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Direct & Indirect Taxes | ICAI & ICSI Updates | Corporate laws &
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Indirect Taxes

- **Notifications / Circulars / Press releases / FAQs / Portal Updates / Write-ups by Board “CBIC” and Government.**

- ❖ **Finance Minister Nirmala Sitharaman clarified misconception on imposition of GST on specified food items like pulses, cereals, flour, etc.**

- This is not the first time such food articles are being taxed. States were collecting significant revenue from food grain in the pre-GST regime. Punjab alone collected more Rs 2,000 crores on food grain by way of purchase tax. UP collected Rs 700 crores.
- Taking this into account, when GST was rolled out, a GST rate of 5% was made applicable on **BRANDED** cereals, pulses, flour. Later this was amended to tax only such items which were sold under **REGISTERED** brand or brand on which enforceable right was not foregone by supplier.
- However, soon rampant misuse of this provision was observed by reputed manufacturers & brand owners and gradually GST revenue from these items fell significantly.
- This was **RESENTED** by suppliers and industry associations who were paying taxes on branded goods. They wrote to the Govt to impose GST uniformly on all packaged commodities to stop such misuse. This rampant evasion in tax was also observed by States.
- The Fitment Committee—consisting of officers from Rajasthan, West Bengal, Tamil Nadu, Bihar, Uttar Pradesh, Karnataka, Maharashtra, Haryana & Gujarat—had also examined this issue over **SEVERAL** meetings and made its recommendations for changing the modalities to curb misuse.
- It is in this context that the GST Council in its 47th meeting took the decision. With effect from July 18, 2022, only the modalities of imposition of GST on these goods was changed with no change in coverage of GST except 2-3 items.
- It has been prescribed that GST on these goods shall apply when supplied in "pre-packaged and labelled" commodities attracting the provisions of Legal Metrology Act.

- For example, items like pulses, cereals like rice, wheat, and flour, etc, earlier attracted GST @ 5% when branded and packed in unit container. From 18.7.2022, these items would attract GST when “pre-packaged and labelled”.
 - It must also be noted that items specified below in the list, when sold loose, and not pre-packed or pre-labelled, will not attract any GST.
 - This was a unanimous decision by the GST Council. All states were present in GST Council when this issue was presented by the Group of Ministers on Rate Rationalisation in the 47th meeting held in Chandigarh on Jun 28, 2022.
 - All States, including non-BJP States (Punjab, Chhattisgarh, Rajasthan, Tamil Nadu, West Bengal, Andhra Pradesh, Telangana, Kerala) agreed with the decision. This decision of the GST Council is yet again by consensus.
 - Further, the GoM that recommended these changes was composed of members from West Bengal, Rajasthan, Kerala, Uttar Pradesh, Goa & Bihar and was headed by CM of Karnataka. It carefully considered this proposal, taking into account the tax leakage.
 - To conclude: this decision was a much-needed one to curb tax leakage. It was considered at various levels including by officers, the Group of Ministers, and was finally recommended by the GST Council with the complete consensus of all members.
- **Legal Updates- Advance Ruling Authorities / Tribunals / High Courts / Supreme Court**

Sr.No.	Key to find the document	Authority who passed the order	Details of decision
1	Gobind Tobacco Manufacturing Co. v. State of U.P. WRIT TAX NO. - 600 OF 2022 MAY 17, 2022	Allahabad High Court	It was held that that Goods & vehicles to be released if e-Way Bill expired during transit due to circumstances beyond control of assessee. Where E-Way Bill expired during transit due to circumstances beyond control of assessee and goods were seized without there being any allegation of intention to evade payment of tax, goods and vehicles were to be released.

Sr.No.	Key to find the document	Authority who passed the order	Details of decision
2	Singareni Collieries Company Ltd TSAAR ORDER NO.20/2022 A.R.COM/08/2019 APRIL 8, 2022	AAR Telangana	18% GST to be levied on amount received as liquidated damages and penalties. Supply - Liquidated damages - Heading No 9997 - Act of forbearance - Whether liquidated damages/penalties recovered for lapses on part of supplier of service would be treated as consideration for supply of service or price adjustment to main supply - HELD: Liquidated damages are claimed from contractor for delay in performances of contract and penalties are fixed for breach of provisions of contract - Consideration definition includes monetary value of an act of forbearance - Amount received as liquidated damages and penalty can be treated as consideration for tolerating an act or a situation arising out of contractual obligation which constitutes supply of service of act of forbearance - Impugned supply is subject to GST of 18% under S. No. 35 of Notification No.11/2017-Central Tax (Rate)
3	Vasant Fabricators (P.) Ltd., ARN. GUJ/GAAR/R/2022/ 23 APPLICATION NO. ADVANCE RULING/ SGST&CGST/2022/AR/14	AAR Gujrat	Bus body building on chassis is classifiable under SAC 998882 and taxable at 18%.

▪ **News / Latest Developments / Other updates.**

- ❖ **Finance Ministry submitted in parliament, details of GST compensation due and released to States/ UTs for the year 2017-18 to 2022-23.**

[Read here](#)

- ❖ **GST on daily use items: FM says decision taken with all states onboard.**

Facing criticism over GST on daily use items, Finance Minister Nirmala Sitharaman on Tuesday said the 5 per cent tax is being levied on wheat flour and other items after nod from all states, including non-BJP ruled states. Non-BJP ruled states of Punjab, Chhattisgarh, Rajasthan, Tamil Nadu, West Bengal, Andhra Pradesh, Telangana and Kerala had agreed to impose the 5 per cent levy, she said.

- ❖ In response to a question asked in Upper House of Parliament yesterday, Minister of Finance, SHRI PANKAJ CHAUDHARY, replied that judgment of Hon'ble Supreme Court of India in UOI & Anr. Vs. M/s Mohit Minerals Pvt. Ltd. does not alter the constitutional mechanism of the GST Council.

[Read the document here](#)



ICAI Announcements

- ❖ Results of the Chartered Accountants Intermediate Examination held in May 2022 are likely to be declared on Thursday, the 21st July, 2022, says ICAI.



ICSI Announcements

- ❖ Result of Company Secretary Foundation Programme Examination, June – 2022 Session held on 15th & 16th June, 2022 and CS Executive Entrance Test (CSEET) held on 9th & 11th July, 2022 would be declared today at 4.00 P.M.



Economy & Finance

❖ **India attracts USD 343.64 million FDI equity inflow in R&D sector during 2021, which is 516% higher as compared to 2020.**

India attracted USD 343.64 million FDI equity inflow in R&D sector during C.Y. 2021 (Calendar Year) which is 516% higher as compared to previous C.Y. 2020 (USD 55.77 million). FDI is permitted under 100% automatic route in R&D sector subject to applicable laws/regulations, security and other conditionalities. Karnataka is the top FDI Equity recipient state in R&D during C.Y. 2021 followed by Telangana and Haryana. The following states showed growth of more than 250% during C.Y. 2021 compared to previous C.Y. 2020: Telangana, Karnataka, Haryana, Andhra Pradesh & Tamilnadu. Singapore is the top investing country in R&D during C.Y. 2021 with 40% share of total FDI Equity in R&D followed by Germany (35%) and U.S.A (11%). Further, FDI Equity inflow from several countries like Germany, Mauritius, France, Singapore, Oman and U.S.A. showed an increase of more than 200% as compared to previous C.Y. 2020.

SAVE WATER



SAVE UNIVERSE