Shree's

Tax Bulletin

Income Tax / GST

December – 2017 | Issue 2

Shree Tax Chambers ™ | Bengaluru | India

Integrity | Speed | Expertise

Shree Tax Chambers ***Towards ….***

4th Year

Prabhakar K S

Greetings from *Shree Tax Chambers..!!*

In continuing my endeavour to release monthly "Shree's Tax Bulletin", presenting before you the *2nd "Trial Issue".* Hope, the 2nd trial version of Tax Bulletin will provide input of key but latest developments in both Direct and Indirect Taxes including notifications, circulars, Orders, if any, issued upto 30th November 2017.

I am acknowledging the valuable support of seniors and well-wishers to improve my exclusive Tax Bulletin. Shree Tax Chambers is continuously working on it.

India – *Positive Notes*

Global rating agency *Moody's,* rose India's sovereign rating recently but very in two decades. In Moody's words, current higher growth rate and wider tax base, both being the result of the government's latest reform Programmes. One should not have any doubt that reform initiatives will lead to substantial rise in revenue collection.

Another Global rating agency *Standard and Poor* (S&P) just retained India's sovereign rating at BBB- with a stable outlook

It is a significant development that how the international rating agencies see our country. It is expected that the ratings upgrade will improve India's status on global platform and investors' confidence.

Further, wish to share my personal endeavors which I accomplished during last month, my "Tax Laws" related articles have found place in India's leading Tax Law Weeklies & monthly, *namely* –

1. *Advance Pricing Agreement – A status Report in Taxmann Weekly. (A very first Article).*

2. *Export & Deemed Export of Goods under GST Regime – Simplified In Excise Law Times, Weekly. (Second Article).*

3. *Export & Deemed Export of Goods under GST Regime – Simplified, In ICSI Mysore Chapter's Official e-Magazine – November. (Third Article).*

I am fully aware that by each article at national Tax Law weeklies & each issue of "Shree's Tax Bulletin" will increase my responsibility as well as expectations of seniors and well –wishers into manifold.

Robert Frost, rightly said

The woods are lovely, dark and deep. But I have promises to keep, And miles to go before I sleep,
And miles to go before I sleep………

Hope, with the blessings of almighty, will keep my promises.

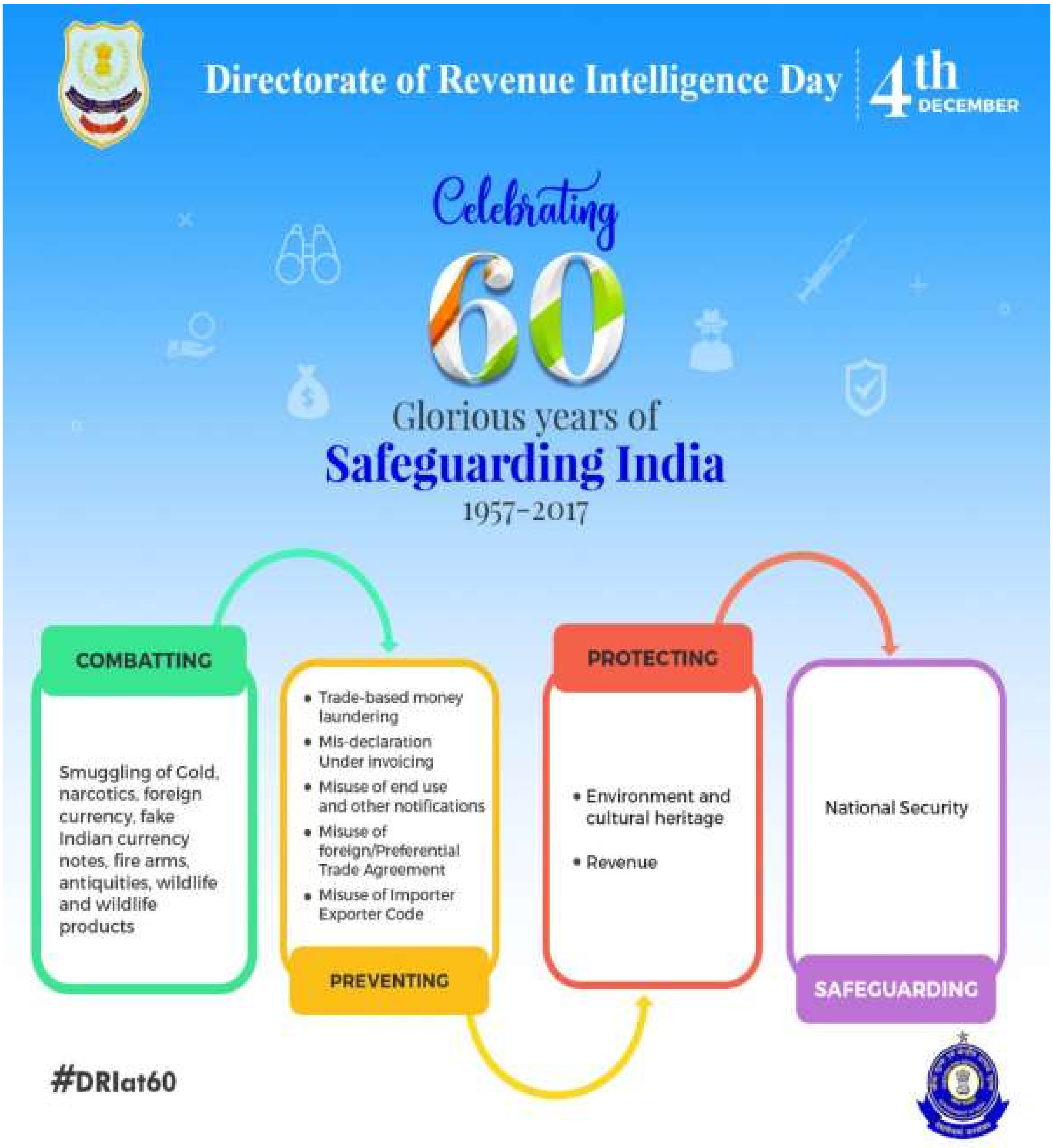
Let us have a look at gist of key latest developments.

With Warm Regards

Prabhakar K S
A Budding Tax Law Professional

Shree Tax Chambers ™
Bengaluru | India

5th December 2017



With Best Compliments from…..

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Income Tax . GST . Customs . International Taxation

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Income Tax

Scrutiny Assessment (Section 143) – Revised Income Tax Returns filed Post Demonetisation

Post-demonetisation, some of the assessees tried to file revised/belated income-tax returns to cover-up their cash deposits. The Finance Ministry, issued a Press Release dated 14th December, 2016 in which it had cautioned that post-demonetisation exercise, provisions of Income-tax Act, 1961 ('Act') which permitted filing of a revised or a belated return in certain situations should not be misused.

The said Press Release further stated that any instance of a revised / belated return of income coming to the notice of Income-tax Department which reflected any manipulation of book of account, cash-in-hand, profits etc. to justify the cash deposit being made in bank account(s) might lead to taking necessary action under the relevant provisions of the Income Tax Act. Such as

1. Unsubstantiated reduction in closing stock in the revised return.
2. Reporting of higher sales in the revised return;
3. Cash-in-hand as on 31-3-2016 or 31-3-2015 was enhanced in the revised return;
4. Additional cash inflow claimed to be out of earlier year savings, receipt of loans etc.
5. Reduction in cash outflow by paying liabilities in cash;
6. Significantly lower closing stock as on 31-3-2015 or 31-3-2016.
7. Significantly higher cash-in-hand as on 31-3-2016 or 31-3-2015 compared to the preceding year.

The Finance Ministry in its Departmental Communication dated 24th November 2017, insisted all its field officers to consider *certain issues while verification and framing* of such assessments : -

1. The claim of enhanced sales may be compared with the Central Excise / VAT Returns;
2. Whether the parties to whom additional sales were disclosed have identity, creditworthiness;
3. Where the accounts are subjected to tax-audit, whether omission or wrong statement was pointed out;
4. The source of cash-in-hands of the person who had made payments to the assessee has to be verified;
5. The past profile of the concerned assessee should be thoroughly analyzed;
6. If such figures in the revised / belated return are fudged, the figure of manipulated receipts/sales/stock etc. is liable to be taxed as a cash credit under section 68 and not merely on net profit basis;
7. Any undisclosed expenditure detected after reduction of cash-in-hand by the assessee may be verified;
8. Unaccounted income so assessed in scrutiny assessment is liable to be taxed at a higher rate without any set off of losses, expenses etc.;
9. In the scenario pertaining to Wealth tax returns of earlier years, it should be examined whether there is an attempt to build cash-in-hand or any other asset so as to justify deposit of cash, post-demonetisation

Guidelines Processing of Income Tax Returns – Forms 2, 3, 4, 5 & 6

Section 143 (i) (a) (vi) of the Income - Tax Act, 1961 (w.e.f. 01.04.2017) prescribes that the total income or loss shall be computed after making adjustment for addition of income appearing in Form 26AS or Form 16A or Form 16 which has not been included in computing the total income in the respective return.

The CBDT vide Instruction No. 10/2017 dated 15th November 2017 prescribes certain guidelines. They are –

ITR-4 Form

Information about a particular head / item of income under the heads 'salary', 'income from house property', or 'income from other sources' is only on net basis. However, if the receipts under said heads are completely omitted from the return, then the provisions of section 143(1) (a)(vi) shall be applicable.

Further in ITR-4, wherever presumptive income under both Sec. 44AD and 44AE is disclosed, it will be difficult to correlate the receipts with the three Forms. Hence, any likely difference in the receipts would be excluded from the purview of Sec. 143(1) (a) (vi).

Similarly, it will be difficult to correlate the income under sec.44AE with the three Forms. However, where the presumptive income from business either u/s 44AD or profession u/s 44ADA alone are reported in the return and the gross receipt s from presumptive business or profession shown in the ret urn is less than the gross receipts as per the three Forms, intimation proposing adjustment would be issued.

ITR 3, 5 & 6 Form

1. In case of Receipts / income under the heads 'salary' is comparable with information available in the three Forms on a gross basis.

2. In case of Income under the heads 'income from house property' or 'income from other sources', there may be difficulties in ascertaining whether the receipt being shown in the three Forms is getting reflected under the said heads of income or is being treated as business income under the head 'income from business or profession' by the concerned assessee.
   Under said circumstances, any likely difference in income shown under those heads of income, being difficult to verify, would be excluded from purview of intimations proposing adjustments.

   However, there are certain types of income which are only taxable under the head 'income from other sources', in such situations, in case of mismatch at gross level, adjustments u/s 143(1)(a)(vi) of the Act shall be proposed.

3. In case of business receipts under the head 'income from business or profession' which are reported in ITRs 3, 5 & 6 Forms, comparison of such receipts in the three Forms at gross level may not be possible as receipts shown in the three Forms would get subsumed in the consolidated income in P&L A/c.

Further, items in the P&L a/c such as commission, interest etc may be shown at a net basis whereas the details in the three forms are reported on a gross basis. Hence, any likely difference in business receipts as contained in ITRs 3, 5 & 6 with the three Forms is excluded from the purview of intimations proposing adjustments since they may not be comparable.

4. In case of income under the head 'capital gains' being shown under any of the said four TTR Forms, the information of payment, which may span multiple years, being reflected in the three Forms and the information being captured in the ITRs may not be comparable.

   Therefore, section 143(1)(a)(vi) of the Act shall not be applicable in case of income under the head 'capital gains' being shown under any of the said four ITR Forms. However, the credit for tax which is deducted at source and paid to the credit of the Central Government shall be governed by section 199 of the Act read with Rule 37BA of I.T.Rules, 1962.

   Further, information in the said three Forms regarding TDS on immovable property in the case of persons engaged in real estate etc. may be in the nature of business income, such cases being covered under para 3.5 above, sect ion 143(1)(a)(vi) would not be applicable on them.

Cash sale of agricultural produce by Cultivators/Agriculturists

To put restriction on the cash transactions & promote digital economy, a new section 269ST has been inserted in the Income-tax Act, 1961 vide Finance Act, 2017 w.e.f 1st April, 2017

The Central Board of Direct Taxes, in its latest Circular, clarifies that farmers do not need to quote PAN for cash sale of their produce up to Rs 2 lakh a day. Also, cultivator will not be required to quote his PAN / or furnish Form No 60.

Section	*Relevant Provisions – In Brief*
Section 269ST	Prohibits receipt of an amount of Rs. 2 lakh or more by a person, Circumstances — 1. In aggregate from a person in a day; or 2. In respect of a single transaction; or 3. In respect of transactions relating to one event or occasion from a person, Otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account: *Provided that the provisions of this section shall not apply to—* 1. Any receipt by— Government / any banking company, post office savings bank or co-operative bank; 2. Transactions of the nature referred to in section 269SS – i.e. acceptance of Loan, deposits etc; 3. Such other persons or class of persons or receipts etc.
Section 271DA	Penal provisions for contravention If a person receives any sum in contravention of the provisions of section 269ST, he shall be liable to pay, by way of penalty, a sum equal to the amount of such receipt. *However, no penalty shall be imposable if such person proves that there were good and sufficient reasons for the contravention, i.e. Absence of Banking Facilities, Payment t agents, Payments made by third parties etc.* Penalty Imposable by - The Joint Commissioner.
Section 40 A (3)	Cash Payments exceeding prescribed limits – Disallowance of Expenditure With effect from 1st April 2018, sub-section 3 of Section 40A provides that where the payments or aggregate of payments in a day to a person otherwise than by an account payee cheque or bank draft or through electronic mode, exceeds Rs. 20,000 in a day, *no deduction shall be allowed and such payment shall be treated as deemed profits and gains of business or profession of the assessee*.

Rule 6DD	Exceptions Rule 6DD, reads as applicable to a payment made for the assessment year 2009-10 onwards, *no disallowance shall be made and no payment shall be treated as profits & gains of business or profession,* where a payment or aggregate of payments made to a person in a day, otherwise than account payee cheque draft, *exceeds Rs. 20,000 in following cases –* 1. Where the payment is made to - • The Reserve Bank of India or The State Bank of India or any other banking company • Any co-operative bank or land mortgage bank • Any primary agricultural credit society or any primary credit society • The Life Insurance Corporation of India 2. Where the payment is made to the Government, such payment is required to be made in legal tender. 3. Where the payment is made by – • Any letter of credit arrangements through a bank; • A mail or telegraphic transfer through a bank; • A book adjustment from any account in a bank to any other account in that or any other bank; • A bill of exchange made payable only to a bank; • the use of electronic clearing system through a bank account; • A credit card; • A debit card. 4. Where the payment is made by way of adjustment against the amount of any liability incurred by the payee for any goods supplied or services rendered by the assessee to such payee. *5. Where the payment is made for the purchase of –* • Agricultural or forest produce; or • The produce of animal husbandry (including livestock, meat, hides and skins) or dairy or poultry farming; or • Fish or fish products68; or • The products of horticulture or apiculture, • To the cultivator, grower or producer of such articles, produce or products 6. *Where the payment is made for the purchase* of the products manufactured or processed without the aid of power in a cottage industry. 7. *Where the payment is made in a village or town*, which on the date of such payment is not served by any bank, to any person who ordinarily resides, or is carrying on any business, profession or vocation, in any such village or town; 8. *Where any payment is made to an employee* of the assessee or the heir of any such employee, on or in connection with – • Retirement, • Retrenchment, • Resignation, • Discharge or death of such employee, • On account of gratuity, • Retrenchment compensation or • Similar terminal benefit and the aggregate of such sums payable to the employee

	or his heir does not exceed Rs. 50,000. 9. *Where the payment is made by an assessee by* way of salary to his employee after deducting the income-tax from salary and when such employee— • Is temporarily posted for a continuous period of fifteen days or more in a place other than his normal place of duty or on a ship; and • Does not maintain any account in any bank at such place or ship. 10. *Where the payment was required to be made on a day* on which the banks were closed either on account of holiday or strike. 11. *Where the payment is made by any person to his agent* who is required to make payment in cash for goods or services on behalf of such person. 12. *Where the payment is made by an authorised dealer or a money changer* against purchase of foreign currency or travelers cheques in the normal course of his business.

Latest Clarification – *In Brief*

The Central Board of Direct Taxes (CBDT), in its latest Circular clarifies that, *any cash sale of an amount of Rs. 2 lakh or more by a cultivator of agricultural produce is prohibited under section 269ST of the Act.*

Further, the provisions relating to quoting of PAN or furnishing of Form No.60 under Rule 114B of the Income Tax Rules do not apply to the sale transaction of Rs. 2 Lakh or less.

In other words, the cash sale of the agricultural produce by its cultivator to the trader for an amount less than Rs 2 Lakh will not -

1. Result in any disallowance of expenditure u/s. 40A (3) of the Act in the case of trader.

2. Attract prohibition u/s. 269ST of the Act in the case of the cultivator; and requires the cultivator to quote his PAN/ or furnish Form No.60.

Direct Tax Collections for F.Y. 2017-2018 – October

Direct Tax Collections for F.Y. 2017-2018 show Growth of 15.2% up to October, 2017 the provisional figures of Direct Tax collections up to October, 2017 show that net collections are at Rs. 4.39 lakh crore which is 15.2% higher than the net collections for the corresponding period of last year.

Net Direct Tax collections represent 44.8% of the total Budget Estimates of Direct Taxes for F.Y. 2017-18 (Rs. 9.8 lakh crore).

Gross collections (before adjusting for refunds) have increased by 10.7% to Rs.5.28 lakh crore during April-October, 2017. Refunds amounting to Rs. 89,507 crore have been issued during April, 2017 to October, 2017.

Panama Papers – Investigation

Pursuant to revelations made by the International Consortium of Investigative Journalists (ICIJ), a Washington based organization in April 2016 about certain Indians having linkages with entities in offshore no tax/low tax jurisdictions, the Government constituted a Multi-Agency Group (MAG) on 4th April 2016, inter alia, to facilitate co-ordinated and speedy investigation.

The MAG consisted of officers of Central Board of Direct Taxes (CBDT), Enforcement Directorate (ED), Financial Intelligence Unit (FIU) and Reserve Bank of India.

So far, the MAG has submitted 7 reports to the Government.

The Panama Papers contained brief particulars of about 426 persons, prima facie, Indians or persons of Indian origin. The Income Tax Department conducted enquiries in all 426 cases, inter alia, through making 395 references to 28 foreign jurisdictions. Based on analysis of the information obtained and investigation conducted, the outcome so far indicates 147 actionable cases and 279 nonactionable cases (non-residents/no irregularities etc).

Out of the 147 actionable cases:

- Investigations have led to the detection of undisclosed credits of about Rs. 792 crore, so far;
- Searches have been conducted in 35 cases and surveys in 11 cases;
- In other cases, the persons have been confronted with the evidences during enquiries;
- In 5 cases criminal prosecution complaints have been filed;
- In 7 cases notices under section 10 of the Black Money (Undisclosed Foreign Income & Assets) and Imposition of Tax Act, 2015 have been issued;
- Further investigation in all the above cases is in progress.

Paradise Papers - Investigation

Investigations in cases of 'Paradise Papers' to be monitored through reconstituted Multi Agency Group Revelations made by 'Paradise Papers' [based upon expose done by the International Consortium of Investigative Journalists (ICIJ)] indicate that out of 180 countries represented in the data of offshore entities held by persons of different nationalities, India ranks 19th in terms of number of names. 714 Indians reportedly appear in the tally.

The Paradise Papers include nearly 7 million loan agreements, financial statements, emails, trust deeds and other paperwork over nearly 50 years from inside Appleby, a prestigious offshore law firm with offices in Bermuda and beyond. The leaked documents include files from the smaller, family-owned trust company, Asia citi (Singapore), and from company registries in 19 secrecy jurisdictions.

Names of only a few Indians (legal entities as well as individuals) have appeared so far in the media. Even the ICIJ website (www.icij.org) has not yet released the names and other particulars of all the entities. The website of ICIJ suggests that information will be released in phases and structured data connected to the Paradise Papers investigation will be released only in the coming weeks on its Offshore Leaks Database.

The Investigation units of the Income Tax Department (ITD) have been alerted to take note of revelations for immediate appropriate action. It has been reported that many cases of offshore entities are already under investigation on fast track. As soon as further information surfaces, swift action as per law will follow.

Further, the Government has directed that investigations in cases of Paradise Papers will be monitored through a reconstituted Multi Agency Group, headed by the Chairman, CBDT, having representatives from CBDT, ED, RBI & FIU.

Constitution of Task Force for drafting a New Direct Tax Legislation

To review the 50 years old Income Tax Act, 1961 and to draft a new direct tax laws in consonance with economic needs of the country, the Central Government has constituted a Task Force with the following Members:

1. Shri Arbind Modi, Member (Legislation), CBDT - Convener
2. Shri Girish Ahuja, practicing Chartered Accountant and non-official Director State Bank of India;
3. Shri Rajiv Memani, Chairman & Regional Managing Partner of E&Y;
4. Shri Mukesh Patel, Practicing Tax Advocate, Ahmedabad;
5. Ms. Mansi Kedia, Consultant, ICRIER, New Delhi;
6. Shri G.C. Srivastava, Retd. IRS (1971 Batch) and Advocate.

Shri Arvind Subramanian, Chief Economic Adviser- will be a permanent special invitee in the Task Force.

The Terms of Reference of the Task Force is to draft an appropriate direct tax legislation keeping in view:

1. The direct tax system prevalent in various countries,
2. The international best practices.
3. The economic needs of the country and
4. Any other matter connected thereto.

The Task Force shall set its own procedures for regulating its work and shall submit its report to the Government within six months.

GST

GST Council's 23rd Meeting - Key Takeaways

The all power-ful GST Council, in its 23rd meeting, held on 10th November, 2017 tweaked key GST rules to reduce compliance burden on small businesses, exporters and reduced tax rates on 200 plus items.

Key Takeaways

1. GST Returns – Compliance

Form*	By	Revised Due Date
GSTR - 1	Taxpayers with annual aggregate T/o. upto Rs. 1.5 Cr. *On quarterly basis*	Jul- Sep 31st Dec 2017 Oct- Dec 15th Feb 2018 Jan- Mar 30th April 2018
	Taxpayers with annual aggregate T/o.> Rs. 1.5 Cr. *On monthly basis*	Jul- Oct 31st Dec 2017 Nov 10th Jan 2018 Dec 10th Feb 2018 Jan 10th Mar 2018 Feb 10th Apr 2018 Mar 10th May 2018
GSTR - 2 & GSTR - 3	The time period for filing of said Forms are under review. However, filing of GSTR-1 will continue for the entire period i.e. July 2017- March 2018 without requiring filing of GSTR-2 & GSTR-3 for the previous month / period.	
GSTR - 3B	All Tax Payers	20th of the succeeding month
GSTR - 4	For the quarter July-September, 2017	24th December 2017
GSTR - 5	For the month of July, 2017	11th December 2017
GSTR - 5A	For the month of July, 2017	15th December 2017
GSTR - 6	For the month of July, 2017	31st December 2017
GST ITC-04	For the quarter July-September, 2017	31st December 2017
TRAN-1	With one-time option of revision	31st December 2017

2. Late fees paid by taxpayers for GSTR-3B for month of July, August and September has been waived and the same will be re-credited to their Electronic Cash Ledger. From October 2017 onwards, the amount of late fee payable by a taxpayer shall be Rs. 20 per day if tax liability for the month is 'Nil' (Rs. 10 per day each under CGST and SGST Acts).

3. It has been decided to exempt suppliers providing services through ecommerce platform from obtaining compulsory registration if their aggregate turnover does not exceed Rs. 20 lakhs.

4. The due date of TRAN-1 has been extended to December 31,2017 and due date for filing of GSTR-4 for the quarter July-September,2017 has been extended to December 24, 2017.

5. Only 50 items will remain under 28% tax slab and tax rate of existing 177 items will be reduced from 28% to 18%.

6. All stand-alone restaurants irrespective of air conditioned or otherwise, will attract 5% GST without Input Tax Credit.

7. Composition Scheme - It has also been decided that maximum "Annual turnover" eligibility for composition scheme will be increased to Rs. 2 crore from the present limit of Rs. 1 crore in the CGST Act. However, eligibility for composition will be increased from Rs. 1 crore to Rs. 1.5 crore p.a. for the time being.

8. Alert: Next GST Council Meeting (24th Meeting) is scheduled to be convened in the second week of January 2018.

Establishment of National Ant-Profiteering Authority (NAA)

The Union Cabinet on 14th November 2017 approved the setting up of the anti-profiteering authority under the Goods and Services Tax (GST) regime in a bid to safeguard the interest of consumers.

The Authority will be composed of a chairman and four technical members, namely –

1. Sri. Badri Narain Sharma, IAS – *First Chairman*
2. Sri. JC Chauhan, Chairman Tax Tribunal, Himachal Pradesh;
3. Sri. Bijay Kumar, Principal Commissioner, GST, Kolkata;
4. Sri. CL Mahar, Principal Commissioner GST, Meerut, and
5. Smt. R Bhagyadevi, ADG, Systems, Chennai.

Technical Members

The secretariat for the Authority shall be as follows:

Directorate General of Safeguards,
2nd Floor, Bhai Veer Singh Sahitya Sadan,
Bhai Veer Singh Marg, Gole Market, New Delhi: 110 001
Email: anti-profiteering@gov.in
Tel.: 011 - 23741537

Procedural Aspects - In Brief

1. To ensure that the full benefits of input tax credits and reduced GST rates on the supply of goods or services flow to the consumers.

2. NAA comprises a Standing Committee, Screening Committees in every state and the Directorate General of Safeguards in the Central Board of Excise and Customs (CBEC).

3. Affected consumers can apply for relief to the Screening Committee in the particular State. However, in case the incident of profiteering relates to an item of mass consumption with "All India ramification", the application may be directly made to the Standing Committee.

4. If prima facie of profiteering evidence found, the Standing Committee shall refer the matter for detailed investigation to the Director General of Safeguards, CBEC, which shall report its findings to the NAA.

5. In the event the NAA confirms there is a necessity to apply anti-profiteering measures, it has the authority to order the supplier/business concerned to reduce its prices or return the undue benefit availed by it along with interest to the recipient of the goods or services.

6. If the undue benefit cannot be refunded, the government can order it be deposited in the Consumer Welfare Fund.
7. In extreme cases, the NAA can impose a penalty on the defaulting business entity and even order the cancellation of its registration under GST.

It is expected that the constitution of the NAA shall bolster the confidence of consumers as they reap the benefits of the recent reduction in GST rates.

GST Statistics – October Month

Revenue Collection –

A sum of Rs 83,346 crores has been collected as Total Revenue Collection under GST for the month of October, received in November till 27th November 2017.

Registration under GST -

95.9 lakh taxpayers have been registered under GST so far, of which 15.1 lakh are composition dealers who are required to file returns every quarter. 50.1 lakh returns have been filed for the month of October till 26th November 2017.

Revenue of States –

The States have collected a total of Rs. 87,238 crores by way of SGST in the months of August, September, October and November 2017 (till 27th November). Further on all inter-state trade, a net amount is transferred from IGST account to the SGST account whenever IGST collected is used for payment of SGST.

By way of settlement an amount of Rs. 31,821 crores has been released to the States for the months of August, September and October 2017.

Rs13,882 crores is being released by way of settlement to all the States for the month of November 2017.

Further, as per Goods and Services (Compensation to States) Act 2017, the States revenues are fully protected against any shortfall in GST collections. A compensation amount of Rs. 10,806 crores has been released to all the States for the months of July and August 2017 and a compensation of Rs.13,695 crores for the months of September and October 2017 is being released. The States revenues have thus been fully protected taking base year revenue as 2015-16 and providing for a projected revenue growth rate of 14%.

Centre's Revenue –

The total CGST income in the months of August, September, October and November (till 27th November) has been Rs.58,556 crores. In addition to this, an amount of Rs.16,233 crores has been transferred from IGST account to CGST account by way of settlement of funds on account of inter-state supply of goods and services in the month of August, September and October, 2017.

Further, Rs. 10,145 crores is being transferred to CGST account from IGST account for the month of November 2017 by way of settlement. The major reason for the gap in income of CGST and SGST has been that more CGST liability has been discharged using transition credit rather than by way of cash. Thus, taxpayers are using the balance credit available with them in the previous tax regime, which is the reason why there is an additional revenue gap in the Centre's revenue.

Returns filed: The total number of GSTR 3B returns filed for the return period July, August, September and October 2017 till 26th November is 58.7 lakh, 58.9 lakh, 57.3 lakh and 50.1 lakh respectively.

Notifications, Circulars & Orders Issued in November, 2017

Sl. No.	Statutes	Notifications	Circulars	Orders
1.	Central Tax	12	08	02
	Central Tax (Rate)	07		
2.	Integrated Tax	01	-	-
	Integrated Tax (Rate)	08		
3.	Union Territory Tax	-	-	-
	Union Territory Tax (Rate)	07		
4.	Compensation Cess	-	-	-
	Compensation Cess (Rate)	-		

Central Tax

Notification No & Date	Purpose
66/2017 – Central Tax Date 15th November, 2017	To Exempt from paying GST on advance The Government has exempted all dealers who did not opt for composition levy from paying GST on receipt of advance against their future supply.
65/2017 – Central Tax Dated 15th November, 2017	Electronic Supplies and Collection of tax at source The Central Government, specifies the persons making supplies of services, through an electronic commerce operator who is required to collect tax at source under section 52 and having an aggregate turnover of Rs. 20 lakhs or 10 lakhs (in case of special category states other than Jammu & Kashmir), in a financial year, as the category of persons exempted from obtaining registration.
64/2017 – Central Tax Dated 15th November, 2017	GST Returns Late Fee The Central Government has amended late fee payable by any registered person for failure to furnish GSTR- 3B for the month of October, 2017 onwards by the due date , Rs. 25 for CGST Act and Rs. 25 for SGST Act. Further, if total amount of Central tax Payable is Nil, Late fees will be Rs.10 per day for CGST Act and Rs.10 for SGST Act for the month of October, 2017 onwards.
63/2017 – Central Tax Dated 15th November, 2017	Due Date Extended – To file GST – ITC 04 Form The time limit for making the declaration in FORM GST ITC-04, has been extended in respect of goods dispatched to a job worker or received from a job worker or sent from one job worker to another, during the quarter July to September, 2017, till the 30th day of December, 2017.
62/2017 – Central Tax Dated 15th November, 2017	ISD Return in Form GSTR 6 Due date extended The time limit for furnishing the return by an Input Service Distributor in FORM GSTR-6 has been extended for the month of July, 2017 till the 31st day of December, 2017. The extension of the time limit for furnishing the return for the month of August, 2017, September, 2017 and October, 2017 shall be subsequently notified in the Official Gazette.
61/2017 – Central Tax Dated 15th November, 2017	Due Date for submission of GSTR 5A Extended Notification the time limit has been extended for furnishing GSTR-5A for the month of July, 2017, August, 2017, September, 2017 and October, 2017 by a person supplying online information and database access or retrieval services from a place outside India to a non-taxable Online recipient, till the 15th day of December, 2017.

60/2017 – Central Tax Dated 15th November, 2017	Due Date for submission of GSTR 5 Extended The time limit has been extended for furnishing the return by a non-resident taxable person, in FORM GSTR-5, for the months of July, 2017, August, 2017, September, 2017 and October, 2017 till the 11th day of December, 2017.
59/2017 – Central Tax Dated 15th November, 2017	Due Date for submission of GSTR 4 Extended According to this Notification the time limit has been extended for filing GSTR-4 by the Composite Dealers till 24thday of December, 2017.
58/2017 – Central Tax Dated 15th November, 2017	The Notification is regarding the extension of date for filing GSTR-1 by the registered persons having aggregate turnover of more than 1.5 crore rupees in the preceding financial year or the current financial year. *On monthly basis* Jul- Oct 2017 — 31st Dec 2017 Nov – 2017 — 10th Jan 2018 Dec – 2017 — 10th Feb 2018 Jan - 2018 — 10th Mar 2018 Feb – 2018 — 10th Apr 2018 Mar - 2018 — 10th May 2018
57/2017 – Central Tax Dated 15th November, 2017	This Notification is regarding the extension of date for filing GSTR-1 by the registered persons having aggregate turnover of upto 1.5 crore rupees in the preceding financial year or the current financial year. *On quarterly basis* Jul- Sep — 31st Dec 2017 Oct- Dec — 15th Feb 2018 Jan- Mar — 30th April 2018
56/2017 – Central Tax Dated 15th November, 2017	The Notification is regarding the last date for filing GSTR-3B. All Tax Payers are required to file their GSTR 3B on or before 20th of the succeeding month till March 2018
55/2017 – Central Tax Dated 15th November, 2017	Notification - In Brief 1. The aggregate value of exempt supplies shall exclude the value of supply of services to Nepal and Bhutan against payment in INR . 2. The words "supplier shall issue" in sub-rule (2) of Rule 54 has been substituted with "supplier may issue". 3. A new Rule 97A has been inserted to include manual filing and processing of refund applications. 4. A new Rule 107A has been inserted to include manual filing and processing of applications. 5. A new Rule 109A has been inserted specifying Commissioner (Appeals) and Additional Commissioner (Appeals) as the Appellate Authorities in respect of Orders passed by Additional or Joint Commissioner and Deputy or Assistant Commissioners respectively. 6. Provisions under sub-rule (4) and (5) of Rule 124 relating to termination of the appointment of Chairman and Technical Member have been substituted. 7. New Forms (GST-RFD-01 A and GST-RFD-01 B) have been prescribed relating to Application for Refund (Manual) and Refund Order details.

Central Tax (Rate)

Notification No & Date	Purpose
47/2017 CTR Dated 14th November, 2017	Amendments To Central Tax Rates To include in exemption list – "Admission to Protected Monument
46/2017 CTR Dated 14th November, 2017	Amendments To Central Tax Rates To amend notification No. 11/2017-CT(R) so as to specify rate @ 2.5% for standalone restaurants and @9% for other restaurants. To reduce rate of job work on "handicraft goods" @ 2.5%
45/2017 CTR Dated 14th November, 2017	Amendments To Central Tax Rates To provide concessional GST rate of 2.5% on scientific and technical equipment's supplied to public funded research institutions.
44/2017 CTR Dated 14th November, 2017	Amendments To Central Tax Rates To impose restriction of ITC on certain fabrics.
43/2017 CTR Dated 14th November, 2017	Amendments To Central Tax Rates To give effect to regarding reverse charge on raw cotton.
42/2017 CTR Dated 14th November, 2017	Amendments To Central Tax Rates To give effect to Exemptions
41/2017 CTR Dated 14th November, 2017	Amendments To Central Tax Rates 1. in Schedule I - 2.5% 2. in Schedule II-6% 3. in Schedule III-9%, 4. in Schedule-IV-14%

Central Tax - Circulars & Orders

Circular No.& Date	Purpose
21/21/2017 – GST Dated 22nd November, 2017	Clarification on Inter-state movement of rigs, tools and spares, and all goods on wheels [like cranes]. Interstate movement of rigs, tools and spares on wheels shall not apply IGST. However, in cases where movement of rigs, tools and spares for further supply, IGST will be applicable.
20/20/2017 – GST Dated 22nd November, 2017	Issue related to classification and GST rate on Terracotta idols. As terracotta is clay based, terracotta idols will be eligible for Nil rate.
19/19/2017 – GST Dated 20th November, 2017	Clarification on taxability of custom milling of paddy. Milling of paddy into rice changes its essential characteristics. Milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fiber or other similar products or agricultural produce. Therefore, Milling of Paddy is not exempted. And Milling of paddy into rice on job work basis, is liable to GST at the rate of 5%, on the processing charges.
18/18/2017 – GST Dated 16th November, 2017	Clarification on refund of unutilized ITC of GST paid on inputs in respect of exporters of fabric. Manufacturer of fabrics will be eligible for refund of unutilized Input Tax Credit of GST paid on INPUTS in respect of fabrics manufactured and exported by him.
17/17/2017 – GST Dated 15th November, 2017	Clarification regarding Manual filing and processing of refund claims in respect of zero-rated supplies. Due to the non-availability of the refund module on the common portal, it has been decided that the applications /documents/forms pertaining to refund claims on account of zero-rated supplies shall be filed and processed manually in form till further orders. Following conditions have been laid down: A registered person may make zero-rated supplies of goods or services or both on payment of integrated tax and claim refund of the tax so paid OR make zero-rated supplies of goods or services or both under bond or Letter of Undertaking without payment of integrated tax and claim refund of unutilized input tax credit in relation to such zero rated supplies.
16/16/2017 – GST Dated 15th November, 2017	Clarifications regarding applicability of GST and availability of ITC in respect of certain services: Is GST applicable on warehousing of agricultural produce such as tea, processed coffee beans or powder, pulses, jaggery, processed spices, processed dry fruits, processed cashew nuts? Yes, GST is applicable on loading, packing, warehousing etc. since, tea, processed coffee beans or powder, pulses, jaggery, processed spices, processed dry fruits, processed cashew nuts fall outside the ambit of agricultural produce. Is GST leviable on inter-state transfer of aircraft engines, parts and accessories for use by their own airlines? Yes, GST is leviable. Credit of GST paid on aircraft engines, parts & accessories will be available for discharging GST on inter - state supply of such aircraft engines, parts & accessories by way of interstate stock transfers between distinct persons, However, credit of input tax charged on consumption of such goods is not allowed for supply of service of transport of passengers by air in economy class at GST rate of 5%. Is GST leviable on General Insurance policies provided by a SG / CG, Police Personnel etc. (a) Where premium is paid by State Government No, it is Exempt under GST (b) Where premium is paid by employees, students etc.? No, it is Exempt under GST

15/16/2017 – GST Dated 6th November, 2017	Due date for generation of FORM GSTR-2A and FORM GSTR-1A in accordance with the extension of due date for filing FORM GSTR-1 and GSTR-2 respectively.
14/16/2017 – GST Dated 6th November, 2017	Procedure regarding procurement of supplies of goods from DTA by Export Oriented Unit (EOU) / Electronic Hardware Technology Park (EHTP) Unit / Software Technology Park (STP) Unit / Bio-Technology Parks (BTP) Unit under deemed export benefits under section 147 of CGST Act, 2017
	Orders
Order No. 10/2017-GST Dated: 15th November, 2017	The time limit for submitting the declaration in FORM GST TRAN-1 under rule 120A [Revision of declaration in FORM GST TRAN-1] of the Central Goods and Service Tax Rules, 2017 has been extended till 27th December, 2017.
Order No. 9/2017-GST Dated 15th November, 2017	The time limit for submitting the declaration in FORM GST TRAN-1 under rule 117 [Tax or duty credit carried forward under any existing law or on goods held in stock on the appointed day] of the Central Goods and Service Tax Rules, 2017 has been extended till 27th December, 2017

Integrated Tax

Notification No & Date	Purpose
12/2017-Integrated Tax Dated 15th November, 2017	Notification states the amendment in Integrated Goods and Service Tax Rules, 2017. Cases where advertisement services provided to the CG, SG, Statutory Body or a Local Authority in different states or union territories: Value attributable to the dissemination in each State or Union Territory shall be determined as prescribed in the notification.

Integrated Tax (Rate)

Notification No & Date	Purpose
50/2017-Integrated Tax (Rate) Dated 14th November, 2017	To amend notification No. 30/2017-Integrated Tax (Rate) dated 22.09.2017, so as to extend the benefit of IGST exemption, applicable in relation to supply of Skimmed milk powder, or concentrated milk for use in the production of milk distributed through dairy co-operatives to the companies that are registered under the Companies Act, 2013 also.
49/2017-Integrated Tax (Rate) Dated 14th November, 2017	Amendments To Integrated Tax Rates To include in exemption list – "Admission to Protected Monument
48/2017-Integrated Tax (Rate) Dated 14th November, 2017	Amendments To Integrated Tax Rates To amend notification No. 8/2017-IT(R) so as to specify rate @ 5% for standalone restaurants and @ 18% for other restaurants. To reduce rate of job work on "handicraft goods" @ 5%
47/2017-Integrated Tax (Rate) Dated 14th November, 2017	Amendments To Integrated Tax Rates To provide concessional GST rate of 5% on scientific and technical equipment's supplied to public funded research institutions.
46/2017-Integrated Tax (Rate) Dated 14th November, 2017	Amendments To Integrated Tax Rates To impose restriction of ITC on certain fabrics.

45/2017-Integrated Tax (Rate) Dated 14th November, 2017	Amendments To Integrated Tax Rates To give effect to regarding reverse charge on raw cotton.
44/2017-Integrated Tax (Rate) Dated 14th November, 2017	Amendments To Integrated Tax Rates To give effect to Exemptions
43/2017-Integrated Tax (Rate) Dated 14th November, 2017	Amendments To Integrated Tax Rates 1. in Schedule I - 2.5% 2. in Schedule II-6% 3. in Schedule III-9%, 4. in Schedule-IV-14%

Union Territory Tax (Rate)

Notification No & Date	Purpose
47/2017-Union Territory tax(rate), Dated 14th November, 2017	Amendments To Union Territory Tax Rates To include in exemption list – "Admission to Protected Monument
46/2017-Union Territory tax(rate), Dated 14th November, 2017	Amendments To Union Territory Tax Rates To amend notification No.11/2017-UTT(R) so as to specify rate @ 2.5% for standalone restaurants and @ 9% for other restaurants. To reduce rate of job work on "handicraft goods" @ 2.5%
45/2017-Union Territory tax(rate), Dated 14th November, 2017	Amendments To Union Territory Tax Rates To provide concessional GST rate of 2.5% on scientific and technical equipment's supplied to public funded research institutions.
44/2017-Union Territory tax(rate), Dated 14th November, 2017	Amendments To Union Territory Tax Rates To impose restriction of ITC on certain fabrics.
43/2017-Union Territory tax(rate), Dated 14th November, 2017	Amendments To Union Territory Tax Rates To give effect to regarding reverse charge on raw cotton.
42/2017-Union Territory tax(rate), Dated 14th November, 2017	Amendments To Union Territory Tax Rates To give effect to Exemptions
41/2017-Union Territory tax(rate), Dated 14th November, 2017	Amendments To Union Territory Tax Rates 5. in Schedule I - 2.5% 6. in Schedule II-6% 7. in Schedule III-9%, 8. in Schedule-IV-14%

Tax Calendar – For The Month of December 2017

Statutes	Due Date	Purpose
Income Tax	07.12.2017	Due date for deposit of Tax deducted/collected for the month of November, 2017. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan.
	15. 12. 2017	• Third installment of advance tax for the assessment year 2018-19 • Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of October, 2017
	30. 12. 2017	Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IA in the month of November, 2017.
GST	11.12.2017	GSTR-3 for the month of July 2017
	11.12.2017	GSTR- 5 for the month of July 2017
	15.12.2017	GSTR- 5A for the month of July 2017
	20.12.2017	GSTR 3B for November, 2017
	24.12.2017	GSTR-4 for the quarter July-September, 2017
	27.12.2017	TRAN-1
	30.12.2017	GST ITC-04 for the quarter July-September, 2017
	31.12.2017	GSTR-6 for July, 2017
	31.12.2017	GSTR 1 From July 2017-Sept 2017 (for persons with Turnover below 1.5 Crore)
	31.12.2017	GSTR 1 From July 2017-Oct 2017 (for persons with Turnover above 1.5 Crore)
	10.01.2018	GSTR 1 for the month of Nov, 2017 (for persons with Turnover above 1.5 Crore)
	20.01.2018	GSTR 3B for December, 2017

Disclaimer

Shree's Tax Bulletin is an informational bulletin intended to provide specific information to taxpayers and other stakeholders.

Contents are accurate as of the date issued. However, stakeholders advised to aware that subsequent changes in the said Tax Laws.

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The Founder

Mr. Prabhakar K S is founder of Shree Tax Chambers, a spiritually inclined & budding Tax Law Professional, having a decade of solid exposure in Indian Tax Laws, Company Laws & other allied corporate Laws. He is an ambitious Post graduate in Commerce, Post Graduate Diploma in Finance & Taxation and in the verge of acquiring Tax Laws related professional qualifications.

The Chamber

Shree Tax Chambers, a well-founded professional set--up, on strong three pillars of Integrity, Speed & Expertise, with a sole purpose of providing an excellent advice on Indian as well as International Tax Laws which includes Income Tax, Goods & Services Tax (GST), Customs & Double Tax Avoidance, Transfer Pricing & other related Domains, established on 1st January, 2015 on an auspicious Vaikunta Ekadasi day at Srirangam, Trichy, Tamil Nadu, presently has its head office at Rajajinagar, Bengaluru, India.

Today our world is being brought together not simply by the mandate of nations, but by the power of individuals who allow themselves to hope for a better life. Nothing holds greater possibility than a world with hope for its own future. Although the road may not be easy or quick we think we can help our clients achieve even greater success.

The future belongs to those who believe in the beauty of their dreams. E. Roosevelt

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Domestic & International Taxation

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