA and section 194-IB in the month of October, 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 November, 2019

### 30.12.2019

- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA and section 194-IB in the month of November, 2019
- Furnishing of report in Form No. 3CEAD for a reporting accounting year (assuming reporting accounting year is January 1, 2018 to December 31, 2018) by a constituent entity, resident in India, in respect of the international group of which it is a constituent if the parent entity is not obliged to file report u/s 286(2) or the parent entity is resident of a country with which India does not have an agreement for exchange of the report etc.

## Bird's Eye View of TRD Activities from January 2019 - December 2019



### Bird's Eye View of TRD Activities from January 2019- December 2019

→ 24 Webinars on Direct and Indirect Tax have been conducted for the benefit of Members

→ Various Representations on Direct and Indirect Tax including Pre Budget Memorandum have been submitted to the Government

→ Top Stories and Updates section (Notifications, Amendments in Tax Laws) of Taxation Portal are being updated throughout the year

→ 80-100 Seminars have been conducted throughout India in this Year. DTC month was celebrated from 5<sup>th</sup> September 2019 to 5<sup>th</sup> November 2019.

→ Erstwhile GST Helpdesk has been revamped and relaunched as Taxation Helpdesk to provide opportunity to Members and Non Members to resolve doubts and queries in Direct and Indirect Tax

→ 24 Tax Bulletins have been published in this year and these bulletins have been highly appreciated by Members, PSUs, MNCs and Govt. departments also.

→ Another achievement of TRD is launching Crash Course on GST for College and Universities. This Crash Course has been designed for Undergraduates and Post Graduate Students in practical approach. Many Colleges have already started conducting the Course successfully

→ Tax Research Department is conducting Certificate Course on GST, Advanced Certificate Course on GST, Certificate Course on Filing of Return and Certificate Course on Tax Deducted at Source PAN India basis and there is huge response for these courses.

→ Various Tax Publications on Direct and Indirect Tax have been released in this year for the benefit of Stakeholders.





# COURSES OFFERED BY TAX RESEARCH DEPARTMENT

## Eligibility criterion for admission in TRD Courses

- ✓ Qualified Cost & Management Accountants
- ✓ Other Professionals (CS, CA, MBA, M.Com, Lawyers)
- ✓ Executives from Industries and Tax Practitioners
- ✓ Students who are either CMA qualified or CMA pursuing

### CERTIFICATE COURSE ON GST

**Course Fee** - Rs. 10,000+18% GST  
*20% Discount for Members, CMA  
Final Passed Candidates and CMA  
Final pursuing Students*

**Exam Fees** - Rs. 1,000+18% GST  
**Duration** – 72 Hours  
**Mode of Class** – Offline and Online  
*\*\_Special Discount for Corporate*

### ADVANCED CERTIFICATE COURSE ON GST

**Course Fee** - Rs. 14,000+18% GST  
*20% Discount for Members, CMA  
Final Passed Candidates and  
CMA Final pursuing Students*

**Exam Fees** - Rs. 1,000+18% GST  
**Duration** – 40Hours  
**Mode of Class** – Online

### CERTIFICATE COURSE ON TDS

**Course Fee** - Rs. 10,000+18% GST  
*20% Discount for Members, CMA  
Final Passed Candidates and  
CMA Final pursuing Students*

**Exam Fees** - Rs. 1,000+18% GST  
**Duration** – 30Hours  
**Mode of Class** – Online

### CERTIFICATE COURSE ON INCOME TAX RETURN FILLING

**Course Fee** - Rs. 10,000+18% GST  
*20% Discount for Members, CMA  
Final Passed Candidates and  
CMA Final pursuing Students*

**Exam Fees** - Rs. 1,000+18% GST  
**Duration** – 30Hours  
**Mode of Class** – Online

### CRASH COURSE ON GST FOR COLLEGE AND UNIVERSITY

**Batch Size** – 50 (Minimum)

**Eligibility criterion** - B.COM/B.B.A pursuing or completed  
M.COM/M.B.A pursuing or completed

**Course Fee** - Rs. 1,000+ 18% GST

**Exam Fees** - Rs. 200+18% GST

**Course Duration** - 32 Hours

For enquiry about courses, mail at – [trd@icmai.in](mailto:trd@icmai.in)

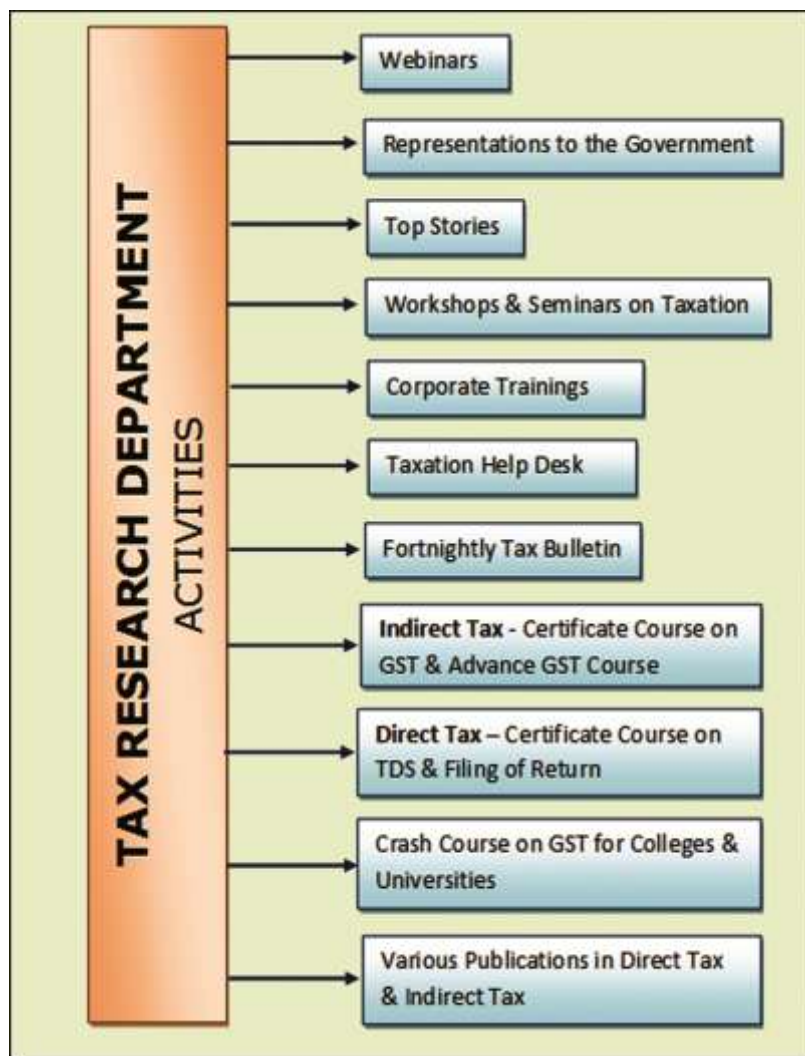
## **Tax Research Department (TRD)** **A JOURNEY TOWARDS EXCELLENCE**

The Tax Research Department is working under guidance of the Taxation Committees (both Direct and Indirect Tax) of the Council of the Institute of Cost Accountants of India. The Taxation Committees formulates the policies for both Direct & Indirect Tax which in turn are implemented by the Tax Research Department. TRD is working as the arms of the Taxation Committees.

TRD has come a long way in the past two years and developing day by day in years to come. From a nascent stage now the department is spreading its wings with a perfect blend of dedicated employees supported by over 50 Resource Persons pan India both from Industry & Practice, who are the experts in both Direct & Indirect Taxes.

and moving towards its vision and objectives to provide tax knowledge and guidance to all Members, Non Members and Industries.

Let's have a bird's eye view of the activities of the Tax Research Department:



In order to measure the progress and achievements of TRD, we found some amazing statistics which is given below in nutshell for understanding:

## Webinars

The Webinars conducted by the department are highly appreciated by the members of the institute.

- Number of Webinars conducted – 80-100 per year (Both in Direct and Indirect Tax)
- Average Participation – 450 – 500 attendees

The aim of these webinars is to provide awareness and knowledge to professionals, students, members and public at large. Recorded versions of webinar are also available for view of the Members and Students.

List of Webinars – <https://icmai.in/TaxationPortal/Webinar/index.php>

## Workshops for Corporate & Seminars

The department is organising workshops and seminars for knowledge enrichment of Members, Stakeholders, Corporates and general public. Many PSU, Corporates & MSME have been benefitted from these workshops.

### • **Seminars**

In the past two years around 200-250 Seminars have been conducted per year throughout India. Two National Seminars conducted by the department deserves a special mention here.

National Seminar on GST: The Sustainability Imperative in January 2018.

*Chief Guest – Shri Shashi Bhusan Behara, Minister of Finance & Excise, Odisha*

Reformed Taxation System – Catalyst to Sustained Economic Growth in December 2019.

*Chief Guest – Shri Ganeshi Lal, Hon'ble Governor of Odisha.*

## Taxation Helpdesk

'Taxation Helpdesk' is being operated in a new digitized environment as a complimentary facility for all the stakeholders, to achieve a seamless transition and understanding of direct and indirect taxes. The helpdesk is working as a ready reckoner for all GST, DT and IDT related queries. Thousands of queries have been answered through this Helpdesk to the stakeholders. Link of Taxation Helpdesk is:

Link of Taxation Helpdesk - <https://icmai.in/TaxationPortal/GSTHelpDesk/index.php>

## Representations to the Government

The Department in its endeavour to work in lines with the Government regulations have submitted various representations to Government some of which have already been considered and some are in follow up. A few of them is presented for perusal

### Direct Tax

- Inclusion of Cost Accountants in “Accountant” Definition of Income Tax Act, 1961, U/Sec 288(2)
- Representation on Fair Market Value - Empowering the members of the Institute of Cost Accountants of India (ICMAI) for Valuation and certification thereof – Proposal for amendment in Income Tax Rules
- Representation to the Ministry of Commerce
- Tax Return Preparer (Amendment) Scheme, 2018 – request to amend the name of the Institute in the Scheme.
- Representation on Inclusion of name of CMA in My CA/ERI Portal in website of [incometaxindiaefiling.gov.in](http://incometaxindiaefiling.gov.in)
- Suggestions submitted on DTC
- Representation as regards non intimation of extension of due date for Income Tax Return
- Suggestions for amendments in Sec 139(9) Defective Return and Sec 145A Method of Accounting under Direct tax Law

### Indirect Tax

- Modification and simplification of GST Returns under GST regime.

- Valuation Rules for Anti Profiteering and developing Guidance note with suitable formats.
- Simplification of GST for MSME/SME sector.
- Representation to the Custom Authorities for Inclusion of Cost Accountants for undertakings/submission of Certificates to the exporters to overcome the problem of refund blockage and post audit scrutiny
- Representation to CBIC on extending the due date of Filing GSTR 3B for the month of September, 2018 from 20<sup>th</sup> October 2018 to 31st October 2018
- Representation Letter for Inclusion of Cost Accountants for authorizing the certificate of claiming ITC in case of exports have already been made after availing ITC on inputs used in manufacture of such exports shall be used in manufacture and supply of taxable goods.
- Inclusion of Cost Accountants for providing Certification for GST liability on Existing Works Contracts.
- Input for the working of Tax Litigation Management Committee
- Pre Budget Memorandum 2018-19 (Direct & Indirect Tax Both)
- Pre Budget Memorandum 2019-20 (Direct & Indirect Tax Both)
- Pre Budget Memorandum 2020-21 (Direct & Indirect Tax Both)
- Representation on E – invoicing system under GST
- Representation to Letter from OSD Duty Drawback CBIC MOF dated 15.4.19
- Request for inclusion of CMA on the labels of Forms under point no C of GSTR – 10 (Final Return)
- Representation on the matter “Resolve technical glitches and to simplify filing of Goods and Services Tax (GST) forms”

### **Fortnightly Tax Bulletin**

Launching of “Fortnightly Tax bulletin” is another feather in cap for the Department. Since October, 2017, 24 Tax Bulletins in every year have been successfully launched. The Tax Bulletins have been widely appreciated by Govt. Departments, Trade Associations, Industry Houses, members of the Institute and other Tax Professionals. The Tax Bulletin has become a one stop solution for all taxation related information including Articles, Notifications, Circulars, Press Release, Advance Rulings etc both on direct and Indirect Taxation.

First fortnightly tax bulletin launched on the auspicious day of 2<sup>nd</sup> October 2017.

The Tax Bulletins are available at the link: <https://icmai.in/TaxationPortal/Publication/TaxBulletin.php>

### **Various Publications**

In order to enrich the knowledge base of the stakeholders, the department had launched several books during the year which have been appreciated by the professionals and responding to the changing taxation environment of the country, the publications are also being updated on a regular to include the latest developments on taxation front. Publications that have already been released are:

#### **Direct Tax**

- Handbook on International Taxation and Transfer Pricing
- Handbook on TDS
- Exemptions under Income Tax Act, 1961 (Newly Launched)
- Insight into Assessment including E-Assessment (Newly Launched)

#### **Indirect Tax & GST**

- Guidance Note on Anti Profiteering
- Handbook on E-way Bill
- Handbook on Works Contract - Revised on Dec, 2019
- Guidance Note on GST Annual Return & Audit - Revised on Dec, 2019
- Handbook on Impact of GST on MSME Sector - Revised on Dec, 2019
- Guidance Note on GST Audit
- Compilation of GST Notification and Circular - Revised on Dec, 2019
- Handbook on GST on Export
- Input Tax Credit & In depth Discussion - Revised on Dec, 2019
- Impact on GST on Education Sector - Revised on Dec, 2019
- Sabka Vishwas-Legacy Dispute Resolution Scheme 2019
- Taxation on Co-operative Sector - Revised on Dec, 2019
- Impact of GST on Real Estate (Newly Launched)

- Handbook on GST on Service Sector (Newly Launched)
- Insight into Customs - Procedure & Practice (Newly Launched)

The Department is continuously working on publishing the revised editions and notification Compilations of many of the above books

### Top Stories

Updating oneself with the latest developments is a primary condition for knowledge enhancement. Looking at the frequently changing scenario in the country's taxation front, Tax Research Department has introduced "Top Stories" section in the Taxation Portal. Updates on Notifications, Circulars, and Judgements etc. are being uploaded under this section with a narrative gist on real time basis to enable the stakeholders to get updates on taxation matters. This will work as a regular knowledge enhancer for the stake-holders.

Link of Top Stories - [https://icmai.in/TaxationPortal/Top\\_Stories/](https://icmai.in/TaxationPortal/Top_Stories/)

### Courses on Direct Tax

#### **Certificate Course on Filing of Returns and Certificate Course on TDS**

Tax Research Department started two new courses both in Direct Taxes in April 2019. These courses give more importance to the practical aspects to ensure the advanced level of learning which will help in day to day professional world.

### Courses on Indirect Tax

#### **Certificate Course on GST and Advanced Certificate Course on GST**

Certificate Course on GST was launched in February 2018, has become a great success. We have successfully completed **First, Second, Third Batch and Fourth Batch** of Certificate Course on GST in both online and offline mode on Pan India basis. Fifth Batch is also on the verge of completion. A huge number of students have registered for the courses in the first five batches. Online Examination for first four batches has been conducted with success rate has been more than 80%. Successful candidates have been awarded the pass certificates.

The Course has been popular among the members and non-members too including tax practitioners and corporate.

Link for admission- <https://icmai.in/TaxationPortal/OnlineCourses/index.php>

### Crash Courses for Colleges and Universities

The department has started conducting Crash Course on GST all across India in various Colleges and Universities, to make the graduate and under-graduate students aware of the Basics of GST.

The department is also in the process to start more such crash courses in Basic GST and also in Direct Tax with different colleges and universities country wise.

### Taxation Portal

Today's world can't be thought of without technology. In order to utilize the technology to its maximum extent, Tax Research Department has come up with an exhaustive Taxation Portal in the institute's website.

One can get almost all the updates in taxation front of the country in form of Publications, Webinars, Courses, Bulletin, updates, Link to CBIC and CBDT, Access to Act, Rules etc. through this portal. The Taxation Portal has been designed in such a way and it is so informative that it can be used as "Made Easy" for taxation matters by the users.

**Link of Taxation Portal** - <https://icmai.in/TaxationPortal/>

Development and Improvement is a continuous process. We learn as we grow and we grow as we learn.



## 2 - Day National Seminar on Taxation

Organized by  
**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(Statutory Body under an act of Parliament)

**TAX RESEARCH DEPARTMENT**  
&  
**BHUBANESWAR CHAPTER**

**Theme - “Conducive Tax Laws - Challenges & Opportunities”**

**Date: 21st & 22nd December, 2019**

Venue: KIMS Auditorium, Campus-5, KIIT Deemed University Bhubaneswar, Odisha

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*“There is only one thing that makes a dream impossible to achieve: the fear of failure.”*  
*- Paulo Coelho*

**Sir/Madam,**

Greetings from the Institute of Cost Accountants of India-Tax Research Department & Bhubaneswar Chapter

Every proud Indian has now reason to believe that India will be a 5 trillion economy by 2024. A new India which is in making with the government's mantra of "Sabka Saath, Sabka Vikas Aur Sabka Viswas" can make this dream possible.

The government of India is making all out efforts to accelerate economic growth, promote investment, creation of employment and bringing efficiency and transparency to the taxation system. Keeping this in mind, Corporation Tax rates were brought down for domestic companies, Minimum Alternate Tax rate was rationalized, enhanced surcharge from certain incomes arising from investment in capital markets were withdrawn, e-assessment scheme-2019 has been effected and lot of other measures were initiated by the law makers and policy makers.

Taxpayers in general are gradually getting acquainted with the biggest ever tax reforms in form of Goods and Services Tax with its robust, simple and convenient system. The GST portal has almost become stable and number of return filers have been considerably increased. Level of compliance has gone up. Suggestions, representations and requests made by the stakeholders have been favourably considered by the GST Council in many cases which resulted to waiver of filing of Annual Returns for 2017-18 and 2018-19 for small taxpayers, gradual restructuring of tax rates, augmentation of refund process etc. During the last two years, GST revenue showed very good growth. There are over 20 states that recorded over 14% annual revenue growth during last two years in collection of GST. However, to protect revenue and prevent evasion, a new return filing system is about to be implemented from April, 2020 and notifications have been made to amend the provisions of ITC in case of nonappearance of the same in GSTR 2A. The Legacy Dispute Resolution

Scheme, 2019 – “Sabka Vishwas” will be of great help in settling the dispute relating the Service Tax and Excise Duty.

Considering the framework and recent developments in mind, the 2-day National Seminar on the title “Conducive Tax Laws-Challenges & Opportunities” to be held on 21st & 22nd December, 2019 at Bhubaneswar having following sub-themes:

- a) Income Tax Act and Direct Tax Code – Expectations and Way ahead
- b) Beneficial provisions and recent Amendments under Income Tax Laws for domestic companies and value creation
- c) E-Invoicing and Reconciliation of credits
- d) ITC under GST law – Provisions, Advance Rulings and critical issues
- e) Readiness for the New Return Filing System
- f) Provisions and situation analysis – Deposit Work, Turnkey/EPC Contracts, Tolerance of an act, RCM and Export

We are confident that critical analysis of the above mentioned aptly chosen theme will be of relevance to executives, professionals, students, learners and practitioners in the functional domain of Finance, Procurement, Contract and Strategy formulation.

Let's learn, de-learn and re-learn with all agility so as to contribute towards Nation building.

Looking forward to have your participation and active support.

With sincere regards.

**(CMA Saktidhar Singh)**  
Co- Chairman  
Conference Committee

**(CMA P Bhattacharya)**  
Co- Chairman  
Conference Committee

**(CMA Rakesh Bhalla)**  
Chairman  
Conference Committee

**(CMA Niranjana Mishra)**  
Chairman  
Conference Committee

### Programme Schedule

DAY -01: 21st December, 2019 (Saturday)		DAY -02: 22nd December, 2019 (Sunday)	
09.00 A.M - 10.00 A.M	Registration & Breakfast	08.30 A.M – 09:00 AM	Registration & Breakfast
10.00 A.M - 11.00 A.M	Inaugural Session	09.00 A.M - 10.00 A.M	Motivational Session
11.15 A.M - 01.15 P.M	Technical Session - I	10.00 A.M - 11.00 A.M	Inaugural Session
01.15 P.M - 02.30 P.M	Lunch Break	11.00 A.M – 01.15 P.M	Technical Session –III
02.30 P.M - 04.30 P.M	Technical Session-II	01.15 P.M – 02.30 P.M	Lunch Break
04.30 P.M - 06.00 P.M	CFO's Meet	02.30 P.M – 04.30 P.M	Technical Session-IV
07.00 P.M Onwards	Conference Dinner & Cultural Programme	04.30 P.M – 05.30 P.M	Valedictory Session & Lucky Draw
<b>N.B: CEP Credit: 08 Hours to the Participating CMAs.</b>			

### Registration Fees

Corporate Delegate	Rs.3,500/-
Self-Sponsor / Cost Accountants-in-Practice/Chapter Delegate	Rs.1,500/-
CMA Student	Rs.1,000/-
Accompanying Spouse	Rs.1,000/-
<b>N.B: Above Tariff is exclusive of GST</b>	

## Advertisement Tariff for Souvenir

Advertisement	Space Tariff
Back Cover (Colour)	Rs.75,000/-
Front Inside Cover (Colour)	Rs.50,000/-
Back Inside Cover (Colour)	Rs.50,000/-
Center Spread (Colour)	Rs.40,000/-
Special Full Page Inner (Colour)	Rs.25,000/-
Ordinary Full Page Inner (Colour)	Rs.20,000/-
Special Full Page (Black & White)	Rs.15,000/-
Ordinary Full Page (Black & White)	Rs.10,000/-
Ordinary Half Page (Black & White)	Rs. 7,500/-
Ordinary Quarter Page (Black & White)	Rs. 5,000/-

*N.B: Above Tariff is exclusive of GST*

## Sponsorship Details

Type	Amount (Rs.)	Benefits
Platinum	5,00,000	<ol style="list-style-type: none"> <li>Five free Delegates</li> <li>Display on the Conference Backdrop as Platinum Sponsor</li> <li>Full page Color coverage in Souvenir</li> </ol>
Gold	4,00,000	<ol style="list-style-type: none"> <li>Four free Delegates</li> <li>Display on the Conference Backdrop as Gold Sponsor</li> <li>Full page Color coverage in Souvenir</li> </ol>
Silver	3,00,000	<ol style="list-style-type: none"> <li>Four free Delegates</li> <li>Display on the Conference Backdrop as Silver Sponsor</li> <li>Full page Black &amp; White coverage in Souvenir</li> </ol>
Lunch	3,00,000	<ol style="list-style-type: none"> <li>Four free Delegates</li> <li>Display at conference lunch and on the Conference Backdrop as Sponsor</li> <li>Full page Color coverage in Souvenir</li> </ol>
Memento	2,50,000	<ol style="list-style-type: none"> <li>Three free Delegates</li> <li>Sponsor name to be printed in Memento and Display on the Conference Backdrop as Sponsor</li> <li>Full page Color coverage in Souvenir</li> </ol>
Conference Kits	1,50,000	<ol style="list-style-type: none"> <li>Two free Delegates</li> <li>Sponsor Name printed in Conference Kit and Display on the Conference Backdrop as Sponsor</li> <li>Full page Color coverage in Souvenir</li> </ol>
High Tea	1,00,000	<ol style="list-style-type: none"> <li>One free Delegate</li> <li>Sponsor Name Display at Conference High Tea (Banner &amp; Standy)</li> <li>Half page Black &amp; White coverage in Souvenir</li> </ol>
Tea	50,000	<ol style="list-style-type: none"> <li>One free Delegate</li> <li>Sponsor Name Display at Conference Tea</li> <li>Quarter Page B &amp; W Coverage in Souvenir</li> </ol>
Stationary	40,000	<ol style="list-style-type: none"> <li>One free Delegate</li> <li>Display on the Conference Backdrop as Sponsor</li> <li>Quarter Page B&amp;W Coverage in Souvenir</li> </ol>
Other (banner /Stall /Publicity / Material on request	25,000	<ol style="list-style-type: none"> <li>One free Delegate</li> <li>Display on the Conference Backdrop as Sponsor</li> </ol>



## Glimpses of 1<sup>st</sup> National Seminar



## Glimpses of 2<sup>nd</sup> National Seminar



## SNAPSHOTS – OF TRD ACTIVITIES



**Shri Pinaki Mishra, MP Lok Sabha & Finance Committee Member** is greeted by CMA Niranjan Mishra-Chairman of Indirect Taxation Committee



CMA Niranjan Mishra-Chairman of Indirect Taxation Committee and CMA Nishant Kumar Singh – Regional Council Member with **Smt. Aparajita Sarangi, MP Loksabha**



CMA Niranjan Mishra-Chairman of Indirect Taxation Committee and CMA Nishant Kumar Singh – Regional Council Member discussed regarding inclusion of CMAs' in definition of "Accountants" with **Shri Chirag Pashwan , Hon'ble MP Loksabha**



CMA Niranjan Mishra-Chairman of Indirect Taxation Committee and CMA Nishant Kumar Singh – Regional Council Member discussed regarding inclusion of CMAs' in definition of "Accountants" with **Shri Pratap Chandra Sarangi**



CMA Niranjan Mishra-Chairman of Indirect Taxation Committee discussed about the steps taken to create awareness and capacity building of MSME's on GST with **Shri Ajay Nishad, Hon'ble MP of Mujafarpur**



CMA Niranjan Mishra-Chairman of Indirect Taxation Committee and CMA Nishant Kumar Singh – Regional Council Member discussed regarding inclusion of CMAs' in definition of "Accountants" with **Shri Janardan Singh Segrewal, MP**

## 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.

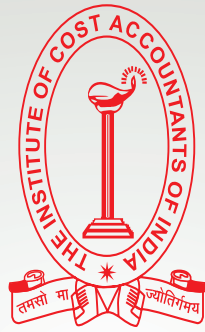
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