75TH ISSUE

03 JUL 2016 - 09 JUL 2016

TAX CONNECT

GST

SERVICE TAX

CENTRAL EXCISE

CUSTOMS

INCOME TAX

STATE TAXES

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WORKSHOP ON GST

TAX Connect

TAX CONNECT IS ORGANISING A

SEMINAR ON GOODS AND SERVICES TAX WITH MODULE 1

from 1.30 p.m. onwards, on 5th August, 2016, at Bharatiya Bhasha Parishad

THE SEMINAR WILL BROADLY DELIBRATE ON THE FOLLOWING TOPICS UNDER GST

- Registration, Return, Payments, Refunds Under GST,
- Planning for GST - Logistics, Contracts, Stock, Credit, Model GST Law 2016, etc

EMINENT EXPERTS WHO SHALL BE ADDRESSING AND INTERACTING WITH THE PARTICIPANTS ON THE ABOVE INCLUDE:-

Sri. S. K. Panda, IRS, Chief Commissoner of Service Tax, Chief Guest

Mr. T. B. Chatterjee, Chairperson, Indirect Taxes Committee, The Bengal Chamber of Commerce and Industry & Chief Corporate Officer, Legal and Corporate Affair, DIC India Ltd

Mr. Vivek Jalan, FCA, CIDT (ICAI), Member, Indirect Taxes Committee, The Bengal Chamber of Commerce and Industry

Sri. Khalid Anwar, Joint Commissioner, West Bengal Commercial Taxes*

The Overhead per participants Is Rs 1500/- (inclusive of taxes). 10% discount for early bird Registration till 30th June 2016. 15% discount for a group of more than 3 registration.

For more information & nominations please contact

Mr. Gaurav Pandit (M: 8017387083 / Email: p3.javaa@gmail.com)

YET TO BE CONFIRMED*

EDITORIAL

Friends

As a part of The Tax Connect initiative to GET GST READY we have the following -

1. For members of The Institutes Of Cost Accountants of India, you may avail of our Webinar on "INTERNAL AUDIT IN GST ENVIRONMENT" at the following link http://eicmai.org/Webinar_Portal/Members/Memberlogin.aspx .
2. Our Book is IN STANDS now : **GST: MODEL LAW 2016 & BUSINESS PROCESSES : A TECHNICAL COMMENTARY .**
3. Our Workshop on GST is being conducted on 5th August 2016. The Hon'ble Chief Commissioner of Service Tax and The Hon'ble Joint Commissioner of Commercial Taxes have kindly consented to grace the occasion with their expert views.

In Service Tax, vide N No 36/2016 The MoF has exempted the taxable services of transportation of goods by a vessel from outside India upto the customs station in India with respect to which the invoice has been issued on or before the 31st May, 2016, from the whole of service tax

In Central Excise, Notification No. 30/2016-Central Excise (N.T.) dated 28.06.2016 has specified that –

(i) a person who is registered as a first stage dealer shall not be required to take registration as an importer; or

(ii) a person who is registered as an importer shall not be required to take registration as a first stage dealer.

This comes as a relief to assesses.

Further, In order to improve and facilitate trade and business in the 'year of tax payers' services, the CBEC had set up the post of Indirect Tax Ombudsman. The Ombudsman is independent of the jurisdiction of the Customs, Central Excise and Service Tax Department

For this, THE INDIRECT TAX OMBUDSMAN GUIDELINES 2011 has been introduced w.e.f. 11.05.2011 and 7 posts of Indirect Tax Ombudsman has been set up (in Delhi, Mumbai, Kolkata, Chennai. Bengaluru, Ahmedabad and Lucknow) for the resolution of complaints relating to public grievances against the Customs, Central Excise and Service Tax Department.

We do hope that The Commercial Taxes Dept. takes a leaf out of the book of the CBEC and sets up something of this kind at the state level.

In Income Tax, The CBDT, Department of Revenue, Ministry of Finance, Government of India vide Notification No. 53/2016 dated 24.06.2016 has given relaxation to Non-residents, not being a company, or a foreign company and not having permanent account number. Provisions of Sec 206AA shall not apply i.e TDS at higher rate of 20% will not be deducted in respect of certain payments to them on compliance of certain procedural requirements.
All the above publications have been dealt with in this bulletin in detail.

Just to reiterate that we remain available over a telecom or e-mail.

Truly Yours

Timir Baran Chatterjee

M.Com, FCS, MBA (International Business)-IIFT, ACMA

Vivek Jalan

FCA, CIDT (ICAI), B. Com

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COMPLIANCE CALENDAR

Due date	COMPLIANCES FROM 03rd July, 2016 to 09th July, 2016	STATUTE
5th July, 2016	Deposit of WCT of previous month	Kerala VAT Act
	Service Tax deposit of previous month (Company/ Society)	Finance Act
	Service Tax deposit of 1st quarter (Individual/ Partnership firm)	Finance Act
7th July, 2016	Deposit of WCT of previous month	Assam VAT Act Tripura VAT Act Manipur VAT Act
	TDS/TCS deposit of previous month	Income Tax Act

MODEL GST LAW 2016: TRANSITIONAL PROVISIONS contd..

Credit of eligible duties and taxes/VAT in respect of inputs held in stock

- A registered taxable person

  -not liable to be registered under the earlier law but liable to tax under this Act,

  or,

  -who was paying tax under the composition scheme under the earlier law and is not registered u/s 8 of this Act i.e. for composition levy

  shall be entitled to take credit of eligible duties and taxes/VAT for inputs in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day.

- For taking credit, the following conditions are required to be met:

  - The inputs/goods are for making taxable supplies

  - the taxable person is eligible for input tax credit under this Act;

  - the said taxable person is in possession of required invoices i.e. inputs in stock or input content in semi- finished or finished goodsand has to be linked to the invoice.

  - the invoices were issued not earlier than twelve months immediately preceding the appointed day i.e. the invoices issued prior to 12 months will not be eligible for availing credit.

- Eligible duties and taxes" includes-

  - Excise duty specified in the First & Second Schedule to the Central Excise Tariff Act

  - Additional excise duty as per Additional Duties of Excise (Textile and Textile Articles) Act, 1978 and Additional Duties of Excise (Goods of Special Importance) Act, 1957

  - The National Calamity Contingent Duty leviable under Finance Act, 2001

  - Additional duties of the Customs Tariff Act, 1975

  - Service tax leviable under Finance Act, 1994

- The credit amount may be recovered if it is found to be recoverable as a result of any proceeding instituted against such person under the earlier law.

- The input definition in GST has wider meaning in comparison to earlier laws, therefore, the invoice should be traced for those items also for which cenvat was not availed earlier but for whicch credit is available under this Act.

Other transitional provisions will be covered in the upcoming issues.

SERVICE TAX

NOTIFICATIONS/CIRCULARS

SERVICES BY WAY OF TRANSPORTATION OF GOODS BY A VESSEL FROM OUTSIDE INDIA UPTO CUSTOMS STATION IN INDIA FOR WHICH THE INVOICES HAS BEEN ISSUED ON OR BEFORE 31ST MAY, 2016 HAS BEEN EXEMPTED FROM TAX

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 36/2016-Service Tax dated 23.06.2016 has e**xempted the taxable services of transportation of goods by a vessel from outside India upto the customs station in India with respect to which the invoice has been issued on or before the 31st May, 2016, from the whole of service tax

For this, the import manifest or import report required to be delivered under section 30 of the the Customs Act, 1962 should be delivered on or before the 31st May, 2016 and the service provider or recipient shall produce Customs certified copy of such import manifest or import report.

TAXABLE SERVICES FOR WHICH THE INVOICE HAS BEEN ISSUEDON OR BEFORE 31.05.2016 HAS BEEN EXEMPTED FROM THE WHOLE OF KRISHI KALYAN CESS

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 35/2016-Service Tax dated 23.06.2016 has** exempted taxable services with respect to which the invoice for the service has been issued on or before the 31st May, 2016, from the whole of Krishi Kalyan Cess provided that the provision of service has been completed on or before the 31st May, 2016.

M/S VINAYAK INDUSTRIES VERSUS CCE & ST, JAIPUR-I [CESTAT NEW DELHI]

BRIEF: The process of chilling of milk amounts to manufacture and the process amounting to manufacture cannot be made liable to service tax.

OUR COMMENTS: In the above case, the assessee is engaged in chilling of milk for his customer.

The revenue raised a service tax demand on the assessee alongwith with interest and penalty contending that the activity undertaken by assessee falls under business auxiliary service.

As per assessee, under Chapter Note 6 of Chapter 4 of Central Excise Tarif,f the process of chilling of milk amounts to manufacture and therefore the said activity is outside the purview of service tax

Chapter Note 6 to Chapter 4 read as follows:

"In relation to products of this Chapter labelling or relabeling of containers or repacking from bulk packs to retail packs or the adoption of any other treatment to render the product marketable to the consumer, shall amount to "manufacture".

Going by the above, the Hon'ble CESTAT held that chilling of milk is a treatment which renders the milk marketable to the consumers at places which are located at considerable distances.

Hence, chilling of milk amounts to manufacture and it is settled law that process amounting to manufacture is not liable to service tax.

Accordingly, the demand of service tax was set aside.

[Decided in favour of assessee]

CENTRAL EXCISE

NOTIFICATIONS/CIRCULARS

PERSON REGISTERED AS FIRST STAGE DEALER (FSD) SHALL NOT BE REQUIRED TO TAKE REGISTRATION AS AN IMPORTER AND VICE VERSA

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 30/2016-Central Excise (N.T.) dated 28.06.2016 has** specified that –

(i) a person who is registered as a first stage dealer shall not be required to take registration as an importer; or

(ii) a person who is registered as an importer shall not be required to take registration as a first stage dealer.

THE INDIRECT TAX OMBUDSMAN: A TOOL FOR RESOLUTION OF COMPLAINTS IN INDIRECT TAXES

In order to improve and facilitate trade and business in the 'year of tax payers' services, the CBEC had set up the post of Indirect Tax Ombudsman. The Ombudsman is independent of the jurisdiction of the Customs, Central Excise and Service Tax Department

For this, **THE INDIRECT TAX OMBUDSMAN GUIDELINES 2011 has been introduced w.e.f. 11.05.2011 and 7 posts of Indirect Tax Ombudsman has been set up (in Delhi, Mumbai, Kolkata, Chennai. Bengaluru, Ahmedabad and Lucknow)** for the resolution of complaints relating to public grievances against the Customs, Central Excise and Service Tax Department.

The assessee can file the complaints himself or through his authorised representative, in writing, with respect to the following:

- delay in refunds or rebate beyond time limits
- delay in adjudication
- delay in registration
- delay in giving effect to Appellate orders
- non-acknowledgement of letters or documents sent to the department
- unwarranted rude behaviour of revenue Officials etc.

However, no complaint shall lie to the Ombudsman unless the following conditions are satisfied:

- The issue of the complaint shall not be the subject matter of any proceedings in an appeal, revision, reference or writ before any Customs, Central Excise and Service Tax Authority or Appellate Authority or Court.
- The complaint shall not be in respect of the same subject matter which was settled through the Office of the Ombudsman in any previous proceedings
- The complainant had, before making complaint to the Ombudsman, made a representation to the Grievance Cell of the concerned office and did not receive any reply within one month
- The complainant made a representation to the Grievance Cell, but, is not satisfied with their reply.
- The complainant had, before making complaint to the Ombudsman, made a representation to the senior Customs, Central Excise and Service Tax authority and did not receive any reply within one month
- The complaint is made not later than one year after the complainant has received the reply from the concerned Department of Customs, C. Excise & Service Tax
- The complaint is not frivolous or vexatious in nature.

The Ombudsman shall not be bound by any legal rules of evidence and may follow such procedure that appears to him to be fair and proper.

CUSTOMS

NOTIFICATIONS/CIRCULARS

REVISION OF EXCHANGE RATE OF FOREIGN CURRENCIES INTO RUPEE & VICE VERSA

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide

Notification No. 88/2016-Customs (N.T.) dated 23.06.2016 has amended Notification No. 87/2016-Customs (N.T.) dated 16.06.2016 and has **revised the exchange rate of foreign currencies** specified in col.(2) of **Schedule I** annexed hereto, into Indian currency or vice versa, w.e.f. **24.06.2016** to be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SCHEDULE-I

Sl. No	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
12.	South African Rand	4.80	4.45

Notification No. 89/2016-Customs (N.T.) dated 24.06.2016 has amended Notification No. 87/2016-Customs (N.T.) dated 16.06.2016 and has **revised the exchange rate of foreign currencies** specified in col.(2) of **Schedule II** annexed hereto, into Indian currency or vice versa, w.e.f. **25.06.2016** to be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SCHEDULE-II

Sl. No	Foreign Currency	Rate of exchange of 100 units of foreign currency equv. to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
1.	Japanese Yen	69.10	66.85

Notification No. 91/2016-Customs (N.T.) dated 29.06.2016 has amended Notification No. 87/2016-Customs (N.T.) dated 16.06.2016 and has **revised the exchange rate of foreign currencies** specified in col.(2) of **Schedule I** annexed hereto, into Indian currency or vice versa, w.e.f. **30.06.2016** to be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SCHEDULE-I

Sl. No	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
10.	Pound Sterling	92.50	88.20

DUTY DRAWBACK RATES ON GOLD JEWELLERY AND SILVER JEWELLERY/ARTICLES INCREASED SUBJECT TO CERTAIN CONDITIONS

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 90/2016-Customs (N.T.) dated 24.06.2016 has amended Notification No. 110/2015-Customs (N.T.), dated 16.11.2015 and** has increased the duty drawback rates on gold jewellery and silver jewellery/articles subject to certain conditions.

This notification is self-explanatory. The readers may refer the same.

INCOME TAX

NOTIFICATIONS & CIRCULARS

RELAXATION FROM TDS @ 20% U/S 206AA FOR NON-RESIDENTS

OUR COMMENTS: The CBDT, Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 53/2016 dated 24.06.2016** has given relaxation to Non-residents, not being a company, or a foreign company and not having permanent account number. Provisions of Sec 206AA shall not apply i.e TDS at higher rate of 20% will not be deducted in respect of payments to them in the nature of

- Interest,
- Royalty,
- Fees for technical services and
- Payments on transfer of any capital asset,

if thy furnishe the following details/ documents

(i) name, e-mail id, contact number;

(ii) address in the country of which the non-resident is a resident;

(iii) Tax Residency Certificate if the Government of that country issue any such certificate;

(iv)Tax Identification Number or any other Unique Identification Number of the non-resident of his residence country.

AMENDMENT WITH RESPECT TO REGISTRATION OF PERSONS, DUE DILIGENCE OF INFORMATION ETC.

OUR COMMENTS: The CBDT, Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 48/2016 dated 20.06.2016** has amended Income-tax Rules, 1962 with respect to registration of persons, due diligence and maintenance of information and matters relating to statement of reportable accounts.

The notification is self-explanatory. The readers may refer the same.

GENERAL ANTI-AVOIDANCE RULE (GAAR) SHALL BE APPLICABLE W.E.F. 1.4.2017

OUR COMMENTS The CBDT, Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 49/2016 dated 22.06.2016** has notified that GENERAl ANTI-AVOIDANCE RULE shal be applicable in respect of the tax benefit obtained from the arrangement on or after the 1st day of April, 2017.

NOTIFICATION OF NATIONAL SECURITIES CLEARING CORPORATION LIMITED (NSCCL), MUMBAI AND INDIAN CLEARING CORPORATION LIMITED (ICCL), MUMBAI FOR CORE SETTLEMENT GUARANTEE FUND

OUR COMMENTS: The CBDT, Department of Revenue, Ministry of Finance, Government of India vide

-**Notification No. 50/2016 dated 23.06.2016** has notified Indian Clearing Corporation Limited (ICCL), Mumbai for Core Settlement Guarantee Fund for the assessment year 2016-17 and subsequent assessment years.

-**Notification No. 51/2016 dated 23.06.2016** has notified National Securities Clearing Corporation Limited (NSCCL), Numbai for Core Settlement Guarantee Fund for the assessment year 2016-17 and subsequent assessment years.

BIHAR

AMENDMENT IN RESPECT TO FURNISHING OF RETURNS AND THE THRESHOLD LIMIT FOR AUDIT OF ACCOUNTS INCREASED TO RS 1 CRORE

OUR COMMENTS: The Commercial Tax Department, Government of Bihar vide **Notification S.O. 155 dated 17.06.2016** has made amendments in Rule 19 of the Bihar Value Added Tax Rules, 2005 in respect to furnishing of returns and has substituted certain forms for return filing.

Also, Rule 33 has been amended. After the amendment, the threshold for getting the accounts audited have been increased to Rs 1 crore from Rs 40 lacs.

The notification is self-explanatory. The readers may refer the same.

GUJARAT

REFUND ON SALT USED IN MANUFACTURING EDIBLE SALT

OUR COMMENTS: The Finance Department, Government of Gujarat vide **Notification No. (GHN-42)VAT-2016-S.40(1)(10)-TH dated 16.06.2016** has authorised the Commissioner to grant refund of tax paid by the dealers on the salt used for manufacturing edible salt subject to specified conditions. Refund shall be allowed for the purchases of only that salt which has been used in manufacture of edible salt in Gujarat State for the period 01.04.2016 to 26.05.2016.

This notification is self-explanatory. The readers may refer the same.

PUNJAB

ENTRY TAX REPLACED BY ADVANCE TAX

OUR COMMENTS: The Department of Excise and Taxation, Government of Punjab vide **Public Notice dated 17.06.2016** has certified that Entry Tax which was earlier applicable in the state of Punjab has been replaced by Advance Tax for Taxable persons w.e.f. from 04/10/2013 vide notification no. S.O.90/P.A.8/2005/S.6/2013.

SINGLE USER ID FOR VAT, CST & LUXURY TAX

OUR COMMENTS: The Department of Excise and Taxation, Government of Punjab vide **Public Notice dated 17.06.2016** has notified that the Government shall issue a Single ID for registration for the VAT, CST and Luxury Tax. Also, that the facility for e-filing of returns and e-payment of taxes (monthly/quarterly/yearly) which was earlier available for VAT has now been extended to CST, Luxury Tax and Entertainment Tax.

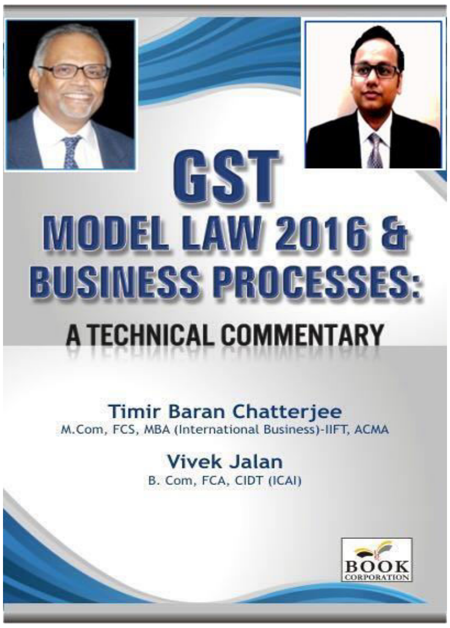
Further, the e- payment facility has also been extended for the submission of registration fee for VAT, CST and Luxury Tax through the portal www.pextax.com.

RAJASTHAN

SINGLE USER ID FOR VAT, CST, ENTRY TAX (GOODS), ENTERTAINMENT TAX & LUXURY TAX

OUR COMMENTS: The Commercial Taxes Department, Government of Rajasthan vide **CIRCULAR-06/2016-17 dated 22.06.2016** has launched various e-services to reduce physical interface with Department and to make it easier & dealer friendly. The e-services include unified common registration and return form. A dealer registered under VAT shall use his VAT TIN to avail e-Services under different Acts administered by CTD.

IN STANDS - GST: MODEL LAW 2016 & BUSINESS PROCESSES : A TECHNICAL COMMENTARY



ABOUT THE BOOK: GST Bill is going to be passed in July 2016 and GST is expected to go live from 1st April 2017! In this backdrop, as our initiative to get GST READY, we have launched this publication. This books provides an insight into the following –

1. Procedural provisions under The Model GST Law 2016
2. Glimpse of the Model GST Law 2016
3. Model GST Law 2016
4. GST Valuation (Determination of The Value of Supply of Goods and Services) Rules, 2016
5. The Integrated Goods and Services Tax Act, 2016
6. GST Registration Process
7. GST Return Process
8. GST Payment Process
9. GST Refund Process
10. Eco system for GST and GST Suvidha Provider

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Bengal Chamber of Commerce and Industry (the first chamber of the Country)

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BOOK EXCLUSIVELY ON WORKS CONTRACT (SERVICE TAX AND VAT)

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Works Contract has been one of the most complex and litigation prone areas in Indirect Taxes. However with good understanding of all the provisions under Service Tax & VAT which hit Works Contracts & proper planning, Trade & Industry can not only avoid litigation but can also save around 5% - 10% on indirect taxes which by no means is an ordinary saving in the competitive market. For Trade & Industry, the problems on the subject have been many. Over the last few years we have received queries and replied to the issues at various forums.

Vide this publication, we have made an attempt to cover in detail all issues related to **Service Tax:** Valuation, Point of Taxation, Place of Taxation, Abatement, Reverse Charge, Input Tax Credit Mechanism & **VAT**: Contractual Transfer Price, Modes of Valuation, WIP, STDS as well as **GST** . We have also focused on the issues faced by various sectors on account of Works Contract.

This book is divided into Seven Parts covering several broad areas. Each area has the provisions directly from the Statue in the beginning and detailed discussions on the provisions in the form of questions and answers thereafter. Since litigations on the subject have been manifold, we have also covered judicial pronouncements extensively.

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