

FEBRUARY, 2021

# TAX Bulletin

★ ★ VOLUME - 82 ★ ★



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**

Statutory Body under an Act of Parliament

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“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 Committees:

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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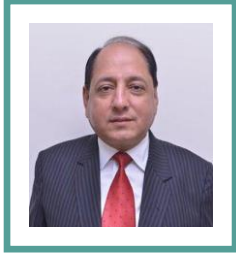
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**CMA Rakesh Bhalla**  
Chairman, Direct Taxation Committee



**CMA Chittaranjan Chattopadhyay**  
Chairman, Indirect Taxation Committee

## FROM THE DESK OF CHAIRMAN

Dear Friends and Professional Colleagues,

Greetings from the Tax Research Department!!!

A 4-day workshop on Special Audit under GST had been conducted by the department for the benefit of the Members and Stakeholders. CMA Ashok B Nawal had been the Chief Speaker in this session. Dr. Ravi Prasad, Additional Commissioner, Karnataka graced the occasion at the Inaugural session. We are happy to note the overwhelming response and enthusiasm among the participants regarding the workshop.

The **Central Board of Indirect Taxes & Customs (CBIC) introduced Quarterly Return Filing and Monthly Payment of Taxes (QRMP)** scheme under Goods and Services Tax (GST) to simplify compliance for small taxpayers whose turnover is less than Rs.5 crores.

Under this method, a taxpayer will pay the tax on outward supplies after taking into consideration the input tax credit available. In this case, the taxpayer will manually arrive at the tax liability and deposit the same in Form GST PMT-06.

Under the QRMP scheme, an Invoice Furnishing Facility (IFF) is also available to taxpayers, to upload their supply invoices monthly on the GSTN, even though the GSTR-1 is to be filed quarterly. These invoices will be reflected in the GSTR-2A and GSTR-2B of their customers, who can use the input tax credits (ITC) on a timely basis. This prevents their customers from losing out on eligible input credits.

It is noteworthy, that the taxpayers are not required to deposit any amount for the first 02 months of a quarter, if:

- Balance in Electronic Cash Ledger / Electronic Credit Ledger is sufficient for tax

**CMA Rakesh Bhalla**  
18<sup>th</sup> February 2021

due for the first/ second month of the quarter; or

- There is a NIL tax liability

The last date to choose or change the filing frequency for the quarter of January to March 2021 was 31st January, 2021. After 31st January 2021, the filing frequency cannot be changed for the quarter January to March 2021.

However, for the quarter of April to June 2021, taxpayers may change their filing frequency from quarterly to monthly from 1st February, 2021 to 30th April, 2021.

The department has also submitted a representation to the State Bank of India for Inclusion of Cost Accountants (CMA) for appointment as CONSULTANT FOR SERVICE TAX AND GOODS AND SERVICES TAX (GST) RELATED MATTERS in the RFP No. CC/FINANCE/FRT/GST/2020-21/01 DATED: 25th January 2021.

Webinars have been conducted on the topic (i) Recent Changes in GST Registration & Return Procedure on 18<sup>th</sup> February 2021 by CMA Prasanna Kumar and (ii) International Taxation - Issues in Transfer Pricing on 10<sup>th</sup> February 2021 by CMA S. Venkanna.

Feedback is solicited from our readers for any improvement that may be made in the Bulletin.

Jai Hind.

Warm Regards

**CMA Chittaranjan Chattopadhyay**  
18<sup>th</sup> February 2021

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## ACKNOWLEDGEMENTS

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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***



## DEMYSTIFYING 1% GST LIABILITY DISCHARGE IN CASH

**CMA Bhogavalli Mallikarjuna Gupta**  
GST & Management Consultant

**A**vailing input tax credit seamlessly is one of the major features of Goods and Service Tax. The recipient is entitled to take the input tax credit on goods or services on his inward supplies if the recipient is registered under GST and used for taxable supplies. We have seen many new paper columns and articles talking about fake invoicing and claiming input tax credit wrongly in the recent past. The Director-General of Analytics and Risk Management (DGRAM) has compiled a list of about 13k taxpayers who have availed input tax credit of about Rs 1,00,000 crores from the rollout of GST in India wrongly. Till the first week of December 2020, about 100 people were arrested in this context.

Keeping in view of this rampant misuse of the provisions from taking registration under GST and availing wrong ITC, the Government has started taking a series of measures to curb this menace. As part of it, the GST Registration based on Aadhar authentication has been introduced, reducing the input tax credit on taking it provisionally and expanding the threshold of e-invoicing.

As per the provisions of the input tax credit, the recipient of goods or services or both can claim input tax credit only on meeting the following conditions

1. The recipient must have received the goods and services or both
2. The recipient is in possession of the tax invoice / original tax invoice
3. The goods or services or both have been used for the furtherance or in due course of the business
4. The supplier must have paid the taxes
5. The recipient has filed his returns
6. Matching is mandatory for availing of the input tax credit.

In view of the business needs, the provisional credit has been introduced to the extent of 20% from Oct 2019 and reduced to 10% from Jan 2020, and now the same is reduced to 5% from 1Jan 2021. Apart from this, now the utilization of input tax credit is restricted to a category of taxpayers, and a lot of wrong information is floating in the secondary media on this. As per the new provision, the input tax credit can be utilized only 99%, and the rest 1% has to be discharged in cash. It is introduced in Rule 86B of the CGST Rules 2017 amended through Notification No 94/2020 – Central Tax dated 22<sup>nd</sup> December 2020.

### **Is this applicable to all taxpayers?**

No, it does not apply to all taxpayers. It applies to taxpayers who are having a turnover above Rs 50 lacs in a month. For determining the turnover, exempted supplies and Zero-rated supplies are not to be considered.

### **Are there any exemptions available?**

Yes, Exemptions are available. The following category of tax persons are exempted from payment of 1% of GST in Cash

1. Registered taxpayers who have paid income tax above Rs 1.00 in Income Tax during the last two years continuously
2. Taxpayers who have zero-rated supplies without payment of duty and claimed refund of more than Rs 1.00 lac
3. Taxpayers who have claimed refund amount more than Rs 1.00 lac on account of inverted duty structure.
4. Taxpayers who have discharged liability in cash more than 1% during the year cumulatively
5. If the registered taxpayer is a Public Sector Unit, or Government Department, Statutory Body or a Local Authority.



### Is the above provision going to impact the MSMEs?

No, the provisions of 1% of GST Liability in cash will not impact MSMEs as the above questions have answered the same.

### From what date is this provision applicable?

This provision applies to taxpayers from the 1<sup>st</sup> of Jan 2021.

### Can you please explain with a small example?

#### Example - 1

Supplies	CGST	SGST	IGST
Domestic	45,00,000	45,00,000	
Exports			6,00,000
GST Rate	12%	12%	12%
Tax Liability	5,40,000	5,40,000	72,000
ITC	6,30,000	7,50,000	1,00,000
Cash to be paid	0	0	0

The taxpayer need not discharge his liability in cash as his turnover after reducing the exports is only Rs 45 Lacs.

#### Example - 2

Supplies	CGST	SGST	IGST
Domestic	64,50,000	64,50,000	
Exempted Sales			5,00,000
GST Rate	12%	12%	
Tax Liability	7,74,000	7,74,000	
ITC	9,54,000	95,40,000	
Cash to be paid	7,740	7,740	

#### Example - 3

Assuming that the above two months are for the same taxpayer,

Supplies	CGST	SGST	IGST
Domestic	55,70,000	55,70,000	
Exports			12,00,000
GST Rate	12%	12%	
Tax Liability	6,68,400	6,68,400	
ITC	9,54,000	95,40,000	
Cash to be paid	0	0	0

It is not required to be discharged in cash as the taxpayer has claimed a refund amount of more than Rs 1,00,000 in the first month.

Discharging of GST liability in 1% in cash does not significantly impact the working capital as it is a nominal amount and not going to impact all the taxpayers. The 1% is with respect to each Act, which means that the taxpayers have to pay 2% (1% CGST & 1% SGST) in cash. The documentation released by CBIC in social media states that only 0.5% of the registered 1.2 crore taxpayers will be impacted. As the saying goes, "Tiny drops of water make mighty oceans" preventing small amounts of tax evasion will increase in more revenue mop-up of GST collections, and on account of this, we can expect a reduction of tax rates down the line.

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# TAXATION OF UNIT LINKED INSURANCE POLICY (ULIP)

**CMA Mahesh kumar Atharva**  
Advocate

Section 10(10D) provides exemption in respect of sum received under a life insurance policy if the premium payable for any of the years during the terms of the policy does not exceed 10% of sum assured. Considering the instances that **high net worth individuals are claiming exemption under said section by investing in ULIP with huge premium**, the Finance Bill has proposed that the exemption under section 10(10D) shall not be available with respect to any ULIP issued on or after the 01-02-2021, if the amount of premium payable during the term of the policy exceeds Rs. 2,50,000 per annum. Further, it has also been provided that a ULIP (not eligible for exemption under section 10(10D)) shall be treated as capital asset.

## Finance Act 2021: Taxation of unit linked insurance policy (ULIP)

**Example:** Let us Analyse a particular case and impact of taxation: Mr S. Chandrashekar, individual, purchased Unit linked Insurance Plan (ULIP), a unique Asset allocation pension fund, (plan name under Bajaj Allianz future secure), from Bajaj Allianz Life Insurance company limited, covering with two option i.e., [i] option 'A' without life cover (i.e., pure Investment plan) or [ii] Option 'B' covering life with sum assured minimum of five times Annualized premium. The Assessee had opted for option [i] i.e., Investment option, with a lock-in period of 3 years. Further there following **four** different type of investment plan for allocation of funds.

Sl No	Investment in Bajaj Allianz Plan Name	Assessee allocation %		Amt Invested	Face Value	Unit price	Number of units
		Yr	%				
1	Asset Allocation Pension Fund	23/11/2021	90%	270000	300000	11.453	23574.61
		23/11/2022	98%	294000	300000	12.5775	23375.07
		23/11/2023	98%	294000	300000	11.9123	24680.37
2	Bond Pension Fund	23/11/2021	90%	90000	100000	14.0310	6414.37
		23/11/2022	98%	98000	100000	15.1042	6488.26
		23/11/2023	98%	98000	100000	16.2779	6020.43
3	Equity Index Pension Fund II	23/11/2021	90%	360000	400000	16.1250	22325.58
		23/11/2022	98%	392000	400000	19.1814	20436.46
		23/11/2023	98%	392000	400000	14.8498	26397.66
4	Liquid Pension Fund	23/11/2021	90%	180000	200000	13.5260	13307.70
		23/11/2022	98%	196000	200000	14.5645	13457.38
		23/11/2023	98%	196000	200000	15.7695	12429.06

The units were redeemed by insurance company, at the following NAV per unit by pay service tax 0.35% and Admin expense 0.1%.

Sl No	Redemption of Investment in Bajaj Allianz	Unit price at end of 3 <sup>rd</sup> year [25/11/2026]
1	Asset Allocation Pension Fund	15.99
2	Bond Pension Fund	19.56
3	Equity Index Pension Fund II	21.68
4	Liquid Pension Fund	19.20

**Step 1: what is the meaning of ULIP?**

Explanation 3 to section 10(10D) defines for the purpose of exemption.

'Explanation 3. — For the purposes of this clause, "unit linked insurance policy" **means**

— a **life insurance policy**

— which has **components of both**

- investment and
- insurance

**and**

— is **linked to a unit** as defined in clause (ee) of regulation 3 of the Insurance Regulatory and Development Authority of India (Unit Linked Insurance Products) Regulations, 2019 issued by the Insurance Regulatory and Development Authority under the Insurance Act, 1938 and the Insurance Regulatory and Development Authority Act, 1999.

**Step 2: Is the Maturity value is Exempt – Yes if all the conditions of section 10(10D) is met.**

- i. The Assessee is entitled to exemption under section 10(10D), if the ULIP was received on life cover, and not paid the sum in excess of 10% of capital sum assured.
- ii. Further w.e.f FA 2021 – 01/04/2021 – if any sum paid, is in excess of Rs 2,50,000/- (though the said amount is not exceeding 10%), the assessee is not eligible for exemption, as there is specific restriction vide 4<sup>th</sup> proviso to clause (10D) of section 10. Further the said Rs 2,50,000/- limits is computed considering aggregate value of all the policy, as per 5<sup>th</sup> proviso.
- iii. However as per 6<sup>th</sup> proviso the limit of Rs 2,50,000/- is not applicable, (however limit of 10% continuous to be applicable).

**Relevant extract of section is as under**

**10. Incomes not included in total income.**

**10.** In computing the total income of a previous year of **any person**,

→ any income falling within **any** of the following **clauses shall not be included**—

**(10D) sum received under a life insurance policy including bonus**

**(10D)** any sum received under a **life insurance policy**,

including the sum allocated by way of **bonus** on such policy,

**other than**—

(a) any sum received under

- sub-section (3) of section **80DD** or
- sub-section (3) of section **80DDA**; or

(b) any sum received under a **Keyman** insurance policy; or

(c) any sum received under an insurance **policy issued on** or after the 1st day of April, 2003 but on or **before the 31st day of March, 2012** in respect of which the **premium** payable for any of the years during the term of the policy **exceeds twenty** per cent of the actual capital **sum assured** ; or

(d) any sum received under an insurance **policy issued on** or **after** the 1st day of April, 2012 in respect of which the premium payable for any of the years during the term of the policy **exceeds ten** per cent of the **actual capital sum assured**: **Provided** that the provisions of sub-clauses (c) and (d) shall **not apply to** any sum received on the **death** of a person:

**Provided further** that for the purpose of **calculating** the actual capital sum assured under sub-clause (c), **effect shall be given to**

- the *Explanation* to sub-section (3) of section **80C** or
- the *Explanation* to sub-section (2A) of section **88**, as the case may be

**Provided also** that where the **policy, issued on** or **after** the 1st day of April, 2013, is for insurance **on life** of any person, **who is**—

- (i) a person with **disability** or a person with severe disability as referred to in section **80U**; or
- (ii) suffering from **disease or ailment** as specified in the rules made under section **80DDB**,

the provisions of this sub-clause shall have **effect as if** for the words "ten per cent", the words "**fifteen** per cent" had been substituted.

**Below amendments will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.**

**(c) in clause (10D),--**

(i) after the third proviso and before Explanation 1, the following provisos shall be inserted, namely:--

*Provided also that*

- **nothing** contained in this clause shall **apply**
- with respect to any **unit linked insurance policy**,
- **issued** on or after the 1st day of February, 2021,
- **if** the amount of premium payable for any of the previous **year** during the term of such policy **exceeds two lakh and fifty thousand rupees**:

*Provided also that*

- if the premium is payable,
  - by a person,
  - for **more than one** unit linked insurance **policies**,
  - issued on or after the 1st day of February, 2021,
- the provisions of this clause shall apply
  - only with respect to those unit linked insurance policies,
  - where the **aggregate** amount of premium does **not exceed** the amount referred to in **fourth proviso** in any of the previous year during the term of any of those policies:

*Provided also that*

- the provisions of the fourth and fifth provisos shall **not apply** to any sum received on the **death** of a person:

*Provided also that*

- if any difficulty arises in giving effect to the provisions of this clause,
- the Board may,
  - with the previous approval of the Central Government,
  - issue guidelines for the purpose of removing the difficulty
- and
- every guideline issued by the Board under this proviso
  - shall be laid before each House of Parliament, and
  - shall be binding on the income-tax authorities and the assessee.”;

*Explanation 1.—.....*

*Explanation 2.—.....;*

**Below amendments will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.**

**(c) in clause (10D),--**

(ii) after Explanation 2, the following Explanation shall be inserted, namely:--

*‘Explanation 3.— For the purposes of this clause, “unit linked insurance policy” means*

- a life insurance policy
  - which has components of both
    - investment and
    - insurance
- and
- is linked to a unit as defined in clause (ee) of regulation 3 of the

**Step 3: What it 4<sup>th</sup> and 5<sup>th</sup> proviso attracts?**

Assessee is not eligible for exemption under section 10(10D), but taxable as Capital gain (not as business Income or other source), therefore indexation benefit is applicable.

**Step 4 : Taxed as capital gain** The ULIP is an security, which is subject to security transaction Tax, is treated as capital asset as per section 2 clause 14, and he same shall be taxable under section 45(1B) in the year of receipt, as income tax is calculated in a prescribed vide rules. Further the ULIP is sold by paying STT, the rate of Income tax is 10% under section 112A.

**2. Definitions.**

**Section 2.** In this Act, unless the context otherwise requires,—

(14) "capital asset" means—

- (a) property of **any kind** held by an assessee,
  - whether or not connected with his business or profession;
- (b) any **securities** held **by a Foreign Institutional Investor** which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 (15 of 1992),

- (c) any unit linked insurance policy
    - to which exemption under clause (10D) of section 10 does not apply
    - on account of the applicability of the fourth and fifth proviso thereof;
- but does **not include**— ....

**Section 45(1B)**

**Capital Gain – Charging Section**

**Section 45 (1B)** Notwithstanding anything contained in sub-section (1),

- where any person receives
  - at any time during any previous year
  - any amount under a unit linked insurance policy,
    - to which exemption under clause (10D) of section 10 does not apply
    - on account of the applicability of the fourth and fifth proviso thereof,
  - including the amount allocated by way of bonus on such policy,
- then,
  - any profits or gains arising from receipt of such amount by such person
  - shall be chargeable to income-tax under the head "Capital gains" and
  - shall be deemed to be the income of such person of the previous year in which such amount was received and
  - the income taxable shall be calculated in such manner as may be prescribed.

**Step 5 : Payment of STT on such transaction.**

Relevant extract of STT – Finance Act 2004 is as under (after FA 2021 amendment)

**Definitions.**

**97.** In this Chapter, unless the context otherwise requires,—

(5) "equity oriented fund" means a fund—

- (i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 3[sixty-five] per cent of the total proceeds of such fund; and
- (ii) which has been set up under a scheme of a Mutual Fund:

**Provided that** the percentage of equity shareholding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures;

- (13) "taxable securities transaction" means a transaction of--
- (a) ....
  - (b) sale of a unit of an equity oriented fund to the Mutual Fund; or
  - (ba) sale or surrender or redemption of a unit of an equity oriented fund to an insurance company, on maturity or partial withdrawal, with respect to unit linked insurance policy issued by such insurance company on or after the 1st day of February, 2021;

(13A) "unit linked insurance policy" shall have the meaning assigned to it in Explanation 3 of clause (10D) of section 10 of the Income-tax Act, 1961;

**Step 5 :** Special rate of taxation as per section 112A (subject to fulfillment of all the conditions), else the same is taxable under section 112 of income tax Act.

**Tax on long-term capital gains in certain cases.**

**112A.** (1) Notwithstanding anything contained in section 112, the tax payable by an assessee on his total income shall be determined in accordance with the provisions of sub-section (2), if—

- (i) the total income includes any income chargeable under the head "Capital gains";
- (ii) the capital gains arise from the transfer of a long-term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust;
- (iii) securities transaction tax under Chapter VII of the Finance (No. 2) Act, 2004 (23 of 2004) has,—
  - (a) in a case where the long-term capital asset is in the nature of an equity share in a company, been paid on acquisition and transfer of such capital asset; or
  - (b) in a case where the long-term capital asset is in the nature of a **unit of an equity oriented fund** or a unit of a business trust, been paid on transfer of such capital asset.

(2) The tax payable by the assessee on the total income referred to in sub-section (1) shall be the aggregate of—

- (i) the amount of income-tax calculated on such long-term capital gains **exceeding one lakh rupees** at the rate of **ten per cent**; and
- (ii) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains referred to in sub-section (1) as if the total income so reduced were the total income of the assessee:

*Explanation.*—For the purposes of this section,—

- (a) "equity oriented fund" means a fund set up
  - under a scheme of a mutual fund specified under clause (23D) of section 10 or
  - **under a scheme of an insurance company comprising unit linked insurance policies to which exemption under clause (10D) of the said section does not apply on account of the applicability of the fourth and fifth proviso thereof**
  - **and**—
  - (i) in a case where the fund invests in the units of another fund which is traded on a recognised stock exchange,—
    - (A) a minimum of **ninety per cent** of the total proceeds of such fund is invested in the units of such other fund; and
    - (B) such other fund also invests a minimum of **ninety** per cent of its total proceeds in the equity shares of domestic companies listed on a recognised stock exchange; and
  - (ii) in any other case, a minimum of **sixty-five per cent** of the total proceeds of such fund is invested in the equity shares of domestic companies listed on a recognised stock exchange:
 

**Provided that** the **percentage** of equity shareholding or unit held in respect of the fund, as the case may be, shall be **computed** with reference to the annual average of the monthly averages of the opening and closing figures;

## Solution of the above example (Note Dated are not changed)

Bifurcation of Loss between short term and long term											
Asset Allocation Pension Fund SFIN: ULIF04628/01/08/ASALLOCPEN116											
Year	Transaction Date	Transaction				Unit price	Allocated Units.	Index value	Index Cost	Short	Long
	25/04/2014	Redemption				15.9953	71222.94	1024		1139232.223	
		Service Tax					329.46			3812.06	
		Total Policy Admn Charges					77.66			1003.87	
	> 12 months	<b>Net Consideration</b>								<b>1134416.293</b>	<b>390866.8798</b>
			Amount	Allocation Ratio	Net Investment						
1	23/11/2009	New Business Regular	300000	90%	270000	11.453	23574.61	632	437468.354	Long	437468.3544
2	23/11/2010	Regular Premium Renew	300000	98%	294000	12.5775	23375.07	711	423426.16	Long	423426.1603
3	23/11/2011	Regular Premium Renew	300000	98%	294000	11.9123	24680.37	785	24680.3724	Short	24680.37239
					858000		71630.06			885574.8872	
		Capital Gain / Loss								248841.406	366186.507
											-117345.101

Bond Pension Fund SFIN: ULIF03524/07/06/BONDPENFUN116											
Year	Transaction Date	Transaction				Unit price	Allocated Units.	Index value	Index Cost	Short	Long
	25/04/2014	Redemption				19.5626	18812.96	1024		368030.4394	
		Service Tax	0.35%				89.26			1289.39	
		Total Policy Admn Charge	0.09%				20.84			346.37	
	> 12 months	<b>Net Consideration</b>								<b>366394.6794</b>	<b>30795.09627</b>
			Amount	Allocation Ratio	Net Investment						
1	23/11/2009	New Business Regular	100000	90%	90000	14.0310	6414.37	632	145822.785	Long	145822.7848
2	23/11/2010	Regular Premium Renew	100000	98%	98000	15.1042	6488.26	711	141142.053	Long	141142.0534
3	23/11/2011	Regular Premium Renew	100000	98%	98000	16.2779	6020.43	785	6020.43261	Short	6020.432611
					286000		18923.06			<b>292985.2709</b>	
		Capital Gain / Loss								73409.4086	24774.664
											48634.745

Equity Index Pension Fund II -- SFIN: ULIF03724/07/06/EQINDPEN02116											
Year	Transaction Date	Transaction				Unit price	Allocated Units.	Index value	Index Cost	Short	Long
	25/04/2014	Redemption				21.6838	68773.41	1024		1491268.935	
		Service Tax	0.09%				73.73			1297.29	
		Total Policy Admn Charge	0.34%				312.56			4996.27	
	> 12 months	<b>Net Consideration</b>								<b>1484975.375</b>	<b>547254.6023</b>
			Amount	Allocation Ratio	Net Investment						
1	23/11/2009	New Business Regular	400000	90%	360000	16.1250	22325.58	632	583291.139	Long	583291.1392
2	23/11/2010	Regular Premium Renew	400000	98%	392000	19.1814	20436.46	711	564568.214	Long	564568.2138
3	23/11/2011	Regular Premium Renew	400000	98%	392000	14.8498	26397.66	785	26397.6619	Short	26397.66192
					1144000		69159.71			<b>1174257.015</b>	
		Capital Gain / Loss								310718.360	520856.940
											-210138.580

Liquid Pension Fund SFIN: ULIF03524/07/06/BONDPENFUN116											
Year	Transaction Date	Transaction				Unit price	Allocated Units.	Index value	Index Cost	Short	Long
	25/04/2014	Redemption				19.2065	38965.88	1024		748398.0977	
		Service Tax	0.34%				185.08			2580.16	
		Total Policy Admn Charge	0.09%				43.19			692.50	
	> 12 months	<b>Net Consideration</b>								<b>745125.4377</b>	<b>129292.1764</b>
			Amount	Allocation Ratio	Net Investment						
1	23/11/2009	New Business Regular	200000	90%	180000	13.5260	13307.70	632	291645.57	Long	291645.5696
2	23/11/2010	Regular Premium Renew	200000	98%	196000	14.5645	13457.38	711	282284.107	Long	282284.1069
3	23/11/2011	Regular Premium Renew	200000	98%	196000	15.7695	12429.06	785	12429.0561	Short	12429.05609
					572000		39194.14			<b>586358.7326</b>	
		Capital Gain / Loss								158766.705	116863.120
											41903.585

sl No	Investment	Net Loss/gai	Short	Long
1	Asset Allocation Pension	248841.41	366186.51	-117345.10
2	Bond Pension Fund SFIN:	73409.41	24774.66	48634.74
3	Equity Index Pension Fu	310718.36	520856.94	-210138.58
4	Liquid Pension Fund SFIN	158766.71	116863.12	41903.58
	<b>Total Loss</b>	<b>791735.88</b>	<b>1028681.23</b>	<b>-236945.35</b>



# TAX UPDATES, NOTIFICATIONS AND CIRCULARS

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## INDIRECT TAX

### CIRCULARS – CENTRAL TAX

**Circular No. 03/2021-Customs**  
**Dated – 3<sup>rd</sup> February, 2021**

#### **Circular for Standard Operating Procedure (SOP)**

Standard Operating Procedure (SOP) for implementation of the provision of suspension of registrations under sub-rule (2A) of rule 21A of CGST Rules, 2017 has been mentioned in this notification.

For more details, please follow: [https://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular\\_Refund\\_145\\_12\\_2020.pdf;jsessionid=30FF35E94C602857415BFD41B11E5A9B](https://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular_Refund_145_12_2020.pdf;jsessionid=30FF35E94C602857415BFD41B11E5A9B)

## **TARIFF NOTIFICATION**

**Notification No. 02/2021- Customs**  
**Dated – 1<sup>st</sup> February, 2021**

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

Central Government has made the amendments in the notification No. 50/2017- Customs issued on 30th June, 2017.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs02-2021.pdf;jsessionid=7B8B33F277846881F82449412EFD3CCC>

**Notification No. 03/2021- Customs**  
**Dated – 1<sup>st</sup> February, 2021**

#### **Seeks to further amend notification No. 57/2017-Customs dated 30th June, 2017 so as to prescribe effective BCD rate on IT/Electronics items**

Central Government has made amendments in the notification No. 57/2017- Customs, issued on 30th June, 2017.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs03-2021.pdf;jsessionid=145346C100B356F030614F67293254CB>

**Notification No. 04/2021- Customs**  
**Dated – 1<sup>st</sup> February, 2021**

#### **Seeks to further amend notification No. 25/99-Customs dated 28th February, 1999 so as to withdraw BCD exemption on the specified parts of transformers**

Central Government has made amendments in the No. 25/99-Customs, issued on 28th February, 1999. In this notification, in the TABLE, in List A, S. No. 198 and the entries relating thereto shall be omitted. This notification has come into force on 2nd February, 2021.



For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs04-2021.pdf;jsessionid=EDA57FA542BFF343301F0AECD4B871DF>

**Notification No. 05/2021- Customs**  
**Dated – 1<sup>st</sup> February, 2021**

**Seeks to further amend notification No. 24/2005-Customs dated 1st March, 2005 so as to clarify the scope of exemption under entry at S. No. 13S of the said notification.**

Central Government has made amendments in the notification No. 24/2005-Customs issued on 1st March, 2005. As per this notification, in the TABLE, against S.No. 13S, in column (3), for item (i), the following items shall be substituted.

“(i) Multiple Input/Multiple Output (MIMO) products; (j) Long Term Evolution (LTE) products”. This notification has into forced on 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs05-2021.pdf;jsessionid=88391CE3FB69A4AF93C17DE1B0EB31AA>

**Notification No. 06/2021- Customs**  
**Dated – 1<sup>st</sup> February, 2021**

**Seeks to further amend notification No. 08/2020-Customs dated 2nd February, 2020 so as to exempt the medical devices imported by international organizations and diplomatic missions, from the levy of Health Cess**

Central Government has made amendments in the notification No. 08/2020-Customs which was issued on 2nd February, 2020. In this notification, against Sl.No.2, in column (2), after item (vi) of the TABLE, the following items shall be inserted :

“(vii) Notification No. 84/97-Customs, dated the 11th November, 1997, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 645(E), dated the 11th November, 1997;

(viii) Notification No. 3/57-Customs, dated the 8th January, 1957, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 98 (E), dated the 08th January, 1957”.

This notification has been effective from 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs06-2021.pdf;jsessionid=B5475A525071C7843A0B49FA9FFD3F6E>

**Notification No. 07/2021- Customs**  
**Dated – 1<sup>st</sup> February, 2021**

**Seeks to rescind notification Nos. 1/2011-Customs, dated the 6th January, 2011, 34/2017-Customs, dated the 30th June, 2017 and 75/2017-Customs, dated the 13th September, 2017**

Central Government has rescinded the notifications as follow, except as respects things done or omitted to be done before such rescission:

**Table**

Sl. No.	Notification No.	G.S.R. No.
(1)	(2)	(3)

1	1/2011-Customs, dated the 6th January, 2011	6 (E), dated the 6th January, 2011
2	34/2017-Customs, dated the 30th June, 2017	769 (E), dated the 30th June, 2017
3	75/2017-Customs, dated the 13th September, 2017	1153 (E), dated the 13th September, 2017

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs07-2021.pdf;jsessionid=40850315639BF47A1B19AE69D3195C0D>

**Notification No. 08/2021- Customs**  
**Dated – 1<sup>st</sup> February, 2021**

**Seeks to further amend notification No. 153/94-Customs dated 13th July, 1994 so as to include temporary imports of costumes and props for film-making, in the goods exempted by the said notification**

Central Government has made the amendments in the notification No. 153/94-Customs, dated the 13th July, 1994, In this notification, in the TABLE, against Sl. No. 4, in column (2), for the words “and sound-recording tapes”, the words “, sound-recording tapes, costumes and props” shall be substituted. This notification has into forced on the 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs08-2021.pdf;jsessionid=B15C923B3EB24D3C6D30BEFF809B0E42>

**Notification No. 09/2021- Customs**  
**Dated – 1<sup>st</sup> February, 2021**

**Seeks to further amend notification No. 42/1996-Customs, dated 23.07.21996 so as to make suitable amendments to the list of specified projects under heading 9801 of the First Schedule to the Customs Tariff Act.**

Central Government has made amendments in the notification No. 42/96 – Customs. In this notification, after serial number 42 and the project specified against it, the following serial number and the project shall be inserted, namely, “43. High Speed Rail Projects.”

This notification came into force on the 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs09-2021.pdf;jsessionid=B636C4CC0AF3C1113B44EA816BF2223A>

**Notification No. 10/2021- Customs**  
**Dated – 1<sup>st</sup> February, 2021**

**Seeks to amend notification No. 230/86-Customs dated 03.04.1986 so as to notify National High Speed Rail Corporation Ltd. as Sponsoring Authority for High Speed Rail projects**

CBIT has made the regulations further to amend the Project Imports Regulations, 1986. These regulations may be called the Project Imports (Amendment) Regulations, 2021. They came into force on the 2nd day of February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs10-2021.pdf;jsessionid=D6A74CCAF7CB36225DAE944CB355915C>

**Notification No. 11/2021- Customs**

**Dated – 1<sup>st</sup> February, 2021**

**Seeks to prescribe effective rate of Agriculture Infrastructure and Development Cess for specified goods**

Central Government has exempted goods of the description specified in column of the Table and falling within the Chapter, heading or sub-heading or tariff item of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) as specified, from so much of the Agriculture Infrastructure and Development Cess leviable thereon under the said clause of the Finance Bill, 2021, as is in excess of the amount calculated at the rate specified in column (4) of the said Table.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs11-2021.pdf;jsessionid=E9128FB672A4D693767FE3DC7B191AD0>

**Notification No. 12/2021- Customs**

**Dated – 1<sup>st</sup> February, 2021**

**Seeks to rescind notification No. 12/2018-Customs, dated 02.02.2018.**

Central Government has rescinded the notification No. 12/2018- Customs, dated the 2nd February, 2018, except as respects things done or omitted to be done before such rescission. This notification came into force on the 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs12-2021.pdf;jsessionid=C9AC6E91E9FC9C88CCCD03D0C2E75DD9>

**Notification No. 13/2021- Customs**

**Dated – 1<sup>st</sup> February, 2021**

**Seeks to exempt Social Welfare Surcharge leviable on Agriculture Infrastructure and Development Cess on Gold and Silver**

Central Government has exempted all goods falling under headings 7106 and 7108 of the First Schedule of the Customs Tariff Act, 1975 (51 of 1975) when imported into India, from the whole of the Social Welfare Surcharge leviable on the Agriculture Infrastructure and Development Cess leviable under clause 115 of the Finance Bill, 2021 (15 of 2021) This notification came into force on the 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs13-2021.pdf;jsessionid=6E5B46ABA3430A5342E7C31CD79FF466>

**Notification No. 14/2021- Customs**

**Dated – 1<sup>st</sup> February, 2021**

**Seeks to exempt Social Welfare Surcharge leviable on Crude or roughly trimmed or Blocks Marble or travertine**

Central Government has made the following further amendments in the notification No. 11/2018-Customs, dated the 2nd February, 2018. In this notification, against serial number 1, in column of the TABLE, (2), after the figure “2510 20,” the figures “2515 11 00, 2515 12 10,” shall be inserted. This notification came into force on the 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs14-2021.pdf;jsessionid=070DEC5839C5C6409E3E4CA31B09B118>

**Notification No. 15/2021- Customs**  
**Dated – 1<sup>st</sup> February, 2021**

**Seeks to further amend notification No. 82/2017-Customs, dated 27.10.2017**

Central Government has made the following further amendments in the notification No. 82/2017-Customs, dated the 27th October, 2017:

In this notification, in the TABLE, -

- (i) against serial number 1, in column (2), for the figure “5003”, the figures “5002, 5003” shall be substituted;
- (ii) against serial number 2, in column (4), for the figure and symbol “10%”, the figure and symbol “15%” shall be substituted;
- (iii) against serial number 5, in column (2), for the figures “5204, 5205, 5206, 5207”, the figures “5202, 5204, 5205, 5206, 5207” shall be substituted.

This notification came into force on the 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs15-2021.pdf;jsessionid=9F7E9802EB416139C8A0F6D743BD57D5>

**Notification No. 16/2021- Customs**  
**Dated – 5<sup>th</sup> February, 2021**

**Seeks to amend notification Nos. 96/2008-Customs, 57/2009-Customs, 101/2007-Customs and 50/2018-Customs consequential to imposition of Agriculture Infrastructure and Development Cess (AIDC)**

Central Government has further amends the following notifications specified below:

1. Notification No.96/2008- Customs, dated the 13th August, 2008
2. Notification No.57/2009- Customs, dated the 30th May, 2009
3. Notification No. 101/2007-Customs, dated the 11th September, 2007
4. Notification No. 50/2018- Customs, dated the 30th June, 2018

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs16-2021.pdf;jsessionid=E571DD2AC7176C82CBC99DBF4840D51D>

**NON-TARIFF NOTIFICATION**

**Notification No. 09/2021-Customs (NT)**  
**Dated – 1<sup>st</sup> February, 2021**

**Seeks to further amend Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017**

Central Government has made the rules to amend the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017. These rules may be called the Customs (Import of Goods at Concessional Rate of Duty) Amendment Rules, 2021. (2) and They came into force on the 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt09-2021.pdf;jsessionid=4A3CA837994296E9E0EBB99D7FEDB92C>

**Notification No. 10/2021-Customs (NT)**

**Dated – 1<sup>st</sup> February, 2021**

**Seeks to further amend Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 to enable provisional assessment in anti-circumvention investigation and make certain other miscellaneous changes**

Central Government has made the rules to amend the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, namely:

These rules may be called the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Amendment Rules, 2021. (2) Save as otherwise provided in these rules and they came into force on the 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt10-2021.pdf;jsessionid=435968149A4F050F3666E0CC9FB6C3F2>

**Notification No. 11/2021-Customs (NT)**

**Dated – 1<sup>st</sup> February, 2021**

**Seeks to further amend Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 to enable provisional assessment in anti-circumvention investigation and make certain other miscellaneous changes**

Central Government has made the rules to amend the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995, namely:

These rules may be called the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Amendment Rules, 2021. Save as otherwise provided in these rules and they came into force on the 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt11-2021.pdf;jsessionid=BCBEAB6D8254C9538069BC23012ED50A>

**Notification No. 12/2021-Customs (NT)**

**Dated – 1<sup>st</sup> February, 2021**

**Seeks to further amend Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997 to provide for the manner of application of safeguard measures including tariff-rate quota and make certain other miscellaneous changes**

Central Government has made Rules to amend the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997, namely:

These rules may be called the Customs Tariff (Identification and Assessment of Safeguard Duty) Amendment Rules, 2021 and it has come into force on the 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt12-2021.pdf;jsessionid=B9AE2202831A2DD647C8D543E9D11D4F>

**Notification No. 13/2021-Customs (NT)**

**Dated - 2<sup>nd</sup>February, 2021**

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

CBIC has made the following amendments in the notification No. 36/2001-Customs (N.T.) which was issued on 3<sup>rd</sup> August, 2001. In this notification the following shall be substituted in, TABLE-2.

**TABLE - 2**

<b>Sl No.</b>	<b>Chapter/ heading/ sub-heading/tariff item</b>	<b>Description of goods</b>	<b>Tariff value (US \$)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
1	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	597 per 10 grams (i.e. no change)
2	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50	953 per kilogram
3	71	(i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92; (ii) Medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage. Explanation. - For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver.	953 per kilogram
4	71	(i) Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units; (ii) Gold coins having gold content not below 99.5% and gold findings, other than imports of such goods through post, courier or baggage. Explanation. - For the purposes of this entry, "gold findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place.	597 per 10 grams (i.e. no change)

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt13-2021.pdf;jsessionid=7035B2F5DF47D0DEA8B1F4F2C3E462B1>

**Notification No. 14/2021-Customs (NT)**

**Dated – 4<sup>th</sup>February, 2021**

**Exchange rate Notification**

CBIC has determined the rate of exchange of conversion of each of the foreign currencies into Indian currency or vice versa which is specified in Schedule I and Schedule II and has effected from 5<sup>th</sup> February, 2021.

**SCHEDULE-I**

Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
	<b>For Imported Goods</b>	<b>For Exported Goods</b>
Australian Dollar	56.90	54.50
Bahraini Dinar	199.80	187.50
Canadian Dollar	58.05	56.00
Chinese Yuan	11.50	11.10
EURO	89.30	86.15
US Dollar	72.10	72.10

**SCHEDULE-II**

Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
	<b>For Imported Goods</b>	<b>For Exported Goods</b>
Japanese Yen	70.75	68.10
Korean Won	6.75	6.30

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt14T-2021.pdf;jsessionid=352C5A691FD61D54EB0D4D14D10D9793>

**Notification No. 15/2021-Customs (NT)**

**Dated – 5<sup>th</sup> February, 2021**

**Exchange rate Notification**

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

CBIC has made the following amendments in the notification No. 36/2001-Customs (N.T.) which was issued on 3rd August, 2001. In this notification the following shall be substituted in, TABLE-2.

**TABLE - 2**

<b>SI No.</b>	<b>Chapter/ heading/ sub-heading/tariff item</b>	<b>Description of goods</b>	<b>Tariff value (US \$)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
1	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	597 per 10 grams (i.e. no change)
2	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50	851 per kilogram
		(i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or	



3	71	semi-manufactured forms of silver falling under sub-heading 7106 92; (ii) Medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage. Explanation. - For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver.	851 per kilogram
4	71	(i) Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units; (ii) Gold coins having gold content not below 99.5% and gold findings, other than imports of such goods through post, courier or baggage. Explanation. - For the purposes of this entry, "gold findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place.	597 per 10 grams (i.e. no change)

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt15-2021.pdf;jsessionid=9D0F7F8FC1654A98D7F7F7BF1917B5F4>

**Notification No. 16/2021-Customs (NT)**  
**Dated - 15<sup>th</sup> February, 2021**

**Exchange rate Notification**  
**Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver**

CBIC has made the following amendments in the notification No. 36/2001-Customs (N.T.) which was issued on 3rd August, 2001. In this notification the following shall be substituted in TABLE-1, TABLE-2 and TABLE-3

**TABLE - 1**

<b>Sl. No</b>	<b>Chapter/ heading/ sub-heading/tariff item</b>	<b>Description of goods</b>	<b>Tariff value (US \$ Per Metric Tonne)</b>
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	1045
2	1511 90 10	RBD Palm Oil	1070
3	1511 90 90	Others - Palm Oil	1058
4	1511 10 00	Crude Palmolein	1076
5	1511 90 20	RBD Palmolein	1079
6	1511 90 90	Others - Palmolein	1078
7	1507 10 00	Crude Soya bean Oil	1103
8	7404 00 22	Brass Scrap (all grades)	4610
9	1207 91 00	Poppy seeds	3623



**TABLE - 2**

SI No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$)
(1)	(2)	(3)	(4)
1	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	585 per 10 grams
2	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50	872 per kilogram
3	71	(i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92; (ii) Medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage. Explanation. - For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver.	872 per kilogram
4	71	(i) Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units; (ii) Gold coins having gold content not below 99.5% and gold findings, other than imports of such goods through post, courier or baggage. Explanation. - For the purposes of this entry, "gold findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place.	585 per 10 grams

**TABLE - 3**

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$ Per Metric Tonne)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	4284

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt16-2021.pdf;jsessionid=53B36BC2D0E30CE0820F53C39D04A29A>

## **ANTI-DUMPING DUTY**

### **Notification No. 05/2021-Customs (ADD)**

**Dated – 1<sup>st</sup> February, 2021**

**Seeks to amend notification No. 54/2018 – Customs (ADD) dated 18th October, 2018 so as to temporarily revoke the operation of the said notification for the period from 2nd February, 2021 to 30th September, 2021.**

Central Government made amendments in the notification. In this notification, in paragraph 2 and before the Explanation, the following proviso shall be inserted with effect from the 2nd day of February, 2021, namely:

“Provided that the said anti-dumping duty shall not be levied for the period commencing from the 2nd day of February, 2021 to the 30th day of September, 2021.”

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-add2021/csadd05-2021.pdf;jsessionid=14518FC0B4987DDC79A345F429D0B218>

### **Notification No. 06/2021-Customs (ADD)**

**Dated – 1<sup>st</sup> February, 2021**

**Seeks to amend notification No. 38/2019 – Customs (ADD) dated 25th September, 2019 so as to temporarily revoke the operation of the said notification for the period from 2nd February, 2021 to 30th September, 2021**

Central Government made amendments in the said notification and in this notification, in paragraph 2 and before the Explanation, the following proviso shall be inserted with effect from the 2nd day of February, 2021 namely:

“Provided that the said anti-dumping duty shall not be levied for the period commencing from the 2nd day of February, 2021 to the 30th day of September, 2021.”

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-add2021/csadd06-2021.pdf;jsessionid=9188333BB437FC5D8A7859B7AA328F73>

### **Notification No. 07/2021-Customs (ADD)**

**Dated – 1<sup>st</sup> February, 2021**

**Seeks to amend notification No. 16/2020 – Customs (ADD) dated 23rd June, 2020 so as to temporarily revoke the operation of the said notification for the period from 2nd February, 2021 to 30th September, 2021**

Central Government hereby makes the following amendments in the said notification, in this notification, in paragraph 2, after the first proviso, the following proviso shall be inserted with effect from the 2nd day of February, 2021, namely:

“Provided further that the said anti-dumping duty shall not be levied for the period commencing from the 2nd day of February, 2021 to the 30th day of September, 2021.”

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-add2021/csadd07-2021.pdf;jsessionid=E130BBA35C7FB4328D406ADA6D846F34>

## **COUNTERVAILING DUTY**

### **Notification No. 01/2021-Customs (CVD)**

**Dated – 1<sup>st</sup> February, 2021**

#### **Seeks to rescind notification No. 02/2020 – Customs (CVD) dated 9th October, 2020**

Central Government rescinded the notification No. 02/2020-Customs (CVD) which was issued 9th October, 2020, except as respects things done or omitted to be done before such rescission and This notification has come into force on the 2nd February, 2021.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-others2021/csot01-2021.pdf;jsessionid=289A3FE52B0207873A58CDA7C74F6BBC>

### **Notification No. 02/2021-Customs (CVD)**

**Dated – 1<sup>st</sup> February, 2021**

#### **Seeks to rescind notification No. 02/2020 – Customs (CVD) dated 9th October, 2020**

Central Government has issued amendments in the said notification, in this notification, in paragraph 2 and before the Explanation, the following proviso shall be inserted with effect from the 2nd day of February, 2021, namely:

“Provided that the said countervailing duty shall not be levied for the period commencing from the 2nd day of February, 2021 to the 30th day of September, 2021.”

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-others2021/csot02-2021.pdf;jsessionid=375DC87590540CA9DDAA5E0716D7D8E8>

## **CIRCULARS – CUSTOMS**

### **Circular No. 03/2021-Customs**

**Dated – 3<sup>rd</sup> February, 2021**

#### **Systemic improvements regarding modification in the Bond (B-17) Execution process**

It has clarified by board that in case of B-17 bond executed by EOU/STP/EHTPs in capacity of Proprietorship or partnership firm, surety cannot be given by Proprietor/ partner himself. Such sureties must be given by an independent legal entity other than the Proprietor/ Partner of the concerned Proprietorship/ Partnership EOU firm. All B-17 bonds executed in your jurisdiction may be reviewed in view of the above clarification.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2021/Circular-No-03-2021.pdf;jsessionid=59E73706FAD31313AB0567FD82133F12>

### **Circular No. 04/2021-Customs**

**Dated – 16<sup>th</sup> February, 2021**

**Extension of Board's Circular no. 12/2018-Customs dated 29.05.2018 for sanction of pending IGST refund claims where the records have not been transmitted to ICEGATE due to GSTR-1 and GSTR-3B mismatch error.**

CBIC has decided that the solution provided in the Circular 12/2018-Customs read with Circular No. 25/2019-Customs would be applicable mutatis mutandis for the Shipping Bills filed during the financial year 2019- 20 and 2020-21.

In respect of guidelines provided in Para 3A and 3B of the said Circular 12/2018-Customs, dated 29.05.2018. the comparison between the cumulative IGST payments in GSTR-1 and GSTR 3B would now be for the period April 2019 to March 2021. The corresponding CA certificate evidencing that there is no discrepancy between the IGST amount refunded on exports in terms of this Circular and the actual IGST amount paid on exports of goods for the period April 2019 to March 2020 and April. 2020 to March, 2021 shall be furnished by 31st March, 2021 and 30th October 2021, respectively.

The concerned Customs Zones shall provide the list of GSTINs, who have availed benefit under Para 3A & 3B of said circular and yet have not submitted the CA certificate to the Board by the 15th April 2021 for the IGST refunds relating to financial year 2019-20 and by 15th November, 2021 for financial year 2020-21.

For more details, please follow: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2021/Circular-No-04-2021.pdf;jsessionid=F2A7E7C11748231B3B97C87BAF89750D>

### **DIRECT TAX**

#### **Notification No. 04/2021** **Dated – 31st January, 2021**

Central Government has made amendment in the notification number 85/2020, issued on 27<sup>th</sup> October, 2020.

In this notification clause (a), Vivad se Vishwas Scheme is extended by CBDT from existing 31st day of January, 2021 to 28th day of February, 2021.

For more details, please follow:

[https://www.incometaxindia.gov.in/communications/notification/notification\\_04\\_2021.pdf](https://www.incometaxindia.gov.in/communications/notification/notification_04_2021.pdf)

#### **Notification No. 05/2021**

#### **Sharing of information with "Chief Executive Officer, Center for e-Governance, Govt. of Karnataka"** **Dated – 11th February, 2021**

Central Government has specified 'Chief Executive Officer, Center for E-Governance, Government of Karnataka' for the purposes of the said clause in connection with sharing of information regarding income-tax assesseees for identifying the eligible beneficiaries for implementing social security / public welfare schemes with the help of Entitlement Management System.

For more details, please follow: <https://taxguru.in/income-tax/center-e-governance-karnataka-share-information-cbd.html>

# PRESS RELEASE

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## DIRECT TAX

### Income Tax Department conducts searches in Kolkata

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**1<sup>st</sup> February, 2021**

The Income Tax Department carried out search and seizure action on 29.01.2021 on the group based in Kolkata, engaged in the business of manufacturing of iron & steel and tea. The cases were developed based on the available data in the departmental database, analysis of their financial statements, on market intelligence and field enquiries. Search and seizure action was carried out at more than 25 premises of Kolkata, Jamshedpur, Bhubaneswar, Hyderabad, Mumbai and other places.

The search action has resulted in unearthing of incriminating evidences revealing various shell entities being used for raising bogus share capital/unsecured loans. Evidence of out of the books cash transactions has also been found. During the course of search proceedings, as a result of enquiries conducted, it is established that the persons of the group have used paper/shell companies to route back their own unaccounted money. A total concealment of income amounting to Rs. 309 crore has been detected so far. The assesseees have made an admission of undisclosed income amounting to Rs. 175 crore.

Further investigations are in progress.

### Income Tax Department conducts searches in Assam

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**3<sup>rd</sup> February, 2021**

Income Tax Department carried out search and survey action on 29.01.2021 in the cases of three leading businesses of Assam. The groups are engaged in construction, contracting and business of tea garden. The search and survey actions were carried out at 20 locations in Guwahati, Delhi, Gurugram, Kolkata, Siliguri Alipurduar, Tezpur and Nalbari (Assam).

The main allegations against the three groups were that they had been inflating expenses and had taken accommodation entries in the form of non-genuine unsecured loans and security premium. These entities had suppressed their net profits across the years by claiming bogus expenses and routed back the same into business in the form of share premium, share capital and unsecured loan.

During the course of search actions, hand written notes depicting unexplained expenses of approximately Rs. 87 crore were found. Entries from shell companies in the form of share capital and unsecured loans and by way of amalgamation to the tune of approximately Rs. 100 crore were also found. Further, extracts of digital evidences showing discrepancy in cash balance of Rs. 4.20 crore were found along with bogus booking of expenses at the end of financial year. Financial statement showing Rs. 32 crore profit with cash balance of Rs. 12 crore was found that did not match with the regular books. Digital back-up of servers, computers and phones were taken for further examination which will give actual picture of the business of the assesseees.

Cash of Rs. 42 lakh has been seized. Total evasion of income in these cases exceeds Rs. 200 crore. 9 bank lockers have been found, which are yet to be operated.

Further investigation is under progress.

## **Income Tax Department conducts searches in Kolkata**

**10<sup>th</sup> February, 2021**

Income Tax Department carried out search and seizure action on 05.02.2021 on various groups based in Kolkata, engaged in the business of Pharmaceutical manufacturing, diagnostic services and hospitals. The cases were developed based on the available data in the departmental database, analysis of their financial statements, market intelligence and field enquiries. Search and seizure action was carried out at more than 17 premises at Kolkata, Haridwar and Bhubaneswar.

The search action has resulted in unearthing of incriminating evidence revealing various shell entities being used for raising bogus share capital/unsecured loans, expenditure incurred in renovation of property in cash etc. Evidence of out of books cash transactions has also been found. As a result of enquiries conducted during the course of search proceedings, it has been established that the groups have used paper/shell companies to route back their own unaccounted money. A Finance broker engaged in facilitating cash loans to the group was also covered during the operation, who confirmed the transactions.

A total concealment of income amounting to Rs. 300 crore has been detected so far. Cash amounting to Rs. 87 lakh and Jewellery worth Rs. 61 lakh has been seized. 8 Bank lockers have been put under restraint. The assessee has made an admission of undisclosed income amounting to Rs. 50 crore. Further investigations are in progress.

## **Income Tax Department conducts searches in Bengaluru**

**11<sup>th</sup> February, 2021**

The Income Tax Department carried out search and seizure operation on a major liquor manufacturer group based in Bengaluru on 09.02.2021 at 26 different locations across India. This group has huge land bank which is being developed into residential and commercial properties with a builder based in Bengaluru. The searches have resulted in detecting incriminating evidences relating to concealment of income of more than Rs. 692.82 crore on account of Joint Development Projects with a major builder based in Bengaluru. Also, the group companies have fraudulently claimed expenses amounting to Rs. 86 crore. In respect of their liquor business, unaccounted sales amounting to Rs. 74 crore have been detected from one of their liquor manufacturing plants based in Kerala. The group companies have also claimed bogus expenses of Rs. 17 crore in their business entities. The Directors of the group have incurred unexplained expenditure of Rs. 9 crore attracting the provisions of Section 69C of Income-tax Act, 1961.

There are large number of investments made in benami properties in the names of their employees and associates for several years. In total 35 suspected benami properties in the names of their relatives and associates valued at more than Rs. 150 crore have been identified. There are also evidences of foreign assets in the name of a director of the group company.

In all, the search and seizure action has resulted in the detection of total undisclosed income of Rs. 878.82 crore.

Further investigations are in progress.

# JUDGEMENTS

## INDIRECT TAX

### ASSESSEE NOT ENTITLED TO CARRY FORWARD AND SET OFF OF UNUTILIZED CESS AGAINST GST OUTPUT LIABILITY: RAJASTHAN HIGH COURT

#### Fact of the Case

- The Petitioner, Jay Ushin Limited has filed the petition under Article 226 of the Constitution of India seeking a writ in the nature of mandamus for credit of Cess Rs. 2,78,322.
- Mr. R.D. Rastogi, Additional Solicitor General on the very outset has pointed out that the issue raised in the present writ petition has been adjudicated by Division Bench of Madras High Court vide order passed in the case of Assistant Commissioner of CGST and Central Excise & Ors. vs. Sutherland Global Services Pvt. Ltd.

#### Decision of the Case

- The division bench of Justices Manoj Kumar Vyas and Sabina in the light of the decision of the Madras High Court in the case of Assistant Commissioner of CGST and Central Excise & Ors. vs. Sutherland Global Services Pvt. Ltd. wherein it was held that the Assessee was not entitled to carry forward and set off of unutilized Education Cess, Secondary and Higher Education Cess and Krishi Kalyan Cess against the GST Output Liability with reference to Section 140 of the CGST Act, 2017.
- The court noted that the plain scheme and object of GST Law cannot be defeated or interjected by allowing such Input Credits in respect of Cess, whether collected as Tax or Duty under the then existing laws, and therefore, such set-off cannot be allowed.

***The Rajasthan High Court held that the assessee is not entitled to carry forward and set off of unutilized Cess against the GST Output Liability.***

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### 18% GST APPLICABLE ON FABRICATING TANKS: AAR

#### Fact of the Case

- The applicant, M/s Meera Tubes Pvt. Ltd. is engaged in "Fabricating Tank" for M/s. Indian Oil Corp. Ltd. (IOCL) U.P. State Office-2 and for Delhi & Haryana State office.
- The process of fabrication involves usage of various consumables, for example, Welding Electrodes, Gas etc. as well as all the items mentioned above along with Free of Cost Steel Plates.
- All these components/materials together with the labour charges constitute the value of this work undertaken by the applicant.
- Only the Steel Plates are being provided by IOCL on Free of cost to the applicant and all other structural material and fittings required for the tank are to be arranged by the applicant without any extra financial implication to IOCL.

The applicant has sought the advance ruling in respect of the classification with respect to the nature of "Supply" i.e. whether the questioned supply tantamount to Supply of Goods or Supply of Service.

#### Decision of the Case

- The advance ruling was also sought in respect of the Correct HSN code applicable to the said supply and the rate of Tax. The coram consisting of Dinesh Kumar Verma and Abhishek Chauhan ruled that the nature of supply is Supply of goods for which the HSN code is 7309, 18% of GST is applicable.

***The Uttar Pradesh Authority of Advance Ruling (AAR) ruled that 18% GST applicable on fabricating tanks.***

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**GST: E-WAY BILL IS MANDATORY WHERE VALUE OF EACH INVOICE INDIVIDUALLY IS LOWER THAN ₹ 50K BUT IN AGGREGATE IT EXCEEDS ₹ 50K, SAYS KERALA HIGH COURT**

**Fact of the Case**

- The Court was dealing with two appeals from the same consignor, Bon Cargos Private Ltd. who is a Goods Transport Agency. In the first appeal goods detained were covered by two invoices raised by the consignor, one dated 04.09.2020 and the other dated 05.09.2020; respectively having value of Rs.33,748/-. There was no e-way bill accompanying the consignment. In the second appeal, the consignor had raised two separate invoices to the identical consignee with respective value of Rs.43,836/- and Rs.11,593/-; both dated 17.08.2020.

The consignor generated e-way bills for the two invoices, but the appellant-Transport Agency did not update part B of the e-way bill. Both the goods were also transported in the same vehicle together and was detained for reason of there being no e-way bill accompanying the goods.

**Decision of the Case**

- Justice K. Vinod Chandran and Justice T.R. Ravi while dismissing both the appeals held, “When goods of the same consignor covered by different invoices are consigned together in one vehicle; the value will be the total of that in the multiple invoices. We are hence not satisfied that the detention was without jurisdiction.”

***The High Court of Kerala has ruled that E-Way Bill is mandatory for transporting goods where value of each invoice is lower than ₹50,000 individually but exceeds ₹ 50,000 when aggregate is calculated.***

**IF ITC WRONGLY AVAILED EXCEEDS RS.5 CRORES IT WOULD BE COGNIZABLE AND NON-BAIABLE OFFENCE: BOMBAY HC DISMISSES BAIL APPLICATION**

**Fact of the Case**

- The petitioner, Yogesh Jagdish Kanodia has approached the Court claiming that

his arrest under the provisions of the Central Goods and Services Tax Act, 2017 is illegal as he has been kept in custody in a bailable offense.

- On this basis, the petitioner seeks a direction for his release forthwith. The petitioner was arrested and he was produced before the Additional Chief Metropolitan Magistrate, Mumbai, who remanded the petitioner to magisterial custody.
- The Respondent authority proceeded against the petitioner on the basis that he had committed an offence under section 132 (1) (b) (c) of the CGST Act and that since the input tax credit wrongly availed by the petitioner exceeded Rs.5 crores and the offence was punishable with imprisonment for a term, which could extend to five years and with fine under section 132 (1)(i) of the CGST Act, it was a cognizable and non-bailable offence under sub-section (5) thereof. The power to arrest the petitioner was exercised by respondent No.2 under Section 69 of the CGST Act.
- The respondent authority submitted that the petitioner was effectively operating four business establishments that had indulged in fake purchase invoices and sale invoices whereby bogus input tax credit was claimed to the tune of at least Rs.11.54 crores and the amount of wrongful input tax credit passed on through fake sale invoices was not less than Rs.9.29 crores.

The whole endeavour of the petitioner in the present petition is to demonstrate that the figure of Rs.5 crores is not exceeded, even if the facts as claimed to have been discovered by respondent during investigation are to be accepted.

**Decision of the Case**

- The court said “Taking any other view at this stage would amount to accepting the claim of the petitioner and preventing the Commissioner from exercising power under Section 69 (1) of the CGST Act, despite sufficient material and reasons to believe that offences had been committed warranting arrest, only because multiple entities are created and run by a single individual for carrying out activities,



which prima facie indicate wrong availing of input tax credit exceeding Rs. 5 crores,”.

- The division judge bench noted that the petitioner has not been able to make out a case for exercising jurisdiction of this court under Article 226 of the Constitution of India. Therefore, the prayers made in the present writ petition cannot be granted. Accordingly, the writ petition is dismissed.

***The Bombay High Court while dismissing the bail application of the Yogesh Jagdish Kanodia held that if the Input Tax Credit (ITC) has been wrongly availed exceeds Rs.5 crores it would amount to a cognizable and non-bailable offense.***

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### **12% GST ON CONTRACT FOR THE DREDGING OF WULAR LAKE: AAR**

#### **Fact of the Case**

- The Wular Conservation and Management Authority recipient has awarded the applicant a contract for the dredging of Wular Lake from RD 0 –RD 2090 metres along the Jhelam Bank with its feeder channels near village Saderkote Payen and Banyari for conservation and management of the lake.
- The applicant seeks a ruling on whether Sl No. 3 (vii) of Notification No 08/2017–Integrated Tax (Rate) dated June 28, 2017 (IGST Notification), as amended from time to time, applies to the above supply. The applicant submitted that work allotment order and related documents.
- He provides a price schedule that describes the work and its value and argues that he is supplying works contract service involving earthwork in excavation and re-excavation of the drainage channels, and it consists more than 75% of the value of the contract.

#### **Decision of the Case**

- The AAR observed that the work is aimed at the improvement of an immovable property (Wular lakebed) and involves the supply of various services and goods in the course of its execution. It is a works contract within the meaning of section 2 (119) of the GST Act, where earthwork

exceeds more than 75% of the contract value.

- The Coram ruled that the applicant’s supply to the Wular Conservation and Management Authority under Sl No. 3(vii) of Notification No 8/2017 – Integrated Tax (Rate) dated June 28, 2017, as amended from time to time.

***The West Bengal Authority of Advance Ruling (AAR) ruled that 12% GST is applicable on contract for the dredging of Wular Lake.***

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### **DIRECT TAX**

#### **Option money is Capital Receipt requires an adjustment only at the time of Transfer of Shares, rules ITAT**

#### **Fact of the Case**

- In the present case Dabur Invest Corporation is the assessee
- The assessee entered into a Joint Venture Agreement with CUIH a company incorporated in England and Wales on 7 August 2001. Assessee and CUIH agreed to subscribe to and invest in shares of a company namely Dabur- CUG Life Insurance Co. Private Limited
- The government of India then allowed Foreign Direct Investment (FDI) participation up to 26% in the insurance sector and accordingly, CUIH and Dabur agreed to hold 26% and 74% shares of the new company respectively.
- The issue raised was in respect of the option price received from CUIH against to sell the shares of the joint-venture company is a capital receipt and consequently the inference of the assessing officer, sustained by CIT (Appeals), that such receipts are revenue in nature, is arbitrary and unjust
- The assessee contended that the assessing officer and CIT (Appeals) both have erred on facts. So taxing the option price received as a revenue receipt is arbitrary, unjust and bad in law.

#### **Decision of the Case**

The coram consisting of Sudhanshu Shrivastava and Prashant Maharishi while allowing the appeal by the assessee held that the option

money received by the assessee is capital receipt which requires an adjustment only at the time of transfer of the shares by Dabur to CUIH while working out resultant capital gain thereon.

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**Consideration Received for Sale of Software products is not Royalty income; not taxable in the hands of assessee in India**

**Fact of the Case**

- The assessee NortonLifeLock Inc is a company incorporated under the law of the USA and is a non-resident from the Indian Income Tax perspective
- During the year under consideration, the assessee earned income from the sale of software licenses to third-party customers in India. They filed a return of income declaring a total income at Nil in response to the notice under section 148 of the Act.
- The assessee being a resident of the USA adopted the beneficial provisions of the India-USA tax treaty. In the 148 proceedings, the Assessing Officer requested the assessee to furnish details of software products sold by the assessee to Indian customers and asked to submit why the receipts from the sale of software licenses in India should not be taxable as Royalty.
- It was explained that the assessee has received amounts to an extent of Rs.19,69,76,597/- from the sale of software licenses to its end-user customers in India
- Further, it was stated no customization of the assessee's software has been done at the customer's end except for integrating the software with the existing system. But the AO insisted it be taxable as royalty in India.

**Decision of the Case**

- After having gone through and examination of distributors agreement held the distributors, except for passing over the assessee products as acquired by them from the assessee, do not acquire any right or title in the intellectual property used in the software which always remains with the assessee and at no stage, the right to use the copyright in the software is licensed either to the distributor or the reseller.

- Thereby this Tribunal held the income earned by the assessee from the sale of software, either directly to the customers in India or through distributors or resellers constitutes its business income and not the Royalty income, and as such business income is not taxable in India as the assessee did not have any Permanent Establishment in India."
- .....

**No disallowance can be made out of Expenditures in absence of specific details: ITAT deletes addition**

**Fact of the Case**

- The assessee, Ganga Ram Choudhary is an Individual and engaged in the business of Builder and Property Developer.
- The assessee filed his return of income for the Assessment Year 2013-14 declaring total income of Rs. 33,13,290.
- The case of the assessee was selected for scrutiny assessment. While passing the assessment order under section 143(3), the AO made the addition of Rs. 9,00,000 out of expenses claimed of Rs. 45,92,528 to cover up the possible leakage.
- The assessee submitted that the addition/disallowance made by the AO under section 143(3) is bad in law and the CIT (A) has committed an error in partly confirming the disallowance of Rs. 5,00,000 made by the AO on account of development expenses out of total development expenses of Rs. 45,92,528.

**Decision of the Case**

- In the absence of specific details or objections, no disallowance can be made out of the expenditures incurred by the assessee.
- The court at the same time noted that the AO and CIT (A) has failed to point out as to which documents do not contain the complete address of the payee.
- The court while deleting the addition observed that the AO has not issued any summons to the respective parties to whom the documents belonged. Even the AO has not recorded the statements of the persons who have issued the bills. In the absence of contrary details filed by the revenue, the adhoc disallowance of expenses is not justified.

**Income on sale of shares of company merged has to be regarded as LTCG**

**Fact of the Case**

- In the present case Shaw-Wallace Financial Services Ltd of Kolkata is the assessee
- The assessee company is engaged in the business of financing and investments. It later merged with another company by the name M/s. Shaw Wallace Breweries Ltd., (SWBL) which was duly approved by the Hon'ble High Court of Kolkata.
- The AO was of the view that income declared by the Assessee SWFSL under the head LTCG was in the nature of income chargeable to tax under the head "Income from Business" and therefore he issued a notice under section 148 on SWBL, calling upon SWBL to file a return of income.
- In response, SWBL filed a reply stating that the return of income already filed for the above Assessment Year (by SWFSL the predecessor of SWBL) may be treated as a return filed in response to notice under section 148 of the Act.
- The only reason given by the AO for coming to the conclusion that income on the sale of shares has to be regarded as business income is due to the fact that the cost of acquisition of the shares was less and the sale proceeds of those shares were very high and therefore the gain in question should be regarded as income from the business.

The assessee submitted before the Assessing Officer (AO) that on account of the above merger, SWFSL ceases to have a separate legal entity and does not exist, and no assessment can be framed in the name of a non-existent entity and doing so will render such order of assessment invalid. The AO however passed an order of assessment under section 144 of the Income Tax Act, 1961. In which, since the evidence was not produced in respect of expenditure, the expenditure debited to P & L Account was disallowed while completing the assessment, as aforesaid under section 144 of the Act. The LTCG declared by the Assessee was accepted by the AO.

**Decision of the Case**

- The Income Tax Appellate Tribunal dismissed the appeal of the assessee and

held that income from sale of shares of a company merged should be treated as long term capital gain

**Compensation received for pre-closure of Contract Manufacturing Agreement is Capital Receipt; not Taxable**

**Fact of the Case**

- The Assessee, M/s. Sai MirraInnopharm, a private limited company engaged in the business of manufacturing and marketing of pharmaceutical products
- The assessee filed its return of income for the assessment year 2007-08 declaring a loss of Rs. 6,01,45,065. The assessment was completed under section 143(3) of the Income Tax Act, 1961
- The case was subsequently reopened and was taken up for scrutiny and during the course of assessment proceedings, the Assessing Officer (AO), called upon to explain as to why the amount received from Dr. Reddy's Laboratories Ltd., for termination of contract manufacturing agreement cannot be assessed as profits liable to be taxed under section 28(va)(a).
- In response, the assessee submitted that the company had entered into a contract manufacturing agreement with Dr. Reddy's Laboratories Ltd., for manufacturing drugs for a period of 10 years. The contract was later terminated by Dr. Reddy's before completion of the contract period for their business reasons for which they have paid a sum of Rs.6 crores for loss of investments made in manufacturing facilities as well as the loss of profit from the business.
- The assessee claimed that, since the amount received from Dr. Reddy's Laboratories Ltd., is in the nature of capital receipts, the sum has been credited directly to the 'reserves and surplus' account hence not taxable under the said section.

**Decision of the Case**

- The Income Tax Appellate Tribunal (ITAT) Chennai on Monday ruled that that compensation received for pre-closure of contract manufacturing agreement is in the nature of capital receipt paid for loss of profit from business/loss of investment, but not in the nature of any compensation or other sum paid for which can be brought to tax.

# TAX COMPLIANCE CALENDAR AT A GLANCE

## GST CALENDAR

Due Date for GSTR-3B			
State	Turnover in Preceding F.Y.	Month	Due Date
For All State	Turnover is more than Rs. 5 Crore	January, 2021	20 <sup>th</sup> February, 2021
Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Daman & Diu and Dadra & Nagar Haveli, Puducherry, Andaman and Nicobar Islands, Lakshadweep	Turnover is upto Rs. 5 Crore	January, 2021	22 <sup>nd</sup> February, 2021
Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha, Jammu and Kashmir, Ladakh, Chandigarh, Delhi	Turnover is upto Rs. 5 Crore	January, 2021	24 <sup>th</sup> February, 2021

Due Date		
Form	For month/Quarter	Date
GSTR-1	Monthly	
	January 2021	11 <sup>th</sup> February, 2021
	February 2021	11 <sup>th</sup> March, 2021
	Quarterly	
	January to March	13 <sup>th</sup> April, 2021

Composition Scheme Due Dates		
From	Description	Date
CMP - 08	Return for Composite Supplier	
	January to March 2021	18 <sup>th</sup> April, 2021

Others Returns		
From	Description	Due Date
GSRT- 5 & 5A	Filed by Non-resident taxable person and OIDAR respectively	
	January 2021	20 <sup>th</sup> February, 2021
	February 2021	20 <sup>th</sup> March, 2021
GSTR - 6	For input Services Distributor who are required to furnish details of invoice on which credit has been received	
	January 2021	13 <sup>th</sup> February, 2021
	February 2021	13 <sup>th</sup> March, 2021
GSTR - 7	Filed by person required to deduct TDS under GST	
	January 2021	10 <sup>th</sup> February, 2021
	February 2021	10 <sup>th</sup> March
GSTR - 8	E-commerce operator who are required to deduct TDS	
	January 2021	10 <sup>th</sup> February, 2021
	February 2021	10 <sup>th</sup> March, 2021

Annual Return		
From	Description	Due Date for F.Y. 2019-20
GSRT-9	Annual Return	28 <sup>th</sup> February, 2021
GSTR - 9C	Reconciliation Statement & Certificate	28 <sup>th</sup> February, 2021

# COURSES OFFERED BY TAX RESEARCH DEPARTMENT

## Eligibility criterion for admission in TRD Courses

- The members of the Institute of Cost Accountants of India
- Other Professionals (CS, CA, MBA, M.Com, Lawyers)
- Executives from Industries and Tax Practitioners
- Students who are either CMA qualified or CMA pursuing

## EXISTING COURSES

### 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** – 30 Hours  
**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** – 30 Hours  
**Mode of Class** – Online

### 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** – 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** – 40 Hours  
**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

## NEW COURSES

### ADVANCED COURSE ON GST AUDIT AND ASSESSMENT PROCEDURE

**Course Fee** - Rs. 12,000 +18% GST [Including Exam Fee]  
**Duration** – 30 Hours  
**Mode of Class** – Online

### ADVANCED COURSE ON INCOME TAX ASSESSMENT AND APPEAL

**Course Fee** - Rs. 12,000 +18% GST [Including Exam Fee]  
**Duration** – 30 Hours  
**Mode of Class** – Online

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

# E-PUBLICATIONS OF TAX RESEARCH DEPARTMENT

Impact of GST on Real Estate	Handbook on GST on Service Sector
Insight into Customs - Procedure & Practice	Handbook on Works Contract
Input Tax Credit & In depth Discussion	Handbook on Impact of GST on MSME Sector
Exemptions under the Income Tax Act, 1961	Insight into Assessment including E-Assessment
Taxation on Co-operative Sector	Impact on GST on Education Sector
Guidance Note on GST Annual Return & Audit	Addendum_Guidance Note on GST Annual Return & Audit
Sabka Vishwas-Legacy Dispute Resolution Scheme 2019	An insight to the Direct Tax- Vivad se Vishwas Scheme 2020
Guidance Note on Anti Profiteering	International Taxation and Transfer Pricing
Advance Rulings in GST	Handbook on E-Way Bill
Handbook on Special Economic Zone and Export Oriented Units	Taxation on Works Contract

For E-Publications, Please visit Taxation Portal -  
<https://icmai.in/TaxationPortal/>



## TAXATION COMMITTEES - 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:

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