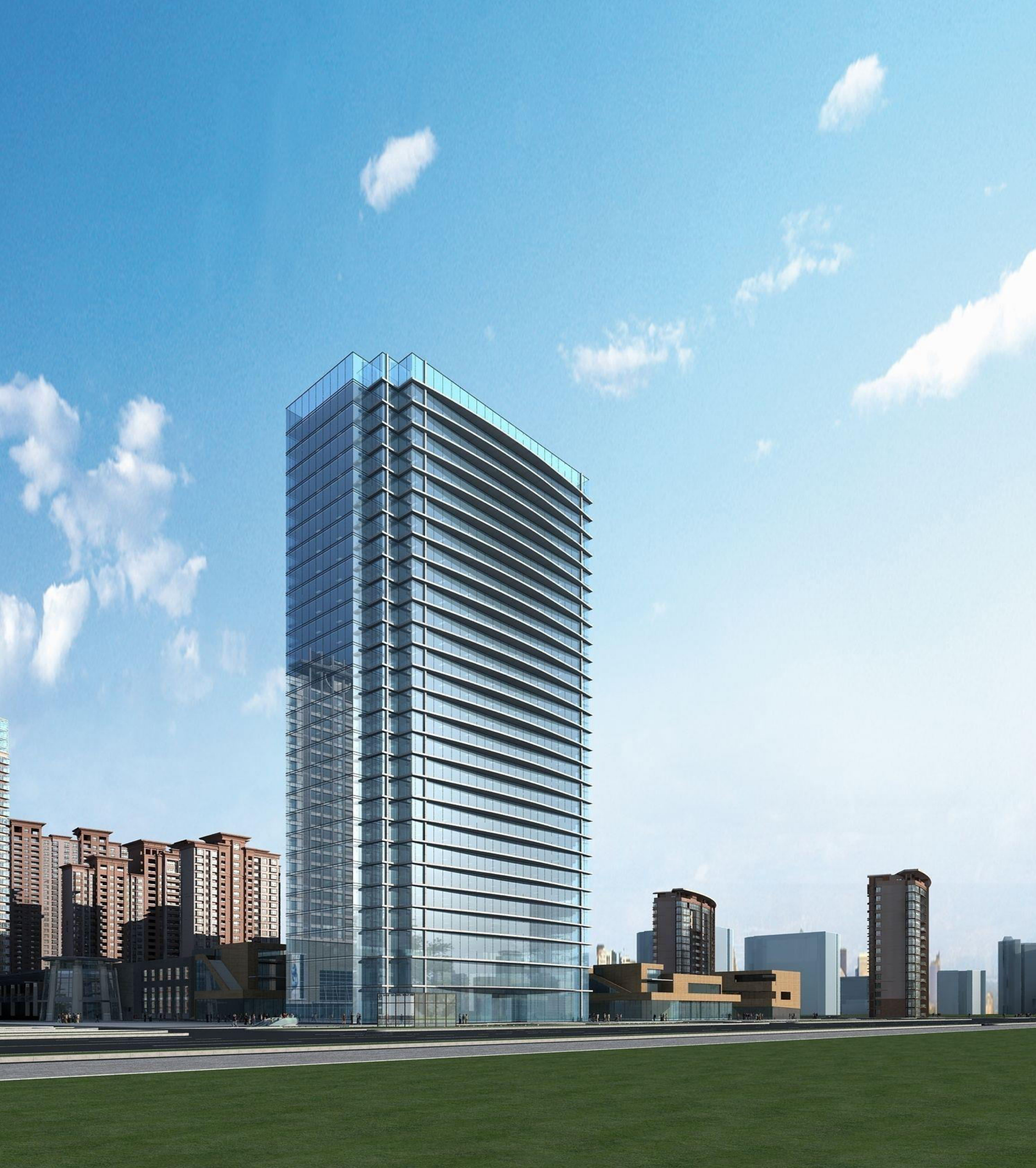

# Shree's Tax Bulletin

February – 2018 | Volume - 1 | Issue - 2

Shree Tax Chambers | Bengaluru | India

Integrity | Speed | Expertise

Shree Tax Chambers ™

Bengaluru | India

Integrity Speed Expertise

Domestic & International Taxation

***Dear Professional Colleagues,***

*Great Expectations, Economic Survey, Union Budget marks the month of January and the first day of February..!!*

In continuation to release my official monthly "Shree's Tax Bulletin", placing before you the second issue of the calendar year. Hoped, the first issue met your expectations and served as a ready Referencer. It's really amazing to receive appreciation from across the Country for first the Issue. I take this opportunity to acknowledge my seniors in the profession for their valuable guidance & encouragement. Shree Tax Chambers is continuously working hard on improving the Bulletin further.

As you aware that the curtain of the present financial year will be …….. soon. Like all democratic countries, our country also presented its 'Financial Reports' in the form of Economic Survey on 29th January and Union Budget on 1st February with much debates. On Direct tax point of view, it is a mix of bag includes a small relief to salaried class, senior citizens, and small & medium enterprises (SMEs). On the Indirect Tax point of view, except Customs related, not much, since GST Council is the decision-making body, will take a call as and when the need arises. There is an increase of Customs duty on a number of products to encourage domestic manufacturing. Overall, the Hon'ble Finance Minister has presented his last but balanced Budget.

The latest bulletin will provide an insight on Union Budget's key proposals and also developments happened in domestic as well as International taxation domain including notifications, circulars, Orders, if any, issued up to 31st January 2018.

***India – Positive Notes***

Last month, the World Bank in its "2018 Global Economics Prospect" report projected India's economic growth at 6.7 percent for 2017-18, at 7.3 percent for the next financial year and for next two years after 2018-19 to be at 7.5 percent. Recent Moody's upgrade, latest estimates of the World Bank, Economic Survey – 2017-18 shows that the country has "enormous growth potential" compared to other emerging economies with the implementation of long-term reform initiatives. There will be 'No doubt' India is going to register higher growth rate than other major emerging economies in the coming decade.

With the blessings of almighty, wish to share that my few more "Tax Laws" related articles have got published in India's leading Tax Law Weeklies, namely –

1. *Implementation of Electronic Sealing for Containers by Exporters: Self-Sealing Procedure - In GST Law Times.*
2. *Interest Expenses – Deduction & Its Assessment under I.T. Act - In Taxmann*
3. *Procurement of supplies of goods from DTA by EoU / EHTP / STP/ BTP Units – In GST Law Times*
4. *Budget – 2018: Time To Revisit Equalisation Levy – In Taxmann*
5. *Budget – 2018: Customs Act & Its Overhaul – In Taxmann*
6. *Budget – 2018: Is It Time To Reintroduce Inheritance Tax?! – In Taxmann*

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

My constant guiding light is Robert Frost's quotes "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………" So I will keep……!! Let us have a look at the gist of key latest developments.

Happy Reading..!!

Prabhakar K S
A Budding Tax Law Professional

Shree Tax Chambers
Bengaluru, India

5th February 2018

# Income Tax: Round-up for the month of January

## Levy of MAT & Companies insolvency resolution process under the IBC - 2016

The CBDT vide Press Release dated 6th January 2018, relaxed certain Minimum Alternate Tax (MAT) related provisions in case of companies against whom an application for corporate insolvency resolution process has been admitted under the Insolvency and Bankruptcy Code, 2016.

The existing provisions of Section 115JB of the Income-tax Act, 1961 ('the Act'), inter alia, provide, that, for the purposes of levy of Minimum Alternate Tax (MAT) in case of a company, the amount of loss brought forward or unabsorbed depreciation, whichever is less as per books of account shall be reduced from the book profit.

***Clarification – In Brief***

With effect from Assessment Year 2018-19 (i.e. Financial Year 2017-18), in case of a company, against whom an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under section 7 or section 9 or section 10 of the IBC, the amount of total loss brought forward (including unabsorbed depreciation) shall be allowed to be reduced from the book profit for the purposes of levy of MAT under section 115JB of the Act.

# Processing of income-tax returns u/s. 143(1) of the I.T. Act ITR Forms - 1 to 6

The CBDT vide Circular No. 1 of 2018 dated 10th January 2018, prescribes a way of intimating the concerned Assessee and process on receipt of his / her reply for the same.

Before issuing an intimation of the proposed adjustment, awareness in the form of an e-mail/SMS communication to be sent to the concerned assessee and request him to submit his response to the variation within 30 days of receiving the communication electronically.

In case, the taxpayer does not respond within the prescribed time or if the response not satisfactory, a formal intimation u/s 143(1) (a) (vi) proposing adjustment to the returned income would be issued to the concerned assessee.

Where no response is received from the assessee within 30 days of issue of such intimation, the proposed adjustment shall be made to the returned income.

***How to response?*** For furnishing the response electronically, the assessee is required to login to his account in the e-filing site. In a case where communication/intimation has been issued to the taxpayer u/s 143(1)(a)(vi) of the Act, the status will be displayed in the dashboard as 'Response to Communication/intimation u/s 143(1)(0) is pending'. The taxpayer can click on the same and submit his response.

***Process upon receipt of response –***

1. In case, the assessee fully agrees with the proposed adjustment, he is required to file a revised return in response.
2. In case, the assessee partially agrees with the proposed adjustment, he is required to
    - *file a revised return for the part of the proposed adjustment with which he is in agreement &*
    - *file a reconciliation statement (in the format to be provided by CPC-ITR on the e-filing site.*
3. In case, the assessee disagrees with the proposed adjustment, he is required to file a reconciliation statement (in the format to be provided by CPC-ITR on the e-filing site) in support of his contention.

Based upon the response of the assessee, and the information available on record with the CPC-ITR, such returns shall be taken up for processing.

## Actions under Prohibition of Benami Property Transactions Act – An Update

The Income Tax Department has stepped up actions under the Prohibition of Benami Property Transactions Act, which came into force w.e.f 01.11.2016. The Act provides for provisional attachment and subsequent confiscation of benami properties, whether movable or immovable. It also allows for prosecution of the beneficial owner, the benamidar and the abettor to benami transactions, which may result in rigorous imprisonment up to 7 years and fine up to 25% of fair market value of the property.

The Department had set up 24 dedicated Benami Prohibition Units all over India in May 2017.

Due to intensive efforts, the Department attached properties of more than 900 cases, these include plots, flats, shops, jewellery, vehicles, deposits in bank accounts, fixed deposits etc. The value of immovable properties are around Rs. 2,900 crore and movable properties, around Rs. 600 crore. In five cases, the provisional attachments of Benami properties, amounting to more than Rs. 150 crore has been confirmed by the Adjudicating Authority. Further, two assessees were found depositing demonetized currency into multiple bank accounts in the names of their employees, associates etc. The total amount attempted to be remitted to the beneficial owners was about Rs. 39 crore. In yet another case, a cash amount of Rs. 1.11 crore was intercepted from a vehicle with a person who denied the ownership of this cash.

Source: CBDT

## Direct Tax Collections for F.Y. 2017-2018 up to 15.01.2018

Provisional figures of Direct Tax collections up to 15.01.2018 show that net collections are at Rs. 6.89 lakh crore which is 18.7% higher than the net collections for the corresponding period of last year.

The net Direct Tax collections represent 70.3% 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 13.5% to Rs. 8.11 lakh crore during April 2017 to 15th January 2018.

Refunds amounting to Rs.1.22 lakh crore have been issued during between 01.04.2017 to 15.01.2018.

There has been consistent and significant improvement in the position of Direct Tax collections during the current fiscal across all parameters.

The growth rate of Total Gross DT Collections has improved from 10.0% in Quarter 1, to 10.3% in Quarter 2, to 12.6% in Quarter 3 and to 13.5% as on 15.01.2018. Similarly, the growth rate of Total Net DT Collections has climbed up from 14.8% in Quarter 1, to 15.8% in Quarter 2, to 18.2% in Quarter 3 and to 18.7% as on 15.01.2018.

The growth has been particularly good in the collections under Corporate Income Tax (CIT). Gross CIT Collections, which were growing at the rate of 4.8% in Quarter 1, attained a growth rate of 5.1% in Quarter 2, 10.1% in Quarter 3 and 11.4% as on 15.01.2018. Similarly, the growth rate of Net CIT Collections increased from 10.8% in Quarter 2, to 17.4% in Quarter 3 and to 18.2% as on 15.01.2018.

Source: CBDT

# Prosecutions of tax evaders by Income Tax Department

The Department has initiated criminal prosecution proceedings in a large number of cases of tax offenders and evaders.

Prosecutions have been initiated for various offences including wilful attempt to evade tax or payment of any tax; willful failure in filing returns of income; false statement in verification and failure to deposit the tax deducted/collected at source or inordinate delay in doing so, among other defaults.

During FY 2017-18 (up to 30.11.2017), the Department filed Prosecution complaints for various offences in 2,225 cases compared to 784 for the corresponding period in the immediately preceding year, marking an increase of 184%. The number of complaints compounded by the Department during the current FY (upto the end of November, 2017) stands at 1052 as against 575 in the corresponding period of the immediately preceding year, registering a rise of 83%. Compounding of offences is done when the defaulter admits to its offence and pays the compounding fee as per stipulated conditions.

Due to the decisive and focused action taken by the Department against tax evaders, the number of defaulters convicted by the courts has also registered a sharp increase during the current fiscal. 48 persons were convicted for various offences during the current year (up to the end of November 2017) as compared to 13 convictions for the corresponding period in the immediately preceding year, marking an increase of 269%.

**A few illustrative cases are highlighted.**

1. A Dehradun Court convicted one defaulter for holding undisclosed foreign bank account and sentenced him to two years of imprisonment for willful attempt to evade tax and to two years for false statement in verification along with monetary penalty for each default respectively.

2. The Court of CJM, Jalandhar convicted a cloth trader with 2 years rigorous imprisonment for trying to cheat the Department by fabricating affidavits and gift deeds, in connivance with his advocate and witness, with the motive of evading tax. The Court, while awarding the sentence to the trader, also simultaneously awarded one year's imprisonment to the advocate notarizing the forged affidavit and also to the witness for aiding and abetting the serious offence.

3. In Bengaluru, the MD of a company engaged in infrastructure projects was found guilty of non-deposit of TDS of over Rs. 60 lakh (within the prescribed time), and was sentenced to rigorous imprisonment of three months along with imposition of fine. Similarly, a Mohali resident was held guilty of non-deposit of TDS within the prescribed time and sentenced to one year jail alongwith fine.

4. In another case of Hyderabad, the Director of an infrastructure company was sentenced to rigorous imprisonment of six months and fine for wilful attempt to evade tax. She was simultaneously sentenced to rigorous imprisonment for six months along with fine for false statement in verification.

5. The Economic Offences Court at Ernakulam sentenced an individual to rigorous imprisonment of three months for selling property to evade payment of taxes of about Rs. 76 lakh despite issuance of the tax recovery certificate by the Tax Recovery Officer.

6. In yet another case reported from Agra, the Special CJM convicted one defaulter with imprisonment of one year & six months for wilful attempt to evade tax and for false statement in verification respectively along with fine.

Source: CBDT

# Income Tax – Union Budget Proposals – In Brief

**Tax Rates**

No change in tax rates and basic exemption limit - Tax rates continue to be same for A.Y. 2019-20 as applicable for A.Y. 2018-19. Further, there is no change in the basic exemption limit.

**For male/ female resident < 60 years**

Upto Rs. 2,50,000 – Nil
Rs. 2,50,000 to Rs. 5,00,000 – 5%
Rs. 5,00,000 to Rs. 10,00,000 – 20%
Above Rs. 10,00,000 – 30%

**For male/ female resident > 60 yrs. but < 80 Yrs.**

Upto Rs. 3,00,000 – Nil
Rs. 3,00,000 to Rs. 5,00,000 – 5%
Rs. 5,00,000 to Rs. 10,00,000 – 20%
Above Rs. 10,00,000 – 30%

**For male/ female resident > 80 years**

Upto Rs. 5,00,000 – Nil
Rs. 5,00,000 to Rs. 10,00,000 – 20%
Above Rs. 10,00,000 – 30%

*(The above rates are exclusive of Surcharge and Cess).*

**Rebate -** A resident individual, whose taxable income does not exceed Rs. 3,50,000, can claim a tax rebate u/s. 87A.

**Health and education cess -** Health and Education Cess is proposed to be levied @ 4% of income-tax including surcharge, if applicable, in place of existing cess of "Education Cess and "Secondary and Higher Education Cess on income-tax".

**Relief to Salaried employees -** At present, an employee is entitled exemption on transport allowance of Rs. 19,200 (Rs. 38,400 for a differently able person) and medical expenses of Rs. 15,000. Instead of the said two allowances, it is proposed to provide a standard deduction of Rs. 40,000 to all salaried employees. However, transport allowance to differently able persons shall be allowed.

**Relief to Senior Citizens –** It is proposed to insert a new section 80TTB to enhance Interest Income/deduction to Rs. 50,000. Further, same will extend to interest on fixed deposits and recurring deposits as well Deductions in respect of health insurance premium and medical treatment - Section 80D proposed to be amended to increase the limit of deduction from Rs. 30,000 to Rs. 50,000 for resident senior citizens, who is of the age of 60 years or more during the previous year.

Further, senior citizens not covered by insurance can claim reimbursement of medical expenditure upto Rs. 50,000. Earlier this benefit was available only for very senior citizens.

**Capital Gains Taxation**

Taxability of Long-term Capital Gains on a sale of listed equity shares etc. is exempted u/s. 10(38), provided sale and acquisition transactions carried out on a recognized stock exchange and are liable to securities transaction tax (STT).

To curb tax erosion, section 10(38) will be withdrawn.

To tax LTCG in excess of Rs. 1 lakh @10%, a new section 112A will be inserted with effect from 01.04.2018.

**Grandfather Clause –** However, suitable grandfather clause will be provided for both resident as well as non-residents including FIIs to all LTCGs earned up to 31.01.2018. Since, the amendment is w.e.f 01.04.2018 long term shares sold till 31.03.2018 also avail the said benefits.

However, such capital gains will not be allowed to claim benefit of Chapter VI-A deductions or rebate u/s 87A.

**Short-term Capital-Gains –** There will be no change in STCGs.

**Corporate Tax**

Reduction in Corporate Tax - Domestic companies whose turnover was up to Rs. 250 crore in financial year 2015-16 was liable to pay corporate tax @25% in financial year 2017-18 (Excluding surcharge and Cess). No change in other cases.

### Deemed Dividend & Distribution Tax

Deemed dividend u/s. 2(22) (e) is taxed in the hands of the recipient and no dividend distribution tax is currently being levied. Hence, it is proposed to tax deemed dividend in the hands of company @ 30% without grossing up.

### E-Assessment – New Approach

The Central Government by Finance Act 2018 is set to launch a new system of assessment proceedings on pan-India basis i.e. "Jurisdiction-Free Assessment" for scrutiny or refund cases w.e.f 01.04.2018. The new system envisages allocation of a particular taxpayer's income tax return to any assessing officer across the country via special software. For e.g. Bangalore based assessee can be assessed by an Assessing Officer deputed at Chennai or Hyderabad or even at Himachal Pradesh or vice versa.

The Central Board of Direct Taxes (CBDT) in last December notified a nine-member committee–headed by a Principal Chief Commissioner rank officer to prepare a roadmap for the said ambitious project. The Board also set for it a deadline of 28 February 2018, for submitting its report.

Presently, only one Assessing Officer is handling or responsible for a scrutiny assessment. However, under the proposed new system, the assessment team will comprise two officials, they may be the Assessing officer and another officer of Additional Commissioner of Income Tax or Joint Commissioner of Income Tax Rank.

The new system would do away with the Assessing Officers' discretionary powers to call for additional documents, records, and most importantly, ask the taxpayer to appear in person. Further, the new system will -

1. Increase the level of monitoring and aiding the Assessing officer to quickly complete the assessment;
2. Minimize interaction between the taxpayer and the assessing officer;
3. Curb corrupt practice in the Department;
4. Ensure a transparent and no-harassment culture;
5. Deal with all kinds of tax–related matters such as filing of returns for scrutiny etc.
6. Identities of the taxpayer and his assessing officer will be kept as confidential.

The e-assessment system was introduced in 2016 on a pilot basis in New Delhi and Mumbai. In 2017, it was extended to 102 cities with the objective of reducing the interface between the department and the assessees. It is expected that the same will dissolve the 18 assessment zones which account for all direct tax collection in coming days.

Latest status of e-Assessment: In case of 'Limited Scrutiny' – around 60,000 cases and similarly in case of Comprehensive/detailed scrutiny - a few cases were conducted successfully.

To implement the new system, an amendment is required to be carried out to Section 143 of the Act, hence, the latest Amendment. By implementing e-assessment proceedings, no doubt, India is moving towards time bound plus borderless compliance within the country. E-assessment in other statues like Customs and GST statues will definitely help in 'ease of doing business' in India.

# Goods & Services Tax (GST) - Round-up for the month of January 2018

## 25th GST Council Meeting

The all-powerful GST Council in its 25th Meeting held at New Delhi on 18.01.2018 has recommended many relief measures regarding GST rates on goods/services covering many sectors and commodities. The Council has also recommended to issue certain clarifications on GST rates of certain goods and services.

**Major recommendations - In Brief**

Changes relating to GST rates on certain services

***A. Exemptions/ Changes in GST Rates / ITC Eligibility-***

1. To exempt supply of services by way of providing info. under RTI Act, 2005 from GST.
2. To exempt legal services provided to Government, Local Authority, etc.
3. To reduce GST on the construction of metro and monorail projects from 18% to 12%.
4. To levy GST on the small housekeeping service providers, who provide said service through ECO @ 5% without ITC.
5. To reduce GST on tailoring service from 18% to 5%.
6. To reduce GST on services by way of admission to theme parks, water parks, joy rides, etc. from 28% to 18%. Etc. The above exemptions may be granted with a sunset clause up to 30.09.2018.
7. To allow ITC of input services in case tour operator service at the rate of 5%.
8. To reduce GST from 18% to 12% on the Works Contract Services provided by sub-contractor to the main contractor providing WCS to CG, SGs, UTs, etc.
9. To enhance the exemption limit of Rs 5000/- p.m. per member to Rs 7500/- in respect of services provided by Resident Welfare Association.
10. To reduce GST rate on transportation of petroleum crude and petroleum products through a pipeline from 18% to 5% without ITC and 12% with ITC.
11. To exempt dollar- denominated services provided by financial intermediaries located in IFSC/ SEZ to a person outside India.
12. To exempt (a) services by government or local authority to a governmental authority or government entity, by way of lease of land, and (b) supply of land or undivided share of land by way of lease or sub lease where such supply is a part of specified composite supply of construction of flats etc.
13. To amend entry 3 of notification No. 12/2017-CT(R) so as to exempt pure services provided to Govt. entity.
14. To expand pure services exemption to include composite supply involving predominantly supply of services i.e. up to 25% of supply of goods.
15. To reduce job work services rate for manufacture of leather goods and footwear to 5%.
16. To exempt services relating to admission to, or conduct of examination provided to all educational institutions, as defined in the notification.
17. To exempt services by educational institution by way of conduct of entrance examination against consideration in the form of entrance fee.
18. To exempt reinsurance services.
19. To increase threshold limit for exemption for all the theatrical performances like Music, Dance, etc. in any Indian language in theatre, GST from Rs. 250 to 500 per person and to also extend the threshold exemption to services by way of admission to a planetarium.
20. To reduce GST on Common Effluent Treatment Plants services of treatment of effluents, from 18% to 12%.
21. To exempt services by way of fumigation in a warehouse of agricultural produce.
22. To reduce GST to 12% in respect of mining or exploration services of petroleum crude and natural gas etc.
23. To exempt subscription of online educational journals/periodicals by educational institutions who provide degree recognized by any law from GST.
24. To exempt the service provided by way of renting of transport vehicles provided to a person providing services of transportation of students, faculty etc. to an educational institution providing education upto higher secondary or equivalent.
25. To extend the concessional rate of GST on houses constructed/acquired under the Credit Linked

Subsidy Scheme, Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana (Urban) etc.

26. To tax time charter services at GST rate of 5%.
27. To levy concessional GST @12% on the services provided by way of construction, erection, commissioning, installation, completion, repair, maintenance etc. of building used for providing mid-day meal scheme by an entity registered u/s. 12AA of IT Act.
28. To exempt services provided by and to FIFA and its subsidiaries directly or indirectly related to any of the events under FIFA U-20 World Cup in case the said event is hosted by India.
29. To exempt government's share of profit petroleum from GST and to clarify that cost petroleum is not taxable per se.

### *B. Rationalization of certain exemption entries*

1. To defer the liability to pay GST in case of TDR against consideration in the form of construction service and on construction service against consideration in the form of TDRs.
2. To tax renting of immovable property by government or local authority to a registered person under reverse Charge while renting of immovable property by government or local authority to un-registered person shall continue under forward charge.
3. To define insurance agent in the reverse charge notification to have the same meaning as assigned in the Insurance Act, 1938, so that corporate agents get excluded from reverse charge.
4. To add, in the GST rate schedule for goods at 28%, actionable claim in the form of chance to win in betting and gambling including horse racing.
5. To insert in GST rules - notwithstanding anything contained, the value of supply of Betting & Gambling shall be 100 % of the face value of the bet or the amount paid into the totalisator.

### *C. Clarifications*

1. To clarify that exemption of Rs 1000/-day or equivalent is available in respect of accommodation service in hostels.
2. To clarify that fee paid by litigants in the Consumer Disputes Commissions and any penalty imposed by these Commissions, will not attract GST.
3. To clarify that elephant/camel joy rides are not classified as transportation services and attract GST @ 18% with threshold exemption to small services providers.
4. To clarify that leasing or rental service, with or without operator, of goods, attracts same GST @ 28% as supply of like goods involving transfer of title in the said goods.
5. To clarify that,-
   - Services provided by senior doctors/consultants/technicians hired by the hospitals, whether employees or not, are healthcare services which is exempt.
   - The entire amount charged by Hospitals from the patients including the retention money and the fee/payments made to the doctors etc., is towards the healthcare services provided by the hospitals to the patients and is exempt.
   - Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable. Other supplies of food by a hospital to patients (not admitted) or their attendants or a visitor is taxable.
6. To clarify that services by way of,-
   - admission to entertainment events or access to amusement facilities including casinos, race-course, ancillary services provided by casinos and race-course in relation to such admission.
   - services given by race-course by way of totalisator (if given through some other person or charged separately as fees for using totalisator for purpose of betting, are taxable at 28%. Services given by race-course by way of license to bookmaker who is not a service by way of betting and gambling, is taxable at 18%.

***Alert:*** The date of next GST Council's meeting will be communicated soon.

## GST Collections – January 2018

Total Revenue - The total revenue received under GST for the month of December 2017 has been Rs. 86,703 crore till 24.01.2018. The Last Date for filing of GSTR 3B return for the month of December 2017 was 22.01.2018.

Total Registration - One crore taxpayers have been registered under GST so far till 24.01.2018 of which 17.11 lakh are Composition Dealers which are required to file returns every quarter. Returns – Total 56.30 lakh GSTR 3B Returns have been filed for the month of December, 2017 till 24.01.2018.

Composition Dealers - for quarter July-September 2017, the Last Date of Filing GSTR 4 Return was 24.12.2017. A total of 8.10 lakh returns were filed by them paying a total of Rs. 335.86 crore as GST.

Quarterly Returns - For the quarter October-December 2017, last date for filing GSTR 4 return was 18.01.2018. A total of 9.25 lakh returns were filed by the Composition Dealers for this quarter paying a sum of Rs. 421.35 crores as GST.

## Notifications, Circulars & Orders Issued in January 2018

| Sl. No. | Statutes | Notifications | Circulars | Orders |
|---|---|---|---|---|
| 1 | Central Tax | 10 | 03 | - |
| | Central Tax (Rate) | 09 | | |
| 2 | Integrated Tax | 01 | - | - |
| | Integrated Tax (Rate) | 10 | | |
| 3 | Union Territory Tax | 01 | - | - |
| | Union Territory Tax (Rate) | 09 | | |
| 4 | Compensation Cess | - | - | - |
| | Compensation Cess (Rate) | 01 | | |

## Central Tax

| Notification No & Date | Purpose |
|---|---|
| 10/2018-Central Tax, Dated 23-01-2018 | Amending notification No. 39/2017-Central Tax dated 13.10.2017 for cross-empowerment of State tax officers for processing and grant of refund |
| 09/2018-Central Tax, Dated 23-01-2018 | Amendment of notification No. 4/2017-Central Tax dated 19.06.2017 for notifying e-way bill website i.e. www.ewaybillgst.gov.in |
| 08/2018-Central Tax, Dated 23-01-2018 | Extension of date for filing the return in FORM GSTR-6<br><br>The due date for filing GSTR 6 for the months of July 2017 to February 2018 has been extended till 31.03.2018. |
| 07/2018-Central Tax, Dated 23-01-2018 | Reduction of late fee in case of delayed filing of FORM GSTR-6<br><br>Late Fee (If Tax Is Payable) – Rs. 25/day (CGST) + Rs. 25/day (SGST)<br>Late Fee (For Nil Return) – Rs. 10/day (CGST) + Rs.10/day (SGST) |
| 06/2018-Central Tax, Dated 23-01-2018 | Reduction of late fee in case of delayed filing of FORM GSTR-5A<br><br>Late Fee (If Tax Is Payable) – Rs. 25/day (CGST) + Rs. 25/day (SGST)<br>Late Fee (For Nil Return) – Rs. 10/day (CGST) + Rs.10/day (SGST) |
| 05/2018-Central Tax, Dated 23-01-2018 | Reduction of late fee in case of delayed filing of FORM GSTR-5<br><br>Late Fee (If Tax Is Payable) – Rs. 25/day (CGST) + Rs. 25/day (SGST)<br>Late Fee (For Nil Return) – Rs. 10/day (CGST) + Rs.10/day (SGST) |
| 04/2018-Central Tax, Dated 23-01-2018 | Reduction of late fee in case of delayed filing of FORM GSTR-1<br><br>Late Fee (If Tax Is Payable) – Rs. 25/day (CGST) + Rs. 25/day (SGST)<br>Late Fee (For Nil Return) – Rs. 10/day (CGST) + Rs.10/day (SGST) |
| 03/2018-Central Tax, Dated 23-01-2018 | To give effect to 5th amendment to the CGST Rules, 2017.<br><br>Amended rules are in relation to:<br><br>• Rule 31A - Value of supply in case of lottery, betting, gambling and horse racing.<br>• Rule 55A - Tax Invoice or bill of supply to accompany transport of goods.<br>• Rule 138 - Information to be furnished prior to the commencement of movement of goods and generation of e-way bill.<br><br>Kindly check the following link for detailed notifications -<br>http://www.cbec.gov.in/resources//htdocs-cbec/gst/Notification-3-2018-central_tax-English_New.pdf |
| 02/2018-Central Tax, Dated 20-01-2018 | To extend the last date for filing FORM GSTR-3B for December 2017 till 22.01.2018. |
| 01/2018-Central Tax, Dated 01-01-2018 | To further amend notification No. 8/2017 - Central Tax so as to prescribe an effective rate of tax under composition scheme for manufacturers and other suppliers. |

## Central Tax (Rate)

| Notification No & Date | Purpose |
|---|---|
| 9/2018-CT (Rate)<br>Dated: 25.01.2018 | The said Notification is to amend Notification No. 45/2017 (CTR) Dated: 14.11.2017<br><br>Conditions who seek to provide concessional GST rate of 2.5% on scientific and technical equipment's supplied to publicly funded research institutions. |
| 8/2018-CT (Rate)<br>Dated: 25.01.2018 | The said Notification is to fix Central Tax rate on certain goods of Schedule IV of Notification No. 1/2017- Central Tax (Rate)<br><br>1. Old and used, petrol, LPG or CNG driven motor vehicles etc. – 9 %<br>2. Old and used, diesel driven MVs engine capacity of 1500 cc – 9%<br>3. Old and used, diesel driven MVs engine capacity of more than 1500 cc – 9%<br>4. All Old and used Vehicles other than those mentioned above – 6% |
| 7/2018-CT (Rate)<br>Dated: 25.01.2018 | The said Notification is related to insertions, substitutions of certain goods u/s. 11 of CGST Act 2017, Schedule I.<br><br>For complete list, kindly check<br>http://www.cbec.gov.in/resources//htdocscbec/gst/notfctn-07-2018-cgst-rate-english.pdf |
| 6/2018-CT (Rate)<br>Dated: 25.01.2018 | The Notification is related to changes in GST Rate of goods –<br><br>For complete list of goods kindly check http://www.cbec.gov.in/resources//htdocs-cbec/gst/notfctn-06-2018-cgst-rateenglish.pdf |
| 5/2018-CT (Rate)<br>Dated: 25.01.2018 | The Central Government has exempted GST on intra- state supply of services by way of grant of license or lease to explore or mine petroleum crude or natural gas or etc. from the CGST as is leviable on the consideration paid to the Central Government. |
| 4/2018-CT (Rate)<br>Dated: 25.01.2018 | The said Notification is related to following class of registered persons, namely:<br><br>1. Registered persons who supply development rights to a developer, builder, construction company or any other registered person against consideration, wholly or partly, in the form of construction service of complex, building or civil structure;<br><br>2. Registered persons who supply construction service of complex, building or civil structure to supplier of development rights against consideration, wholly or partly, in the form of transfer of development rights;<br><br>As the registered persons in whose case the liability to pay central tax on supply of the said services, on the consideration received in the form of construction service shall arise at the time when the said developer, builder, construction company or any other registered person, as the case may be, ***transfers possession or the right in the constructed complex***, building or civil structure, to the person supplying the development rights by entering into a conveyance deed or similar instrument |
| 3/2018-CT (Rate)<br>Dated: 25.01.2018 | According to the said Notification, the services "supplied by the Central Government, State Government, Union territory or local authority by way of renting of immovable property to a person registered under the CGST Act, 2017" shall be inserted in the list of Reverse Charge services. |
| 2/2018-CT (Rate)<br>Dated: 25.01.2018 | To clarify certain services which are exempted from GST<br><br>1. Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent.<br>2. Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India<br>3. Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India.<br><br>Kindly check http://www.cbec.gov.in/resources//htdocscbec/gst/notfctn-02-2018-cgst-rate-english.pdf for further details. |

| | |
|---|---|
| 1/2018-CT (Rate)<br>Dated: 25.01.2018 | To clarify GST Rates of certain Services<br><br>1. Housekeeping services provided through electronic commerce operator - 5%<br>2. Tailoring Services - 5%<br>3. Services by way of treatment of effluents by a Common Effluent Treatment Plant - 12%<br><br>Kindly check http://www.cbec.gov.in/resources//htdocscbec/gst/notfctn-01-2018-cgst-rate-english.pdf for further details. |

**Central Tax - Circulars**

| Circular / Order No & Date | Purpose |
|---|---|
| 30/04/2018 – GST<br>Dated 25.01.2018 | GST dated 25.01.2018 clarification regarding supplies made to the Indian Railways classifiable under any chapter, other than Chapter 86.<br><br>It is hereby clarified that<br>1. only the goods classified under Chapter 86, supplied to the railways attract 5% GST rate with no refund of unutilized input tax credit and<br>2. Other goods [falling in any other chapter], would attract the general applicable GST rates to such goods, under the aforesaid notifications, even if supplied to the railways. |
| 29/03/2018 – GST<br>Dated 25.01.2018 | GST dated 25.01.2018 seeks to clarify the applicability of GST on Polybutylene feedstock and Liquefied Petroleum Gas retained for the manufacture of Poly Iso Butylene and Propylene or Di-butyl para Cresol.<br><br>GST will be payable by the refinery only on the net quantity of Polybutylene feedstock and Liquefied Petroleum Gas retained by the manufacturer for the manufacture of Poly Iso Butylene and Propylene or Di-butyl para Cresol . Though, the refinery would be liable to pay GST on such returned quantity of Polybutylene feedstock and Liquefied Petroleum Gas, when the same is supplied by it to any other person. |
| 28/02/2018 – GST<br>Dated 08.01.2018 | Clarifications regarding GST on College Hostel Mess Fees<br><br>The educational institutions have mess facility for providing food to their students and staff. Such facility is either run by the institution/ students themselves or is outsourced to a third person. Supply of food or drink provided by a mess or canteen is taxable at 5% without Input Tax Credit |
| 27/01/2017 – GST<br>Dated 04.01.2018 | Clarifications regarding levy of GST on accommodation services, betting and gambling in casinos, horse racing, admission to cinema, homestays, printing, legal services etc.<br><br>Kindly check http://www.cbec.gov.in/resources/htdocs-cbec/gst/om-clarification.pdf for further details. |

## Integrated Tax

| Notification No & Date | Purpose |
|---|---|
| 1/2018 – Integrated Tax Dated: 23.01.2018 | The said Notification issued to amend Notification No. 11/2017 – ITR, dated 13.10.2017. Accordingly, the commissioner of the IGST Act shall act as proper officers for the purpose of sanction of refund except refund of integrated tax paid on goods or services exported out of India. |

## Integrated Tax (Rate)

| Notification No & Date | Purpose |
|---|---|
| 10/2018-Integrated Tax (Rate) Dated: 25.01.2018 | The said Notification issued to amend Notification No. 47/2017 (ITR) Dated: 14.11.2017. Conditions who seeks to provide concessional GST rate of 5% on scientific and technical Equipment's supplied to publicly funded research institutions. |
| 09/2018-Integrated Tax (Rate) Dated: 25.01.2018 | The said Notification is to fix Central Tax rate on certain goods of Schedule IV of Notification No. 1/2017- Integrated Tax (Rate)<br><br>1. Old and used, petrol, LPG or CNG driven motor vehicles etc. – 18%<br>2. Old and used, diesel driven MVs engine capacity of 1500 cc – 18%<br>3. Old and used, diesel driven MVs engine capacity of more than 1500 cc – 18%<br>4. All Old and used Vehicles other than those mentioned above – 12% |
| 08/2018-Integrated Tax (Rate) Dated: 25.01.2018 | The said Notification is relating to insertions, substitutions of certain goods u/s. 11 of CGST Act 2017, Schedule I.<br><br>Kindly check http://www.cbec.gov.in/resources//htdocscbec/gst/notfctn-08-2018-igst-rate-english.pdf for further details. |
| 07/2018-Integrated Tax (Rate) Dated: 25.01.2018 | The said Notification is relating to changes in GST Rate of certain goods.<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/gst/notfctn-07-2018-igst-rateenglish.pdf for further details. |
| 06/2018-Integrated Tax (Rate) Dated: 25.01.2018 | According to this Notification, integrated tax leviable u/s. 5 of the IGST Act on the supply of services, imported into the territory of India shall be exempted to the extent of the aggregate of the duties of Customs leviable towards royalties, license fees etc. |
| 05/2018-Integrated Tax (Rate) Dated: 25.01.2018 | The Central Government has exempted GST on intra- state supply of services by way of grant of license or lease to explore or mine petroleum crude or natural gas or etc. from the IGST as is leviable on the consideration paid to the Central Government. |
| 04/2018-Integrated Tax (Rate) Dated: 25.01.2018 | The said Notification is related to following class of registered persons, namely:<br><br>1. Registered persons who supply development rights to a developer, builder, construction company or any other registered person against consideration, wholly or partly, in the form of construction service of complex, building or civil structure;<br><br>2. Registered persons who supply construction service of complex, building or civil structure to supplier of development rights against consideration, wholly or partly, in the form of transfer of development rights;<br><br>As the registered persons in whose case the liability to pay Integrated tax on supply of the said services, on the consideration received in the form of construction service shall arise at the time when the said developer, builder, construction company or any other registered person, as the case may be**, transfers possession or the right in the constructed complex,** building or civil structure, to the person supplying the development rights by entering into a conveyance deed or similar instrument. |
| 03/2018-Integrated Tax | The said Notification is relating to certain category of supply of services on which CGST Act, 2017 shall be paid on reverse charge basis by the recipient of such services. This notification has been issued to amend Notification No. 10/2017. Dated: 28.06.2017. |

| | |
|---|---|
| (Rate) Dated: 25.01.2018 | Accordingly, the services "supplied by the Central Government, State Government, Union territory or local authority by way of renting of immovable property to a person registered under the CGST Act, 2017" shall be inserted in the list of Reverse Charge services. |
| 02/2018-Integrated Tax (Rate) Dated: 25.01.2018 | To clarify certain services which are exempted from GST<br><br>1. Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent.<br>2. Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India<br>3. Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India.<br><br>Kindly check http://www.cbec.gov.in/resources//htdocscbec/gst/notfctn-02-2018-igst-rate-english.pdf for further details. |
| 01/2018-Integrated Tax (Rate) Dated: 25.01.2018 | To clarify GST Rates of certain Services<br><br>1. Housekeeping services provided through electronic commerce operator - 5%<br>2. Tailoring Services - 5%<br>3. Services by way of treatment of effluents by a Common Effluent Treatment Plant - 12%<br><br>Kindly check http://www.cbec.gov.in/resources//htdocscbec/gst/notfctn-01-2018-igst-rate-english.pdf for further details. |

**Union Territory Tax**

| Notification No & Date | Purpose |
|---|---|
| 01/2018-Union Territory Tax, Dated 01-01-2018 | To further amend notification No. 2/2017 - UT Tax so as to prescribe effective rate of tax under composition scheme for manufacturers and other suppliers. |

**Union Territory Tax (Rate)**

| Notification No & Date | Purpose |
|---|---|
| 09/2018-Union Territory Tax (Rate), Dated 25-01-2018 | The said Notification has been issued to amend Notification No. 45/2017-UTGST (Rate).<br><br>Conditions who seeks to provide concessional GST rate of 5% on scientific and technical Equipment's supplied to publicly funded research institutions. |
| 08/2018-Union Territory Tax (Rate), Dated 25-01-2018 | The said Notification has been issued to amend Notification No. 1/2017-UTGST (Rate).<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/gst/notfctn-08-2018-utgst-rate-english.pdf for further details. |
| 07/2018-Union Territory Tax (Rate), Dated 25-01-2018 | The said Notification has been issued to amend Notification No. 2/2017-UTGST (Rate).<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/gst/notfctn-07-2018-utgst-rate-english.pdf for further details. |
| 06/2018-Union Territory Tax (Rate), Dated 25-01-2018 | The said Notification has been issued to amend Notification No. 1/2017-UTGST (Rate).<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/gst/notfctn-06-2018-utgst-rate-english.pdf for further details. |
| 05/2018-Union Territory Tax (Rate), Dated 25-01-2018 | The Central Government has exempted GST on intra- state supply of services by way of grant of license or lease to explore or mine petroleum crude or natural gas or etc. from the IGST as is leviable on the consideration paid to the Central Government. |

| | |
|---|---|
| 04/2018-Union Territory Tax (Rate), Dated 25-01-2018 | The said Notification is related to following class of registered persons, namely:<br><br>1. Registered persons who supply development rights to a developer, builder, construction company or any other registered person against consideration, wholly or partly, in the form of construction service of complex, building or civil structure;<br><br>2. Registered persons who supply construction service of complex, building or civil structure to supplier of development rights against consideration, wholly or partly, in the form of transfer of development rights;<br><br>As the registered persons in whose case the liability to pay Integrated tax on supply of the said services, on the consideration received in the form of construction service shall arise at the time when the said developer, builder, construction company or any other registered person, as the case may be**, transfers possession or the right in the constructed complex,** building or civil structure, to the person supplying the development rights by entering into a conveyance deed or similar instrument. |
| 03/2018-Union Territory Tax (Rate), Dated 25-01-2018 | The said Notification has been issued to amend notification No. 13/2017- Central Tax (Rate) so as to specify services supplied by the Central Government, State Government, Union territory or local authority by way of renting of immovable property to a registered person under CGST Act, 2017 to be taxed under Reverse Charge Mechanism (RCM).<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/gst/notfctn-03-2018-utgst-rate-english.pdf for further details. |
| 02/2018-Union Territory Tax (Rate), Dated 25-01-2018 | The said Notification has been issued to amend notification No. 12/2017- Union Territory Tax (Rate) so as to exempt certain services as recommended by Goods and Services Tax Council in its 25th meeting held on 18.01.201.<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/gst/notfctn-02-2018-utgst-rate-english.pdf for further details<br>. |
| 01/2018-Union Territory Tax (Rate), Dated 25-01-2018 | The said notification has been issued to amend notification No. 11/2017- Union Territory Tax (Rate) so as to notify UTGST rates of various services as recommended by Goods and Services Tax Council in its 25th meeting held on 18.01.2018.<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/gst/notfctn-01-2018-utgst-rate-english.pdf for further details. |

**Compensation Cess (Rate)**

| Notification No & Date | Purpose |
|---|---|
| 01/2018-Compensation Cess (Rate), Dated 25-01-2018 | The said Notification has been issued to amend Notification No. 1/2017-Compensation Cess (Rate).<br><br>All old and used motor vehicles at Nil rate |

## GST – Union Budget Proposals

*The changes in GST Laws pertaining to levy of GST can be made only with the approval of GST council. Therefore, there is no change proposed in this budget.*

# Customs: Round-up for the month of January

### Customs – Notifications Issued in January 2017

| Sl. No. | Notifications | | Circulars | Instructions |
|---|---|---|---|---|
| 1 | Tariff | 05 | 04 | 01 |
| 2 | Non- Tariff * | 10 | | |
| 3 | Safeguards | - | | |
| 4 | Anti-Dumping Duty | 03 | | |
| 5 | CVD | - | | |

### Customs – Tariff Notifications

| Notification No & Date | Purpose |
|---|---|
| 05/2018-Custom Dated: 25.01.2018 | The said notification has been issued to to amend Notification No.50/2017-Customs (Rate). |
| 04/2018-Custom Dated: 18.01.2018 | Temporary Import of Professional Equipment and Sports Goods under A.T.A. Carnet.<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2018/cs-tarr2018/cs04-2018.pdf for further details. |
| 03/2018-Custom Dated: 12.01.2018 | To include Dhamra and Dighi Ports in the list of ports mentioned in Export Promotion (EP) Schemes Notifications. |
| 02/2018-Custom Dated: 05.01.2018 | The said notification has been issued to amend notification 50/2017-Customs dated 30.06.2017 so as to exclude petroleum coke from the purview of concessional 5% Basic Customs Duty (BCD). |
| 01/2018-Custom Dated: 05.01.2018 | The said notification has been issued to amend notification No. 82/2017-Customs dated 27.10.2018 to amend the effective rate of customs duty<br><br>Accordingly, rate of Customs Duty on Man Made Fibres (6001 92 00) shall be 20% or Rs. 100 per KG, whichever is higher. |

**** Non-Tariff – Latest Exchange Rates, kindly check http://www.cbec.gov.in/Customs-Notifications***

| Notification No & Date | Anti-Dumping Duty |
|---|---|
| 03/2018- Customs (ADD), Dated. 23-01-2018 | To impose definitive anti-dumping duty on imports of "Toluene Di-Isocyanate (TDI)" originating in or exported from China PR, Japan and Korea RP.<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2018/cs-add2018/csadd03-2018_New.pdf for further details. |
| 02/2018-Customs (ADD), Dated 17-01-2018 | To revoke/rescind notification No. 40/2012-Customs (ADD) dated 30.08.2012.<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2018/cs-add2018/csadd02-2018.pdf for further details. |
| 01/2018-Customs (ADD), Dated 12-01-2018 | To withdraw abeyance of notification no. 30/2017-customs (ADD) dated 16.06.2017.<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2018/cs-add2018/csadd01-2018.pdf for further details. |

## Customs – Circulars

| Circular No & Date | Purpose |
|---|---|
| 04/2018 – Customs Dated 24.01.2018 | To amend all Industry Rates of Duty Drawback effective from 25.01.2018<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2018/circ04-2018cs.pdf for further details. |
| 03/2018 – Customs Dated 17.01.2018 | To amend AEO Programme Circular No. 33/2016 dated 22/7/2016<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2018/circ03-2018cs.pdf for further details. |
| 02/2018 – Customs Dated 12.01.2018 | Know your customer (KYC) norms<br><br>Kindly check http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2018/circ02-2018cs.pdf for further details. |
| 01/2018 – Customs Dated 11.01.2018 | Guidelines for the sale of seized/confiscated gold.<br><br>In addition to the centre(s), viz, Mumbai, New Delhi, Calcutta, Chennai, Ahmedabad, Jaipur, Cochin, Bangalore and Shillong, the sale of seized / confiscated gold found ripe for disposal can be done at all the centres of State Bank of India, all Public Sector Banks (approved by RBI to import and sell gold), MMTC Ltd. and STC Ltd which also have authorization from their competent authorities / head offices to dispose/sell the seized/confiscated gold handed over to them. |

# Indirect Tax – Union Budget Proposals – In Brief

1. **Rename of CBEC**

   Since Subsume of Excise and other Indirect Taxes in to GST, it is proposed to rename "Central Board of Excise and Customs (CBEC) as "Central Board of Indirect Taxes and Customs – (CBIC)".

2. **Social welfare surcharge in place of Education cess** A social welfare surcharge at 10% of the aggregate customs duties has been levied on imported goods in place of existing 3% education cesses. However, this surcharge will not be leviable on integrated tax and GST compensation cess on imported goods.

3. **Increase in Custom Duty**

   To encourage 'make in India' concept, the Central Government has proposed to increase Customs Duty on following items:

| Particulars | From | To |
|---|---|---|
| Mobile phones | 15% | 20% |
| Parts of mobile phones | 10% | 15% |
| CKD import of motor vehicles | 10% | 15% |
| Some of the parts and accessories of Motor Vehicles | 10% | 15% |
| Sunglasses | 10% | 20% |
| Wrist watches, smart watches, pocket watches etc. | 10% | 20% |
| Certain forms of furniture and mattresses | 10% | 20% |
| Perfumes | 10% | 20% |
| Footwear | 10% | 20% |
| LCD/LED/OLED panels and parts | 7.5%/10% | 15% |

4. **Amendment to Definition of "assessment" u/s. 2(2)** "to extend the limit of 'Indian Customs Waters' into the sea from the existing ' Contiguous zone of India' to the ' Exclusive Economic Zone (EEZ)' of India."

5. **Assessment of duty – u/s. 17**

   - Expand the scope of verification beyond self-assessment to all the entries made under section 46 or section 50.

   - insert a new sub-section (2A) to provide legal backing for the risk-based selection of self-assessed Bill of Entry or Shipping Bill through appropriate selection criteria, extend the scope of re-assessment by omitting specific reference to valuation, classification and exemption or concessions of duty availed consequent to any notification issued therefor under this Act from sub-section (5);

   - Omit sub-section (6) providing for audit of assessment of duty, in view of the new dedicated Chapter for Audit;

6. **Provisional assessment – u/s. -** For the first time, exporters are also allowed facility of provisional assessment.

7. **Revamping of Authority for Advance Ruling**

   It has been proposed to revamp Authority for Advance Ruling, Appellate Authority for Advance Ruling, Principal Commissioner or Commissioner of Customs. Present Authority for Advance Ruling shall become the AAAR. On appointment of CAAR, all pending applications shall stand transferred to CAAR.

**8. Introduction of electronic cash ledger**

In line with GST, option of making duty payments through an electronic cash ledger has been introduced.

**9. Customs Audit**

The provisions for audit under Customs Act have been proposed. Audit will replace replace the onsite post clearance audit regulations of 2011.

**10. Two new provisions in Customs Act**

The section 25A and section 25B has been inserted to provide exemption for goods re-imported/re-exported for repair, further processing or manufacture as per the manner prescribed by the Government.

**11. Amendment in Valuation Rules**

The Customs Tariff Act has been proposed to be amended to provide for value of warehoused goods. The value shall be as follows:

a. The value of goods computed for levy of IGST under normal circumstances or transaction value of goods i.e. amount paid/payable for sale of goods whichever is higher.
b. In case the goods are sold in proportion then the proportionate of the value as determined above.
c. In case the goods are sold more more than once, the transaction value of last such transaction shall be considered.

However, the said provision has been provided to compute IGST and compensation cess only. The basic customs duty will be computed as per the provisions prescribed in section 14 of Customs Act i.e. on the value paid/payable to the foreign supplier.

# International Taxation – Round-up for the month of January

## European Union's Tax Heavens – Revised List

On 23.01.2018, the European Council has removed eight jurisdictions from the list of non-cooperative jurisdictions for tax purposes, following commitments made at a higher level to remedy EU concerns. They are Barbados, Grenada, the Republic of Korea, Macao SAR, Mongolia, Panama, Tunisia and the United Arab Emirates are moved to a separate category of jurisdictions subject to close monitoring.

The decision leaves 9 jurisdictions on the list of non-cooperative jurisdictions out of 17 announced initially on 05.12.2017. These are American Samoa, Bahrain, Guam, Marshall Islands, Namibia, Palau, Saint Lucia, Samoa and Trinidad and Tobago. The list also carries recommendations on steps to take to be de-listed.

The EU's list is intended to promote good governance in taxation worldwide, maximizing efforts to prevent tax avoidance, tax fraud and tax evasion. It was prepared during 2017 in parallel with the OECD global forum on transparency and exchange of information for tax purposes.

Whereas the list is to be revised at least once a year, the working group responsible for preparing it (the 'code of conduct group') can recommend an update at any time. Source: European Council

## BEPS Multilateral Instrument (MLI)

Six more countries have signed the BEPS multilateral instrument, enabling them to amend their double tax treaties to incorporate the recommendations put forward by the OECD as part of its Base Erosion and Profit Shifting Action Plan.

The countries are Barbados, Cote d'Ivoire, Jamaica, Malaysia, Panama, and Tunisia signed the Agreement on 24.01.2018, bringing the total number of signatories to 78.

In addition, Algeria, Kazakhstan, Oman, and Swaziland have said they intend to sign the Convention, and a number of other jurisdictions are actively working towards signature by June 2018. Source: OECD

## Switzerland Consults and Tax Transparency Measures

The Swiss Federal Council is consulting on recommendations made by the Global Forum on Transparency and Exchange of Information for Tax Purposes, to improve the transparency of beneficial ownership information.

The OECD's Global Forum conducts peer reviews of member countries in two phases. Phase 1 covers the legal and regulatory framework in the country concerned. Phase 2, to which Switzerland was admitted in 2015, assesses the efficiency of the exchange of information in practice.

The next Forum peer review of Switzerland will start in the second half of 2018.

The consultation will close on April 24. Source: OECD

## US Tax Reforms To Boost Global Growth - IMF

The recent tax reform in the US would drive up the global economic growth rate to 3.9 percent, according to new estimates of International Monetary Fund (IMF).

In its latest World Economic Update, the IMF revised US global growth forecasts for 2018 and 2019 upwards by 0.2 percentage point to 3.9 percent, citing increased global growth momentum as well as the expected impact from the recent US tax reforms. The IMF cited the reduction in corporate tax rates and the temporary allowance for full expensing of equipment as key elements contributing to the improved growth expectations. Source: IMF

## International Taxation - Union Budget Proposals – In Brief

1. **Taxation of LTCGs in the case of Foreign Institutional Investor**

   According to Union Budget, the FIIs will be liable to tax on LTCGs arising from transfer of long term capital asset being equity shares of a company or a unit of equity oriented fund or a unit of business trusts only in respect of amount of such gains exceeding one lakh rupees. With effect from Assessment year 2019-20 onwards.

2. **Modified PE Rule as per Multilateral Instrument (MLI)**

   It has been proposed to amend the term "Business connection". Same shall include any business activities carried through a person who, acting on behalf of the non-resident,

   - habitually concludes contracts or
   - habitually plays the principal role leading to conclusion of contracts by the non-resident and
   - the contracts are –
     - ✓ in the name of the non-resident; or
     - ✓ for the transfer of the ownership of, or for the granting of the right to use, property owned by that non-resident or that the non-resident has the right to use; or
     - ✓ for the provision of services by that non-resident. Explanation 2 to section 9(1)(i)

   **Significant Economic presence shall mean**

   - any transaction in respect of any goods, services or property carried out by a nonresident in India including provision of download of data or software in India if the aggregate of payments arising from such transaction or transactions during the previous year exceeds the amount as may be prescribed; or

   - Systematic and continuous soliciting of its business activities or engaging in interaction with such number of users as may be prescribed, in India through digital means.

The threshold of "revenue" and the "users" in India will be decided after consultation with the stakeholders.

**Further, it is proposed as under:**

- Only so much of income as is attributable to such transactions or activities shall be deemed to accrue or arise in India.
- The transactions or activities shall constitute significant economic presence in India, whether or not the non-resident has a residence or place of business in India or renders services in India.

**It is also clarified** that unless corresponding modifications to PE rules are made in the DTAAs, the cross border business profits will continue to be taxed as per the existing treaty rules. Explanation 2A to section 9(1)(i). With effect from Assessment year 2019-20 onwards.

3. **Country-by-Country Report (CbCR), [Section 286]**

   It is proposed to amend certain provisions relating to Country-by-Country Report. They are -

   a) The time allowed for furnishing the Country-by-Country Report (CbCR), in the case of parent entity or Alternative Reporting Entity (ARE), resident in India, is proposed to be extended to twelve months from the end of reporting accounting year (However, for Financial year 2017-18 the time limit shall be 31.03.2019).
   b) In case its parent entity outside India has no obligation to file the report in its country or territory then constituent entity resident in India, shall also furnish CbCR within the aforesaid due date i.e. twelve months from the end of reporting accounting year. Retrospective amendment and w.e.f 01.04.2017 and will apply from assessment year 2017-18 onwards.

4. **Financial Services Centre (IFSC) [Section 47]**

   Transactions in the following assets, by a non-resident on a recognized stock exchange located in any IFSC shall not be regarded as transfer, if the consideration is paid or payable in foreign currency:—

   - Bond or GDRs u/s.115AC(1); or

- rupee denominated bond of an Indian company; or
- derivative

It is further proposed to amend the section 115JC so as to provide that in case of a unit located in an IFSC, the alternate minimum tax under section 115JC shall be charged at the rate of 9% ( earlier it was 18.5%). W.e.f assessment year 2019-20 onwards.

**5. Non - applicability of Minimum Alternate Provisions (MAT) - Section 115JB**

An explanation is proposed to be incorporated in the Section 115JB to clarify that the provisions of section 115JB shall not be applicable and shall be deemed never to have been applicable to an assessee being a foreign company, if its total income comprises solely of profits and gains from business referred to in section 44B or section 44BB or section 44BBB and such income has been offered to tax at the rates specified in the said sections. Retrospective amendment w.e.f 01.04.2001 or Assessment year 2001-02 onwards.

# Tax Calendar – For The Month of February 2018

| Statutes | Due Date | Purpose |
|---|---|---|
| **Income Tax** | **07.02.2018** | To deposit Tax deducted/collected for the month of January 2018. 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. |
| | **14.02.2018** | To issue TDS Certificate for tax deducted at source under section 194-IA / 194-IB in the month of December 2017. |
| | **15.02.2018** | To furnishing of Form 24G by an office of the Government where TDS for the month of January 2018 has been paid without the production of a challan.<br><br>Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2017. |
| **GST** | **10.02.2018** | GSTR 1 for the month of Dec, 2017 (for persons with Turnover above 1.5 Crore) |
| | **15.02.2018** | GSTR 1 for the month of Oct - Dec, 2017 (for persons with Turnover below 1.5 Cr.) |
| | **20.02.2018** | GSTR 3B for the month of January, 2018 |
| | **20.02.2018** | GSTR 5 for the month of January, 2018 |

# 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 are advised to aware that subsequent changes in the said Tax Laws.*

*Information published in the Newsletter are taken from publicly available sources and believed to be accurate.*

*The Founder or the Chamber takes no responsibility for accuracy and reliability of information published in the Bulletin.*

# The Founder

*Mr. Prabhakar K S is the 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 on 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*


*Shree Tax Chambers ™*

*Integrity | Speed | Expertise*

*No 69 | 4th Main | 2nd Phase | Manjunathanagar | WoC Road | Rajajinagar | Bengaluru – 560 010 | India*

*Phone: 080 - 2320 3835 (Monday to Friday) | Email-id: shreetaxchambers @ bsnl.in*


*Domestic & International Taxation*

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