Shree's Tax Bulletin

Volume 1| Issue 7 | July 2018

Shree Tax Chambers | Bengaluru | India

Integrity | Speed | Expertise

Dear Professional Colleagues,

1st day of July is so special for one or the other reasons...!! The country has celebrated it as first GST Day, Chartered Accountant's Day & Doctor's Day. Pleased to place my official monthly's Seventh issue. Like previous issues, the latest one also provides much needed insight on select key domestic & international taxation developments took place during the month of June, 2018.

India – Positive Notes

Last month, Fitch Ratings has raised India's growth forecast for 2018-19 to 7.4 per cent from 7.3 per cent. For 2019-20, it estimated the country's growth at 7.5 per cent. Prior to Fitch's forecasting, Moody cuts India's growth forecast for 2018-19 to 7.3 per cent from 7.5 per cent citing of steep raise on oil prices. Further, Fitch opined that the global growth prospects remain robust despite rising trade tensions or trade wars.

Further, latest export data shows an upward trend in May i.e. export hit a six-month high to 20.18 per cent, which is up from 5.71 per cent in April.

According to *MSME Pulse Quarterly Report' of TransUnion CIBIL- SIDBI,* the overall credit exposure has shown the highest growth in last five quarters at Rs 54.20 lakh crore as on 31st March, 2018, with micro, small and medium enterprises (MSMEs) segment constituting Rs 12.6 lakh crore (23 per cent) of the commercial credit outstanding. The said figures show that MSME Sector left behind the woes of GST and demonetisation.

In personal front, few more 'Tax Laws' related articles have got published on country's leading tax law weeklies, *namely* –

1. *Customs: Advance Rulings - A Journey so far.....On Excise Law Times*
2. *GST - A Status Report - On GST Law Times*
3. *GST: Advance Rulings - On ICSI Mysore Chapter's Official e-Magazine*
4. *Is it not a time for the NFRA? - On Taxman*

Few more advanced articles are under consideration.

As Robert Frost 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......" So I will ...!!

Look forward to your feedback at *shreetaxchambers@bsnl.in*

Happy Reading..!!

Prabhakar K S
A Budding Tax Law Professional

Shree Tax Chambers
Bengaluru | India

11.07.2018

Income Tax

Shree’s Tax alert

Income Tax Returns for the Assessment Year 2018–19

Penalty for late filing of Income Tax Return

(Other than Tax Audit Cases)

Penalty for late filing of Income Tax Return with effective from 1st April, 2018.

Sl. No.	Penalties	Penalty In Rs.
1.	For filing of income tax return on or before 31.07.2018 (i.e. due date)	Nil
2.	For filing of income tax return from 01.08.2018 but on or before 31.12.2018	5,000
3.	For filing of income tax return on or after 31.12.2018	10,000

Note :

1. *If the total Income is Rs. 5 lakh or less, then the maximum penalty will be Rs. 1,000.*
2. *If the return is not filed by 31.07.2018, then the assessee is not eligible for revision of return and carry forward of losses.*
3. *With due International Recognition, Chamber’s Professional fees are subject to upward revision.*
4. *Rush to avoid last-minute technical glitches.*
5. *Reach us at 080 – 2320 3835 / + 91 97402 83835 (Monday to Friday 11.00 a.m. to 4.00 p.m.)*

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Cost Inflation Index – Financial Year 2018-19

The Central Board of Direct Taxes (CBDT) has notified the 'Cost of Inflation Index for the Financial year 2018 – 19' as "280" and same shall come into force w.e.f 1st April, 2019. Accordingly, same shall apply to the Assessment Year 2019-20 and subsequent years. *CBDT Notification No. 26/2018/F.No 370142/3/2018-TPL* Dated 13th June, 2018

Proposed Amendments To Income Tax Appellate Forms

The CBDT vide Draft Notification dated 13th June, 2018 proposed few amendments to Appellate Forms such as Form No. 36 for filing an appeal and Form 36A for submission of memorandum of cross objections to the Income Tax Appellate Tribunal (ITAT) respectively. The said forms are being amended after 25 years. According to Draft Notification, the Appellant is required to submit following details: pending litigation, penalty disputed in appeal, with whom the appeal is pending including Appeal No., date of filing of the said appeal among others. CBDT has invited stakeholder comments on the draft by July 2 electronically at the email address ts.mapwal@nic.in.

Latest Panama Papers

The Panama Paper leaks were originally revealed by the International Consortium of Investigative Journalists (ICIJ), on 4th April, 2016. As a proactive measure, the Central Government has constituted the MAG (Multi Agency Group), headed by Chairman, Central Board of Direct Taxes (CBDT) as its convener, comprising representatives of the Income Tax Department, Enforcement Directorate (ED), Financial Intelligence Unit (FIU) and Reserve Bank of India (RBI).

The fresh release made on 22nd June, 2018, again prompts the law enforcement agencies for facilitating coordinated and speedy investigation. The Panama Paper leaks involving 426 persons have been investigated by the Income Tax Department and other member agencies of MAG. After thorough investigation, involving examination of the disclosures made in the ITRs particularly the FA schedule, residential status, responses to questionnaires issued, responses received from foreign jurisdictions and details of Foreign remittances made, 352 cases were found to be non-actionable. In the 74 cases found actionable, invasive actions were taken in 62 cases with searches conducted in 50 cases, and surveys in 12 cases leading to detection of undisclosed foreign investments of about Rs. 1140 crore (approx). In 16 cases criminal prosecution complaints have been filed in jurisdictional courts which are at various stages of hearing. In 32 cases notices under section 10 of the Black Money Act have been issued.

Instant PAN..!!

The Income Tax department has launched an 'instant' Aadhaar-based PAN allotment service for individuals seeking to obtain the unique identity for the first time. "This facility is free of cost and instant allotment of e-PAN is available only for a limited period on first-come-first-serve basis for valid Aadhaar holders," the department said in a recent advisory. A senior official said the new facility has been introduced in view of an increasing number of people applying to obtain the Permanent Account Number (PAN) for their financial and tax matters.

A fresh PAN will be allotted on the basis of a onetime password (OTP) sent over the "active mobile number" linked with the valid Aadhaar number of a person, the advisory said. The new PAN, obtained by this mechanism, will have the same name, date of birth, gender, mobile number and address that is present in the individual's Aadhaar, it said. The e-PAN facility is only for resident individuals and not for Hindu Undivided Family (HUF), firms, trusts and companies etc. Once the PAN is allotted to an applicant through his electronic Aadhaar-based verification, the new PAN card will be sent to the applicant by post.

Linking of PAN with Aadhar

As expected, the CBDT vide Order u/s. 119 of the Income Tax Act, 1961 dated 30th June 2018, further extends the time for linking PAN with Aadhar till 31st March 2018.

Note: The Hon'ble Supreme Court's final verdict on constitutionality of Aadhar is expected any moment.

Goods & Services Tax

1st GST Day ……… 1st July 2018..!!

India is celebrating the first anniversary of its historic journey of Goods & Services Tax (GST). Certainly, the new Indirect Tax Regime has changed the landscape of the economy ……………………

With an equal amount of windfall and agony, one must appreciate the Government & all its organs for its efficient and a time-bound action to address the ground issues…………

With a handful of experience, all concerned should move forward to achieve 'One Nation- One Tax' more effectively……….

Prabhakar K S @ Ramanuja Dasan
Founder, Shree Tax Chambers, Bengaluru, India

12 Months of GST..!! 42 Months of Shree Tax Chambers..!!

GST Refund – 2nd Special Drive

Recently, the Central Board of Indirect Taxes and Customs (CBIC) have successfully concluded its 2nd Special Refund Fortnight from 31st May, 2018 to 16th June, 2018.

By the end of 16th June, 2018, total Rs. 6,087 crore IGST refund has been sanctioned. Key takeaways are - about 1,68,191 shipping bills have been processed and IGST refund claims of about 9,293 exporters have been sanctioned including about 3,500 new exporters, whose refunds had been held up, have got their refund sanctioned. The amount of RFD-01A refund claims received by the Centre as on 30th April, 2018 was Rs. 9,816 crores. The target for the Special Refund Fortnight was to dispose off this amount. During the refund fortnight, an amount of Rs. 1,548 crores was sanctioned by the Centre and Rs. 2,290 crores by the States.

This takes the amount of RFD-01A refund claims disposed, as on 16.06.2018, by the Centre to Rs. 10,824 crores and by the States to Rs. 7,287 crores. Thus, the total amount of RFD-01A claims disposed off stands at Rs. 18,111 crores. In all, Rs 21,142 crore (IGST refunds), Rs. 9,923 crore (RFD-01A refund by CBIC) and Rs 6,997 crore (RFD-01A refund by States) all totaling Rs 38,062 crore has been sanctioned till 16 June, 2018.

Considering the amount of rejected claims, the total IGST disposed is Rs 23,437 Crore, RFD-01A (by CBIC) is Rs 10,824 crore, RFD-01A (by States) is Rs 7, 287 crore and total GST refund disposed till 16 June, 2018 stands at Rs 41,548 crore.

GST Refund Status – *Bengaluru Zone*

According to Principal Chief Commissioner of Central Tax A K Jyotishi, Bengaluru zone, it has refunded around Rs 1,183 crore since the roll out of GST. The GST revenue from Karnataka per month is Rs 6,000 crore excluding indirect central tax of Rs 1,000 crore as duty and taxes on petroleum products. Under the special refund drive Rs 197 crore has been disbursed. By end of the 2nd Speical Drive, around 96 per cent of the claims have been cleared and remaining is still under process.

Additional Commissioner Amitesh Bharat Singh informed that out of 1,685 claims for refund, 1,242 were found valid. There was a total refund of Rs 651 of Central GST, Rs 267 of the SGST and Rs 265 crore of the IGST and Customs. Under the Central GST, the total claim was of Rs 670 crore of which Rs 650 crore has been paid by April end and the rest will be decided later.

GST on Fuel – Latest Developments

According to a top Government Official, a highest tax rate at 28 per cent plus applicable State VAT on petrol and diesel likely to be the tax structure when the two auto fuels are covered under the GST regime. However, proposed GST rate plus State VAT will be equal to the present tax incidence, which is made up of Excise Duty, levied by the Central Government and VAT charged by the States.

The Central Government currently levies a total of Rs 19.48 per liter of Excise Duty on petrol and Rs 15.33 per liter on diesel plus respective States local VAT. The total tax incidence on petrol comes to 45-50 per cent and on diesel it is around 35-40 per cent.

GST Revenue Collection – June 2018

The total gross revenue collected in the month of June 2018 is Rs 95,610 crore of which CGST is Rs 15,968 crore, SGST is Rs. 22,021 crore, IGST is Rs 49,498 crore (including Rs. 24,493 crore collected on imports) and cess is Rs. 8,122 crore (including Rs. 773 crore collected on imports). The total revenue earned by Central Government and the State Governments after settlement in the month of June 2018 is Rs. 31,645 crore for CGST and Rs. 36,683 crore for SGST.

The last month's revenue collection is Rs. 95,610 crore as compared to previous month's revenue of Rs. 94,016 crore. Further the gross revenue collection in the month of June 2018 is Rs. 95,610 crore whereas monthly average of GST collection in the last financial year was Rs. 89,885 crore.

In the month of June, 2018 additional provisional settlement has been done and Rs. 50,000 crore has been settled between Centre and States. The said provisional settlement has been done in addition to the earlier provisional settlement of Rs. 35,000 crore in February, 2018. The total number of GSTR 3B Returns filed for the month of May upto June 2018 is 64.69 Lakhs.

GST Council's 28th Meeting – Alert

All-powerful GST Council's next or 28th meeting to be convened on 21st July, 2018 in New Delhi. One of the Group of Ministers (GoM) on GST recently, recommended 3 per cent cess on sugar. GST Council may take a final call on Sugar Cess. Other possible items on its agenda is considering introduction of Reverse Charge Mechanism on selective basis, Sops on Digital Payments, inclusion of Natural Gas & ATF, approval of format for Annual Returns and Audit, GST Rate rationalization, Compliance and Data Analytics and on latest round of proposed amendments etc.

GST Laws - Proposed Amendments

As a proactive measure and to ease further burden on the common man, the Central Government on 9th July, 2018 again proposed one more round of major overhaul to the GST Laws and sought stakeholders' comments and suggestions latest by 15th July 2018.

According to the 'Proposed Draft Amendments,' there are 46 issues under consideration to amend the GST Laws after receiving the stakeholders' comments and suggestions.

Parliament's Monsoon Session – July 2018

Parliament's Monsoon Session has been scheduled to be held from 19th July, 2018 to 10th August, 2018. It is expected that above said proposed amendments may be placed before both the Houses on top priority by the Finance Ministry.

Notifications, Circulars & Orders issued during the month of June 2018

Sl. No.	Statutes	Notifications	Circulars	Orders
1	Central Tax Central Tax (Rate)	03 01	04	-
2	Integrated Tax Integrated Tax (Rate)	- 01	-	-
3	Union Territory Tax Union Territory Tax (Rate)	- 01	-	-
4	Compensation Cess Compensation Cess (Rate)	- -	-	-

Central Tax

Notification No & Date	Purpose
26/2018-Central Tax Dated 13.06.2018	To make amendments (Fifth Amendment, 2018) to the CGST Rules, 2017.
27/2018-Central Tax Dated 13.06.2018	To specify goods which may be disposed off by the proper officer after its seizure.
28/2018-Central Tax Dated 19.06.2018	To notify amended CGST Rules, 2017

Central Tax (Rate)

Notification No & Date	Purpose
12/2018-Central Tax (Rate) Dated 29.06.2018	To exempt payment of tax under section 9(4) of the CGST Act, 2017 till 30.09.2018 i.e. RCM.

Integrated Tax (Rate)

Notification No & Date	Purpose
13/2018-Integrated Tax (Rate) Dated 29.06.2018	To exempt payment of tax under section 5(4) of the IGST Act, 2017 till 30.09.2018.

Union Territory Tax (Rate)

Notification No & Date	Purpose
12/2018-Union Territory tax(rate) Dated 29.06.2018	To exempt payment of tax under section 7(4) of the UT GST Act, 2017 till 30.09.2018 i.e. RCM.

Central Tax – Circulars

Circular No & Date	Purpose
46/2018 Dated 06.06.2018	Applicable GST rate on Priority Sector Lending Certificates (PSLCs), Renewable Energy Certificates (RECs) and other similar scrips
47/2018 Dated 08.06.2018	Clarifications of certain issues under GST
48/2018 Dated 14.06.2018	To clarify miscellaneous issues related to SEZ and refund of unutilized ITC for job workers
49/2018 Dated 21.06.2018	To modify Circular No. 41/15/2018-GST i.e. procedure for interception of conveyances for inspection of goods in movement, and detention, release and confiscation of such goods and conveyances.

Customs

CBIC New Chairperson

Sri S. Ramesh, IRS(C&CE : 1981) has taken over as Chairman, Central Board of Indirect Taxes and Customs [CBIC], on superannuation of Smt. Vanaja N. Sarna on 30.06.2018. Prior to his elevation, he was Member (Administration) in the Board.

Shree Tax Chambers, Bengaluru, India, congratulates Sri. S Ramesh, IRS on his elevation as Chairman.

Customs – Finalization of Provisional Assessment

The Central Board of Indirect Taxes & Customs during last month issued a draft Customs (Finalization of Provisional Assessment) Regulations, 2018 to seek stakeholders suggestions and comments.
Proposed Regulations – *In Brief*

Applicability: shall apply to the provisional assessments ordered on or after the coming into force of these regulations. Also the said Regulations shall not apply or shall apply in such amended form, to the provisional assessments, where directions have been issued by the Board to keep them pending.

Time limit to submit documents / information: One month

Time limit for finalization of provisional assessment: within two months of receipt of such intimation from the importer/exporter or his authorised representative or Customs House Broker.

Penalty: May extend to fifty thousand rupees.

Stakeholders may send their comments and suggestions latest by 15th June, 2018 to uscus4.dor@gov.in

Special Economic Zone (SEZ) - Panel

The Central Government on 4th June, 2018 has constituted a high level group, headed by Sri. Baba Kalyani, Chairman, Bharat Forge, to study the special economic zones (SEZ) policy of India. The said group will evaluate the SEZ policy, suggest requisite measures to cater to the needs of exporters in the present economic scenario and make the policy WTO (World Trade Organisation) compatible, suggest course correction in policy, make comparative analysis of the SEZ scheme and dovetail the policy with other similar schemes.

The other Members of the group are -

Sri. Ravindra Sannareddy of Sri City SEZ,
Sri. Neel Raheja of Group President of K Raheja Group,
Sri. Arun Misra of Tata Steel SEZ,
Mrs. Anita Arjundas of Mahindra Life Space Developer, and
Principal Secretaries (Industries) of Gujarat, Maharashtra, Telangana, Andhra Pradesh, Tamil Nadu and Karnataka.

Submission Deadline: The Group will submit its recommendations in a three months' time.

Trade War & Harley Davidson

According to 'The Financial Times, London', Harley-Davidson will shift its production of EU-bound motorcycles away from US plants to avoid tariffs imposed by Brussels on American imports. The motorcycle maker said its facilities in India, Brazil and Thailand *will increase manufacturing* so the company can avoid paying tariffs that would have cost it up to $100 m.

Harley-Davidson believes the tremendous cost increase, if passed on to its dealers and retail customers, would have an immediate and lasting detrimental impact to its business in the region, reducing customer access to Harley-Davidson products and negatively impacting the sustainability of its dealers' businesses.

Notifications, Circulars & Instructions issued during the month of June 2018

Sl. No.	Notifications		Circulars	Instructions
1	Tariff	04	06	01
2	Non- Tariff *	14		
3	Safeguards	-		
4	Anti-Dumping Duty	03		
5	CVD	-		

Tariff Notifications

Notification No & Date	Purpose
47/2018-Cus, Dated 14.06.2018	To further amend notification No. 50/2017- Customs dated 30.06.2017 so as to increase basic customs duty (BCD) to 35% on crude edible vegetable oils and to 45% on refined edible vegetable oils.
48/2018-Cus, Dated 20.06.2018	To increase the tariff rate on goods in chapters 7, 8, 28, 38, 72 and 73 in the First Schedule to the Customs tariff Act, 1975.
49/2018-Cus, Dated 20.06.2018	To further amend notification No. 50/2017-customs dated 30th June 2017, to prescribe effective rate of duty on specified goods.
50/2018-Cus, Dated 30.06.2018	To provide the tariff concession to the goods of the description specified in column (3) of the Table hereto annexed and falling under the Chapter.

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

Anti-Dumping Duty

Notification No & Date	Purpose
32/2018-Cus (ADD), Dated 01.06.2018	To provide for provisional assessment of new/unused pneumatic tyres originating in or exported from People s Republic of China by M/s Shandong Haohua Tire Co. Ltd. (Haohua) (Producer) through Guangzhou Exceed Industrial Technology Co. Ltd. (exporter) or H K Trade Wing Trading Limited (exporter) till the final findings of New Shipper Review in this regard are received.
33/2018-Cus (ADD), Dated 01.06.2018	To revise anti-dumping duty on imports of Hydrogen Peroxide originating in or exported from Bangladesh, Taiwan, Korea RP, Indonesia, Pakistan and Thailand by amending the notification No. 28/2017-Customs (ADD) dated 14th June, 2017.
34/2018-Cus (ADD), Dated 25.06.2018	To provide for provisional assessment of new/unused pneumatic tyres originating in or exported from People s Republic of China by M/s Shandong Haohua Tire Co. Ltd. (Haohua) (Producer) through Guangzhou Exceed Industrial Technology Co. Ltd. (exporter) or H K Trade Wing Trading Limited (exporter) till the final findings of New Shipper Review in this regard are received.

Circulars

Circular No & Date	Purpose
15/2018 Dated 06.06.2018	With respect to Refund of IGST on export of Goods-Extension of date in SB005 alternate mechanism cases and Clarification in other cases
16/2018 Dated 08.06.2018	With respect to Powers of adjudication of the officers of Customs.
17/2018 Dated 13.06.2018	With respect to Powers of adjudication of the officers of Customs.

18/2018 Dated 13.06.2018	With respect to procedure for e-commerce exports through Post and clarification regarding personal imports (amendment to Circular 14/2018 dated 04th June, 2018).
19/2018 Dated 18.06.2018	With respect to Electronic sealing-deposit in and removal of goods from Customs Bonded warehouse.
20/2018 Dated 20.06.2018	With respect to Cigarettes and other Tobacco products (Packaging and Labelling), Second Amendment Rules, 2018-reg.

Instructions

Instruction No & Date	Purpose
F.No. 476/02/2016- LC Dated 04.06.2018	With respect to Clearance of goods through Foreign Post Office (FPOs).

International Taxation

Transfer Pricing & Secondary Adjustments: Proposed Amendments

In order to make the actual allocation of funds consistent with that of the primary adjustment, section 92CE was inserted in the Income-tax Act, 1961 vide Finance Act, 2017 w.e.f 1st April , 2018, to provide for Secondary Adjustment by attributing income to the excess money lying in the hands of the Associated Enterprise (AE). The time limit within (i.e. 90 days), which the excess money, which is available with the AE of an assessee as a result of primary adjustment to the transfer price, which leads to an increase in the total income or reduction in the loss of the assessee, shall be repatriated to India, was prescribed in accordance with the provisions of section 92CE (2) by inserting Rule 10CB of the Income-tax Rules, 1962 vide Notification No. GSR 590(E) dated June 15th, 2017.

Due to implementation difficulties with respect to primary adjustment that arises on account of 'Agreement for Advance Pricing (APA) / Mutual Agreement Procedure (MAP)', The CBDT has proposed to amend the said Rule 10CB.

Accordingly, comments and suggestions on the draft rules may be sent by 9th July, 2018 electronically to *ustpl3@nic.in*.

The Chambers' view: Proposed amendments are in clarificatory nature and a welcome step which will certainly remove the undue difficulties facing by those MNCs who entered into APA / MAP programe.

Appropriate use of Country by Country (CbC) Reports

Country by Country (CbC) Reports containing various financial and other information about international groups, i.e., Multinational Enterprises (MNEs), country by country in which they have business operations, would be available to certain authorities working in the field formation of the CBDT. As part of the Base Erosion and Profit Shifting (BEPS) Project of the OECD and G20 countries, *India is committed to ensuring appropriate use of the CbC Reports.*

The Action 13 Report requires CbC Reporting to be adopted by all participating countries as a "minimum standard" and implemented in a "consistent manner" w.e.f 1st January, in respect of Indian headquartered international groups, accordingly, such reporting is to be implemented with effect from the previous year 2016-17.

To fulfill this requirement, necessary amendments to the Income-tax Act were carried out through Finance Act, 2016 and a new Section 286 was inserted in the Income-tax Act, 1961 w.e.f. 1st April, 2017 (applicable for previous year 201 6-17). Subsequently, amendments have been carried out in the Income-tax Rules, 1962 by inserting a new Rule (Rule 1 ODB) and new forms 3CEAC, 3CEAD and 3CEAE.

Form 3CEAC has to be filed by a constituent entity, resident in India, of an international group, the parent entity of which is not resident in India, to the Director General of Income-tax (Risk Assessment)/DGRA intimating the details of the international group and the CbC reporting entity .

Form 3CEAD, which relates to CbC Reporting, has to be filed by a parent entity or an alternate reporting entity or any other constituent entity, resident in India. This form provides for capturing information in the following three parts:

Part A: Overview of allocation of income, taxes and business activities of the constituent entities of the international group by tax jurisdiction. Part B: List of all the constituent entities of the international group included in each aggregation along with their main business activities per tax jurisdiction; and Part C: Additional information.

Form 3CEAE has to be filed with the DGRA as intimation by the entity which has been designated by the international group to furnish the CbC Report where provisions of sub-section (4) of 286 are applicable in its case.

As per the CbC MCAA, India will exchange CbC Reports filed by a parent entity of an international group resident in India for the previous years starting from 2016-17 and will receive CbC Reports relating to international groups who have constituent entities resident in India.

Appropriate Use of CbC Reports

The information obtained through CbC Reports shall be appropriately used by the Transfer Pricing Officers during Transfer Pricing assessments. The information shall be used for the following purposes:

- High level transfer pricing risk assessment;
- Assessment of other BEPS related risks; and
- Economic and statistical. The information may also be used for planning a tax audit and as the basis for making further enquiries, into the group's transfer pricing arrangements and tax matters, in the course of an audit.

Confidentiality of the CbC Report

Maintaining the confidentiality of information received under the provisions of tax treaties is a legal requirement under the said tax maintaining confidentiality is also an international obligation and any breach may seriously impact on the ability to receive information in other cases. All CbC Reports received from the other jurisdictions through exchanges of information are subject to the requirements of confidentiality under the tax treaties with the respective jurisdictions.

All CbC Reports filed with the DGRA either by a reporting/alternate reporting entity u/s. 286(2) of the Act or by a constituent entity u/s. 286(4) of the Act is subject to the requirements of confidentiality under the provisions of the Act.

Alert: The latest Instruction comes into force with immediate effect subject to prescribed timeline w.r.t. review of appropriate use of the CbC Reports.

UAE – VAT Clarifications

VAT treatment of compensation-type payments

Issue: VAT is a tax on supplies of goods and services. Therefore, no VAT is due if no supply takes place. As part of business arrangements, businesses will often make payments to compensate each other for any loss, omissions or other wrongdoings. A question arises whether VAT is due on such payments.

Clarification: Where a payment is not consideration for supply, no VAT is due on the payment.

Profit Margin Scheme – Eligible goods

Issue: Businesses are required to identify those goods which qualify to be sold under the 'profit margin scheme', in the context of transitional periods where 'second hand' goods may not have been subject to VAT prior to implementation of VAT in the UAE.

Clarification: Only those goods which have previously been subject to VAT before the supply in question may be subject to the 'profit margin scheme'. As a result, stock on hand of used goods which were acquired prior to the effective date of Federal Decree-Law No. (8) on Value Added Tax ("VAT law"), or which have not previously been subject to VAT for other reasons, are not eligible to be sold under the profit margin scheme. VAT is therefore due on the full selling price of such goods.

UAE – Designated Free Trade Zones

Designated Free Trade Zones for the purpose of Value Added Tax

Cabinet Decision - 59 of 2017/ 35 of 2018 w.e.f 18.06.2018

Abu Dhabi

- Khalifa Port
- Abu Dhabi Airport
- Khalifa Industrial Zone
- Al Ain International Airport
- Al Butain International Airport

Dubai

- Jebel Ali Free Zone (North-South)
- Dubai Cars and Automotive Zone
- Dubai Textile City
- Free Zone Area in Al Quoz / Al Qusais
- Dubai Aviation City / Airport Free Zone
- International Humanitarian City – Jebel Ali

Sharjah

- Hamriyah Free Zone
- Sharjah Airport International Free Zone

Ajman

- Ajman Free Zone

Umm Al Quwain

- FTZ in Ahmed Bin Rashid Port /Sheikh Mohammed Bin Zayed
- Ras Al Khaimah
- RAK FTZ
- RAK Maritime City
- RAK Airport

Fujairah

- Fujairah FTZ / FOIZ or Fujairah Oil Industry Zone

Tax Calendar – July 2018

Statues	Due Date	Compliance
Income Tax	07.07.2018	• To deposit tax deducted/collected the month of June 2018. • To deposit TDS amount for the period April 2018 to June 2018 u/s. 192, 194A, 194D or 194H.
	15.07.2018	• To issue TDS Certificate for tax deducted U/s. 194-IA & 194-IB during the month of May 2018. • To file Form 24G by Govt. office where TDS for the month of June, 2018 has been paid without the production of a challan. • To file Quarterly statement of TCS deposited for the quarter ending 30th June, 2018 • To file declarations in Form No. 15G/15H received during the quarter ending June, 2018.
	30.07.2018/ 31.07.2018	• To file Quarterly TCS certificate by any person for the quarter ending 30th June, 2018. • To furnish challan-cum-statement in respect of TDS u/s. 194-IA / 194-IB for the month of June, 2018 • To furnish Quarterly Statement of TDS deposited for the quarter ending 30th June 30 2018. • To submit Annual Return of Income for the Assessment year 2018-19 for all assessee other than corporate, non-corporate assessee (i.e. Tax Audit cases), working partner of a firm whose accounts are required to be audited, an assessee who is required to furnish a report u/s. 92E (i.e. Transfer Pricing Cases). • To claim Foreign Tax Credit, upload statement of foreign income offered for tax for the previous year 2017-18 and of foreign tax deducted or paid on such income in Form no. 67. (If the assessee is required to submit return of income on or before 31st July, 2018.)
GST	10.07.2018	• To file GSTR 1 for the month of June, 2018 (for persons with Turnover above 1.5 Crore).
	20.07.2018	• To file GSTR 3B for the month of June, 2018.
	20.07.2018	• To file GSTR 5 for the month of June, 2018 (for Non Resident taxable person).
	20.07.2018	• To file GSTR 5A for the month of June, 2018 (for OIDAR services).
	31.07.2018	• To file GSTR 1 for the months April - June, 2018 (for persons with Turnover below 1.5 Crore).
	31.07.2018	• To file GSTR-6 by Input Service Distributors (ISD) for July to June 2018.

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 & Transfer Pricing & others, established on 1st January, 2015 on an auspicious Vaikunta Ekadasi day at Srirangam, Trichy, Tamil Nadu, presently has its 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 greater success."

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

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

Shree Tax Chambers TM

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Domestic & International Taxation

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