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THE DAILY LIFELINE

Official Newsletter of Diucon

WHAT'S NEW IN PROFESSIONAL/ BUSINESS WORLD TODAY:

Goods & Service Tax
Direct Tax Code
Income Tax
Economy | Finance

BIGGEST CHALLENGE- HOW TO KEEP UPDATED ON DAILY BASIS

By Pradeep Goyal, FCA | ACPA, Australia

Laws are changing frequently in India, there are big developments and announcements on daily basis in Economic & Finance world and many other reforms are on the way. This newsletter will keep you updated on daily basis along with documents taken from authentic sources.

INDEX

UPDATES RELATED TO

Updates related to New Direct Tax Code-Ministry of Finance

❖ **This Diwali, the govt may gift you a cut in personal income tax rate**

The government is considering rationalising personal income tax rates to boost disposable income and give a fillip to consumer demand. According to a Hindustan Times report, government officials are going over multiple options in order to simplify income-tax laws and rationalise tax rates. One of the options is to introduce a 10 per cent slab for people having taxable income between Rs 5 lakh and Rs 10 lakh. Currently, this slab attracts a 20 per cent tax rate. There are also options to remove cess, surcharge and several tax exemptions and reduce tax rate of the highest slab from 30 per cent to 25 per cent, the report said.

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Updates related to Goods & Service Tax & other Indirect taxes by CBIC

- **Notification/Circular/Press release/FAQs/Portal Update/Write-up by CBIC**

❖ **CBIC issues GST Weekly Update dated 28.09.2019**

This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 21.09.2019. It supplements the earlier GST Updates.

Download your copy here

❖ **CBIC issued notifications on September 30, 2019 giving effect of recommendations made in 37th GST Council Meeting held on September 20, 2019 notifying new exemptions, changing rates of specific goods and services and other miscellaneous changes.**

Issued 37 Tariff notifications (12 each for CGST, IGST and UTGST) and 2 Tariff notifications related to Compensation Cess, corresponding 12 Tariff notifications issued by each state. Government also issued 1 Non-Tariff notification under Central Tax and 1 under Integrated Tax. All notifications dated 30th September, 2019 and effective from 1st October, 2019.

[Summary and discussions on all the said notifications in given in Annexure-1 at the end of this document]

❖ **Government issues data of GST Revenue collection for September, 2019**

₹ 91,916 crore total gross GST revenue collected in the month of September, 2019. Ministry of Finance release here

- **Legal updates- Court/AAARA judgements/Advance Rulings**

  [AAARA- Appellate Authority for Advance Ruling | ARA- Advance Ruling Authority]

Sr.No.	Key to find the document	Court/ARA/AAAR	Description	
			Ruling/ Judgement	Summary
1	[2019] 109 taxmann.com 342 (Kerala) Anil Kumar S. v. Commissioner of State Goods & Service tax OP (TAX) NO. 7 OF 2019 AUGUST 5, 2019	Kerala High Court	Judgement	Where Assessing Authority had imposed penalty upon assessee and Tribunal insisted upon payment of 30 per cent of demand as a condition precedent for granting stay against recovery, pending disposal of appeal, Tribunal was directed to dispose of appeal without insistence for payment of 30 per cent of demand. **[Section 122 and 67 discussed]**

- **News/Latest Developments/Other updates**

❖ **Easier compliance: From April 1, over 22% GST assessees can just send an SMS for filing returns**

Come April 1, 2020, one out of five GST assessees will just have to send an SMS (short message service) to file his/her returns. The only condition for availing of this facility is that their turnover should be 'nil'. "Under the new system, assessees with nil turnover will just need to send an SMS and they will receive an OTP (one-time pin/password) and based on the confirmation, filing of returns can be completed," Prakash Kumar, CEO of GST Network (GSTN), said. Out of the total assessees, 22.73 per cent fall under this category.

Read this report

❖ **GST Sahaj, Sugam: Not simple for claiming tax credit**

Read this report

❖ **September GST collection lowest in last 19 months**

Reflecting consumption slowdown in the economy, the Goods and Services Tax (GST) collection fell 2.67% to ₹91,916 crore in September on a year on year basis. This is yet another month in a row when GST mop-up has slipped below ₹1 lakh crore. "The total gross GST revenue collected in the month of September, 2019 was ₹91,916 crores of which Central GST (CGST) was ₹16,630 crores, State GST (SGST) was ₹22,598 crores, Integrated GST (IGST) was ₹45,069 crores (including ₹22,097 crore collected on imports) and Cess is ₹7,620 crores (including ₹728 crore collected on imports)," an official statement said.

Read this report

Updates related to Income Tax by CBDT

- **Notification/Circular/Press release/FAQs**

❖ **DIN system of CBDT launched; About 17500 Communications with DIN Generated on First day**

The Documentation Identification Number (DIN) system of Central Board of Direct Taxes (CBDT) has come into existence with the generation of about 17,500 communications with DIN on the very first day. This path breaking DIN system has been created as per the direction of Finance Minister Ms. Nirmala Sitharaman and from now onwards every CBDT communication will have to have a documentation identification number. From 1st October, any communication from Income Tax Department without a computer generated DIN, be it a notice, letter, order and summon or any other correspondence, would be treated as invalid and shall be non-est in law or deemed to be as if it has never been issued. The DIN system would ensure greater accountability and transparency in tax administration.

Here is Ministry of Finance Press Release

❖ **CBDT inks the 300th Advance Pricing Agreement**

The Central Board of Direct Taxes (CBDT) has signed the 300th Advance Pricing Agreement (APA) during the month of September, 2019. This is a significant landmark of India's APA Programme, which is currently in its seventh year. The APA Scheme continues to make good progress in providing tax certainty to MNEs. It reflects the Government's commitment towards fostering a non-adversarial tax regime.

Release here

- Sub-section (2) of 92CE of Income Tax Act provides that where, as a result of primary adjustment to the transfer price, there is an increase in the total income or reduction in the loss, as the case may be, of the assessee, the excess money or part thereof, as the case may be, which is available with its associated enterprise, if not repatriated to India within the time as may be prescribed, shall be deemed to be an advance made by the assessee to such associated enterprise and the interest on such advance, shall be computed in such manner as may be prescribed.

  Rule 10CB of Income Tax Rules prescribes time limit for repatriation of excess money as stated above.

  Now, vide notification dated 30th September, 2019 published in official gazette vide G.S.R. 701(E), CBDT made certain amendments in rule 10CB through Income-tax (11th Amendment) Rules, 2019 effective from 30th September, 2019.
  Here is notification

- **Legal updates- Tribunals, High Court & Supreme Court judgements**

Sr.No.	Key to find the document	Description	
		Tribunal/Court	Brief judgement
1	2019] 109 taxmann.com 50 Hirsh Bracelet India (P.) Ltd. v. ACIT Circle-3(1)(2), Bangalore	Bangalore Tribunal	Where business of assessee came to halt and thereafter certain expenditure in respect of rent, professional charges, audit fees, property tax, etc., was incurred by assessee for purpose of maintaining its legal status and for disposing its assets, said expenditure was to be allowed under section 37(1)
2	[2019] 109 taxmann.com 95 (Delhi - Trib.) Pure Software (P.) Ltd. v. Income-tax Officer, Ward- 20 (2), New Delhi IT APPEAL NO. 715 (DELHI) OF 2016 JUNE 19, 2019	Delhi Tribunal	Payment made by assessee-company to foreign entities for rendering sales procurement services abroad, could not be regarded as royalty or fee for technical services and, thus, said payment was not taxable in India

Updates related to Announcement by ICAI

- ICAI introduces OMR answer sheets in respect of the Multiple Choice Questions (MCQs) in Paper 6 of Final (New) Examination (Elective paper), w.e.f November 2019 examination.
  Read this announcement

Corporate Laws by MCA

- MCA21 system will be intermittently unavailable from Saturday 5th October 08:00 AM to 06:00 PM IST due to maintenance activity. MCA requests stakeholders to plan accordingly.

The Insolvency and Bankruptcy Law.

- Finance Minister Smt Nirmala sitharaman and MOS Finance along with Solicitor General of India Shri Tushar Mehta, Secretary MCA Shri Injeti Srinivas besides officials of IBBI attended Third Annual Day celebrations of Insolvency & Bankruptcy Board of India in New Delhi on 1st October, 2019.

Listing/Market by SEBI

- SEBI's review of investment norms for mutual funds for investment in Debt and Money Market Instruments and related guidelines issued.
  [Circular No.: SEBI/HO/IMD/DF2/CIR/P/2019/104 dated 01.10.2019]

Updates related to Start-ups by Start Up India Department

- Investing in India: Now easier than ever! Business setup, regulatory framework, taxation and more - get ALL your questions answered. Go through 'Setting Up Business in India' guide issued by Invest India portal of Government of India.
  Download this very informative document

Updates related to Micro, Small & Medium Enterprises by Ministry of MSME

- **Shri Nitin Gadkari Launches Bamboo Water Bottle and other Products at KVIC**
  Union Minister for MSME launched bamboo bottle of 700ml to 900 ml capacity made by a Tripura based organization, which is being seen as the perfect replacement of plastic bottles as it is natural, cost effective, attractive and eco-friendliest. He also launched low priced sanitary napkins developed by Ladlee, a new soap and kachchi ghani mustard oil.
  Read this for more

Updates related to Money Market/Banks by RBI

- **RBI clarifies on the safety and stability of the Indian banking system**

  There are rumours in some locations about certain banks including cooperative banks, resulting in anxiety among the depositors. RBI would like to assure the general public that Indian banking system is safe and stable and there is no need to panic on the basis of such rumours.

  Read this release

Updates related to Latest developments in Economy & Finance world

- **PMC Bank crisis: Ministry of Corporate Affairs to inspect books of HDILhe**

  Ministry of Corporate Affairs (MCA) has ordered an inspection into Housing Development and Infrastructure (HDIL) to see if it was a business failure or a case of mismanagement, a senior government official said. The MCA has already issued a lookout circular against the founders of HDIL, the official confirmed. "If a bank has sunk because of exposure to one company, it is worth looking into," he said.

  Read this report

- **Ease of doing business: India among 20 most improved countries**

  In a boost to Prime Minister Narendra Modi's ambitious target of India breaking into top 50 nations on the World Bank's ease of doing business ranking, the country has figured among the 20 countries that have improved the most on the list. China, Bangladesh, Myanmar and Pakistan are also part of the list which, as per the bank "is purely based on the improvements across 10 different regulatory areas.

  Read this report

- **FII inflows in September surge to 4-month high of $1.04 billion**

  India seems to be back in favour among foreign investors with the government announcing fiscal stimulus measures to boost market confidence. After aggressive selling in the previous months, foreign institutional investors (FIIs) have bought Indian shares worth $1.04 billion in September, the highest monthly inflow since May.

  Read this report

SAVE WATER || SAVE UNIVERSE

Annexure-1

Analysis of various notifications issued by Government on 30th September, 2019 to give effect to various Decisions taken by the GST Council in its 37th Meeting held on 20.09.2019.

DETAIL OF NOTIFICATIONS ISSUED

Tariff/Non-Tariff	Central Tax	Integrated Tax	Union Territory Tax	Compensation Cess
Non-Tariff	43/2019	04/2019	-	-
Tariff	*14/2019 to 25/2019 [Total 12 Notifications]	14/2019 to 24/2019 [Total 11 Notifications]	14/2019 to 25/2019 [Total 12 Notifications]	02/2019 to 03/2019 [2 Notifications]

***[Corresponding 12 Tariff notifications issued under State Tax by every state]**

Total 39 + 12 notifications by every state issued on 30th September, 2019

NON TARIFF

Central Tax

1. **Using power under section 10(1) of CGST Act, 2017, Government issues Notification No. 43/2019-Central Tax dated 30-09-2019 effective from 1st October, 2019 [Section 10(1) relates to Composition Levy]**

   Second proviso to Notification No. 14/2019 – Central Tax dated 7th March, 2019 provides that registered person, who is manufacturer of below goods shall not be eligible to opt for composition levy under sub-section (1) of section 10 of the said Act-

Serial No	Tariff item, subheading, heading or Chapter	Description
1	2105 00 00	Ice cream and other edible ice, whether or not containing cocoa.
2	2106 90 20	Pan masala.
***2A**	**2202 10 10**	**Aerated Water**
3	24	All goods, i.e. Tobacco and manufactured tobacco substitutes.

**Entry 2A inserted vide Notification No. 43/2019-Central Tax dated 30.09.2019 with effect from 1st October 2019.*
Notification here

Integrated Tax

1. **Using power under section 13(13) of IGST Act, 2017, Government issues Notification No. 04/2019- Integrated Tax 30th September, 2019 effective from 1st October, 2019.**
   [Section 13 relates to Place of supply of services where location of Supplier or location of recipient is outside India]

   Section 13(13) empowers government to notify any description of services or circumstances ***in which the place of supply shall be the place of effective use and enjoyment of a service***, to prevent double taxation or non-taxation of the supply of a service, or for the uniform application of rules.

Extract of Notification No. 04/2019- Integrated Tax

Description of services or circumstances	Place of supply
Supply of below given research and development services related to pharmaceutical sector by a person located in taxable territory to a person located in the non-taxable territory: - 1. Integrated discovery and development 2. Integrated development 3. Evaluation of the efficacy of new chemical/ biological entities in animal models of disease 4. Evaluation of biological activity of novel chemical/ biological entities in in-vitro assays 5. Drug metabolism and pharmacokinetics of new chemical entities. 6. Safety Assessment/ Toxicology 7. Stability Studies 8. Bio-equivalence and Bioavailability Studies 9. Clinical trials 10. Bio analytical studies	location of the recipient of services subject to fulfilment of certain conditions.

Download notification no. 04/2019- Integrated Tax dated 30th September, 2019 here

TARIFF

❖ **Central Tax [Same notifications issued under State Tax, Union Territory Tax and Integrated Tax] (Except corresponding IGST notification to notification No. 18/2019-Central Tax (Rate) is not issued as IGST provisions are not applicable in composite levy]**

1. **Using powers under section 9(1), Government issued Notification No. 14/2019-Central Tax (Rate) dated 30th September, 2019 effective from 1st October, 2019 [Section 9(1) empowers government to levy tax at notified rates]**
   Amendment in GST Rate of Goods Master Notification No.1/2017-Central Tax (Rate), dated 28th June, 2017. to specify effective CGST rates for below specified goods: -

Goods	New rate
Marine Fuel 0.5%	5%
Wet grinder consisting of stone as a grinder	5%
Woven and Non- Woven Bags and sacks of Polyethylene Polypropylene strips, whether laminated or not	12%
Parts of railway or tramway locomotives, wagons, coaches, etc., classified under tariff heading 8601 to 8608	12%
Caffeinated Beverages	28%

   [Download notification here]

2. **Using powers under section 11(1), Government issued Notification No. 15/2019-Central Tax (Rate) dated 30th September, 2019 effective from 1st October, 2019. [Section 11(1) empowers government to grant exemption].**
   Amendment in Exemption master notification No 2/2017- Central Tax (Rate) dated 28.6.2017 so as to grant exemption to dried tamarind vide new entry 57A and cups, plates made of leaves, bark and flowers of plants vide new entry 114C.
   [Download notification here]

3. **Using powers under section 11(1), Government issued Notification No. 16/2019-Central Tax (Rate) dated 30th September, 2019 effective from 1st October, 2019. [Section 11(1) empowers government to grant exemption].**
   Amendment in Exemption Notification No 3/2017- Central Tax (Rate) dated 28.6.2017 so as to extend concessional CGST rates to specified projects under Hydrocarbon Exploration Licensing Policy (HELP)/ Open Acreage Licensing Policy (OALP), and other changes.
   [Download notification here]

4. **Using powers under section 11(1), Government issued Notification No. 17/2019-Central Tax (Rate) dated 30th September, 2019 effective from 1st October, 2019. [Section 11(1) empowers government to grant exemption].**
   Amendment in Notification No.26/2018-Central Tax (Rate), dated 31st December, 2018 so as to exempt CGST on supplies of silver and platinum by nominated agencies to registered persons under the scheme for "Export Against Supply by Nominated Agency". Earlier only supply of gold was covered in original notification no. 26/2018.
   [Download notification here]

5. **Using powers under section 9(1), sub-section (1) of section 11 and sub-section (1) of section 16, Government issued Notification. No 18/2019-Central Tax (Rate) dated 30th September, 2019 effective from 1st October, 2019.**
   Amendment in notification No 2/2019- Central Tax (Rate) dated 07.03.2019 so as to exclude manufacturers of aerated waters from the purview of composition scheme.
   [Download notification here]

6. **Using powers under section 11(1), Government issued Notification No. 19/2019-Central Tax (Rate) dated 30th September, 2019 effective from 1st October, 2019. [Section 11(1) empowers government to grant exemption].**
   Government exempts supply of all goods to the Food and Agricultural Organisation of the United Nations (FAO) for specified projects.
   [Download notification here]

7. **Using powers conferred by sub-sections (1), (3) and (4) of section 9, sub-section (1) of section 11, sub-section (5) of section 15, sub-section (1) of section 16 and section 148, Government issued Notification No. 20/2019-Central Tax (Rate) dated 30th September, 2019 effective from 1st October, 2019.**
   Government amends GST Rate-Service Master Notification No. 11/2017-Central Tax (Rate), dated 28.06.2017 so as to notify new CGST rates for accommodation, restaurant and other services as below-

Serial No	Particulars	Rate	Conditions
1	Hotel accommodation' having value of supply of a unit of accommodation above Rs. 1,000 but less than or equal to Rs. 7,500 per unit per day or equivalent	12%	-
2	Restaurant services other than at 'Specified premises',	5%	ITC charged on goods and services used in supplying the service has not been taken.
3	Outdoor Catering or Composite supply of 'outdoor catering' together with renting of premises or supply of 'outdoor catering', at premises other than 'specified premises' provided by any person except- (a) suppliers providing 'hotel accommodation' at 'specified premises', or (b) suppliers located in 'specified premises'	5%	ITC charged on goods and services used in supplying the service has not been taken
4	Other professional, technical and business services relating to exploration, mining or drilling of petroleum crude or natural gas or both	12%	
5	Services by way of job work in relation to diamonds falling under chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975)	1.5%	
6	Services by way of job work in relation to bus body building	18%	

Serial No	Particulars	Rate	Conditions
7	Other job work services	12%	-

[Note: Specified Premises means premises providing hotel accommodation services having declared tariff of any unit of accommodation above Rs. 7,500 per unit per day or equivalent]

[Download notification here]

8. **Using powers under section 11(1), Government issued Notification No. 21/2019-Central Tax (Rate) dated 30th September, 2019 effective from 1st October, 2019. [Section 11(1) empowers government to grant exemption].**

   Government amend GST Exemption-Services master notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 to exempt below services-

   a) Services provided by and to Federation Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020 to be hosted in India.
   b) Services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea.
   c) Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force
   d) Services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020

   [Download notification here]

9. **Using powers under section 9(3), Government issued Notification No. 22/2019-Central Tax (Rate) dated 30th September, 2019 effective from 1st October, 2019. [Section 9(3) empowers government to notify supplies under reverse charge].**

   Government amends GST-Reverse Charge- Services master notification No. 13/2017- Central Tax (Rate), dated 28.06.2017 so as to notify certain services under reverse charge mechanism (RCM).

Two new services notified under reverse charge mechanism which are:

a) Services provided by way of renting of a motor vehicle provided to a body corporate by any person other than a body corporate, paying central tax at the rate of 2.5% on renting of motor vehicles with input tax credit only of input service in the same line of business.

b) Services of lending of securities under Securities Lending Scheme, 1997 of Securities and Exchange Board of India to Borrower (a person who borrows the securities under the Scheme through an approved intermediary of SEBI) by Lender (a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the Scheme of SEBI)

[Download notification here]

10. **Using powers under section 148, Government issued Notification No. 23/2019-Central Tax (Rate) dated 30th September, 2019 effective from 1st October, 2019. [Section 148 empowers government notify certain classes of registered persons, and the special procedures to be followed by such persons]**
Government amends notification No. 04/2018- Central Tax (Rate), dated 25.01.2018 by adding an explanation-
"Nothing contained in Notification No. 04/2018- Central Tax (Rate) shall apply with respect to the development rights supplied on or after 1st April, 2019."
[Download notification here]

11. **Using powers under section 9(4), Government issued Notification No. 24/2019-Central Tax (Rate) dated 30th September, 2019 effective from 1st October, 2019. [Section 9(4) empowers government to specify a class of registered persons who shall, in respect of supply of specified categories of goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis]**
Government amends Notification No. 07/2019- Central Tax (Rate), dated the 29th March, 2019 by amending the entry related to cement.
[Download notification here]

12. **Using powers under section 7(2), Government issued Notification No. 25/2019-Central Tax (Rate) dated 30th September, 2019 effective from 1st October, 2019. [Section 7(2) empowers government to notify certain activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, neither as a supply of goods nor a supply of services.**
    Government notify Service by way of grant of alcoholic liquor licence, against consideration in the form of licence fee or application fee or by whatever name it is called, undertaken by the State Governments in which they are engaged as public authorities, shall be treated neither as a supply of goods nor a supply of service.
    [Download notification here]

❖ Compensation Cess

1. **Using powers under section 8(2) the Goods and Services Tax (Compensation to States) Act, 2017, Government issued Notification No. 02/2019- -Compensation Cess (Rate) dated 30th September, 2019 effective from 1st October, 2019. [Section 8(2) empowers government to levy cess]**
   Government amends Compensation Cess Rate- Goods and Services Master Notification No. 1/2017-Compensation Cess (Rate), dated 28.6.2017.
   [Download notification here]

2. **Using powers under clause (ii) of the proviso to sub-section (3) of section 54 of the Central Goods and Services Tax Act, 2017 and read with section 9(2) the Goods and Services Tax (Compensation to States) Act, 2017, Government issued Notification No. 03/2019- -Compensation Cess (Rate) dated 30th September, 2019 effective from 1st October, 2019**
   Government disallow the refund of compensation cess in case of inverted duty structure for tobacco and manufactured tobacco substitutes.

   [Download notification here]

Knowledge shared= Knowledge^2

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About Scribbler

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