TAX CONNECT
106th Issue: 05th Feb - 11th Feb 2017

TAX CONNECT

Knowledge Partner:

The Bengal Chamber of Commerce & Industry

BCC&I
THE BENGAL CHAMBER

INCOME TAX

CUSTOMS

CENTRAL EXCISE

SERVICE TAX

STATE TAXES

TAX CONNECT ACADEMY
Kolkata: 1, Old Court House Corner, "Tobacco House" 1st Floor, R.No.-13 (North), Kolkata-700001
Gujarat: Quarter no. 3/174, Gujarat Refinery Township, Jawaharnagar, Vadodara-391320

Contact: +919331042424; +919831594980; +913322625203
Email: tb.chatterjee@yahoo.co.in; cavivekjalan@gmail.com

EDITORIAL

Friends,

The much awaited Big Impact Union Budget 2017 has finally come. As expected it has provided several reliefs to the individual taxpayers and the MSMEs as already promised by our Finance Minister Mr.Arun Jaitley. Measures have been introduced to promote 'less-cash' transactions by reducing the payment limits of section 40(A)(3) and the donations made to political parties by way of cash. Thus, driving India towards a more cashless economy.

Stressing on the importance of Aadhar payments Hon'ble Finance Minister said it will be beneficial to those who do not have debit cards, mobile wallets or mobile phones. 2,500 crore digital transactions for 2017-18 through UPI, UNP, Aadhaar Pay, IMPS, debit cards is also planned. Banks will be encouraged to introduce 20 lakh Aadhaar based POS by September 2017.

The Budget simplifies several issues by covering the limitation on interest deductibility, widening of additional dividend distribution tax, and foreign portfolio investors, to maintaining the fiscal deficit, investment in rural and infrastructure sectors, clearly explaining that things look good for Digital India.

Not much amendments have been made in the Central Excise and Service Tax provisions, indicating the fact that GST may roll out successfully from July.

In this edition of Tax Connect, we give a lucid coverage of the Budget 2017 covering the major provisions of Income Tax, Central Excise and Service Tax.

Our Commentary on Union Budget 2017 is available in the markets. One may book a copy of it with our publisher: Book Corporation.

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

Truly Yours

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

VivekJalan
FCA, LLb, CIDT (ICAI), B. Com

SYNOPSIS OF INCOME TAX PROVISIONS

INCOME TAX RATES :

In the case of every individual less than 60 years of age

Total Income upto Rs 2,50,000	Nil
Total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000	5% of the amount by which the total income exceeds Rs. 2,50,000;
where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 12,500 plus 20% of the amount by which the total income exceeds Rs. 5,00,000;
where the total income exceeds Rs. 10,00,000	Rs. 1,12,500 plus 30% of the amount by which the total income exceeds Rs. 10,00,000

In the case of every Resident individual more than age of 60 years but less than 80 years

where the total income does not exceed Rs. 3,00,000	Nil
where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000	5 % of the amount by which the total income exceeds Rs. 3,00,000
where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 10,000 plus 20% of the amount by which the total income exceeds Rs. 5,00,000
where the total income exceeds Rs. 10,00,000	Rs. 1,10,000 plus 30% of the amount by which the total income exceeds Rs. 10,00,000

In the case of every Resident individual more than 80 years of age

where the total income does not exceed Rs. 5,00,000	Nil
where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	20% of the amount by which the total income exceeds Rs. 5,00,000;
where the total income exceeds Rs. 10,00,000	Rs. 1,00,000 plus 30% of the amount by which the total income exceeds Rs. 10,00,000.

Surcharge on income-tax

in the case of every individual or Hindu undivided family or association of persons or body of individuals,	total income exceeding fifty lakh rupees but not exceeding one crore rupees	10%
in the case of every individual or Hindu undivided family or association of persons or body of individuals,	having a total income exceeding one crore rupees	15%

In the case of every co-operative society

where the total income does not exceed Rs.10,000	10% of the total income
where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000	Rs.1,000 plus 20% of the amount by which the total income exceeds Rs.10,000
where the total income exceeds Rs. 20,000	Rs. 3,000 plus 30% of the amount by which the total income exceeds Rs. 20,000

Surcharge on income-tax

in the case of every co-operative society	total income exceeding one crore rupees	12%

In the case of every firm

On the whole of the total income	30%

Surcharge on income-tax

in the case of every firm	total income exceeding one crore rupees	12%

In the case of every local authority

On the whole of the total income	**30%**

Surcharge on income-tax

in the case of every firm	total income exceeding one crore rupees	12%

In the case of a company

In the case of a domestic company	(i) where its total turnover or the gross receipt in the previous year 2015-16 does not exceed fifty crore rupees	25%
In the case of a domestic company	**(ii) other than that referred to in item (i)**	**30%**
In the case of a company other than a domestic company	**(i) on so much of the total income as consists of,— (a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or (b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976, and where such agreement has, in either case, been approved by the Central Government**	**50%**
In the case of a company other than a domestic company	**(ii) on the balance, if any, of the total income**	**40%**

Surcharge on income-tax

in the case of every domestic company	**(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees**	**7%**
in the case of every domestic company	(b) having a total income exceeding ten crore rupees	12%
in the case of every company other than a domestic company	(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees	2%
in the case of every company other than a domestic company	(b) having a total income exceeding ten crore rupees	5%

OTHER CHANGES IN INCOME TAX

1. No change has been made to the basic exemption limit. However, the rate of tax for the slab between Rs 2.5 lakhs to Rs 5 lakhs is proposed to be reduced from the existing 10% to 5%.

2. The rebate u/s 87A has been amended to a certain extent. This rebate shall be available only if the Taxable Income of the Resident Individual does not exceed Rs 3.5 lakhs. In such a case as well, the

rebate shall be 100% of the income tax or Rs 2,500 whichever is lower. Those individuals in the tax bracket of Rs 50 lakh will stand to benefit from a tax rebate of Rs 12,500.

3. Simple one-page form to be filed as Income Tax Return for the category of individuals having taxable income upto Rs.5 lakhs other than business income.

4. Deduction u/s 80CCD for notified pension scheme has been increased to 20% of gross total income or salary as the case may be.

5. The deemed income under the presumption taxation scheme u/s 44AD is reduced to 6% of the turnover/ Gross receipts from the existing 8%. Such receipts should however be received by way of an account payee cheque/draft/electronic clearing system on or before the due date of submission of income.

6. Small size domestic companies having turnover not exceeding Rs 50 lakhs will be liable to pay tax @ 25%.

7. Business expenditure in cash /bearer cheque/crossed cheque above Rs. 10,000 (as against Rs. 20,000) will be disallowed under section 40A(3).

8. U/s 80G, donations given by any mode other than cash in excess of Rs 2,000(as against the present ceiling of Rs. 10,000) will not be eligible for deduction.

9. No cash transaction above Rs 3 lakhs in respect of a single transaction or in respect of a number of transactions with a person in a single day is permitted by means other than account payee cheque/draft/use of electronic clearing system through a bank account.

10. It is proposed to provide that if a person receives any sum in contravention of the provisions of section 269ST, he shall be liable to pay, by way of penalty, a sum equal to the amount of such receipt.

11. 10% surcharge has been introduced for assessed income between Rs 50 lakhs to Rs 1 crores.

12. A new section 194-IB has been proposed to be inserted. Under this section, an individual/HUF (other than those who are covered by section 44AB) shall be liable to deduct tax at source if payment of rent to a resident exceeds Rs. 50,000 per month. The deductor will not be required to obtain TAN.

13. The period of holding in the case of immovable property (land or building) has been reduced from 36 months to 24 months to become long-term capital assets.

14. For long-term capital gain, the base year will be shifted from 1981 to 2001. Fair market value on April 1, 2001 can be adopted as cost of acquisition if an asset is acquired prior to April 1, 2001.

15. MAT credit can be carried forward for 15 years (as against the present time-limit of ten years).

16. Time period for revising a tax return is being reduced to 12 months from completion of financial year, at par with the time period for filing of return. Also the time for completion of scrutiny assessments is being compressed further from 21 months to 18 months for Assessment Year 2018-19 and further to 12 months for Assessment Year 2019-20 and thereafter.

17. The limit for provision for bad & doubtful debts has been enhanced from 7.5% to 8.5%.

18. For payees engaged only in business of operation of call centre, TDS u/s 194J is reduced to 2%.

19. Threshold limit for audit of business entities who opt for presumptive income scheme has been increased from Rs 1 crore to 2 crores.

20. Sec 44AA has been amended and the threshold for maintenance of books for individuals and HUF increased from turnover of 10 lakhs to 25 lakhs or income from Rs. 1.2 lakhs to Rs. 2.5 lakhs.

21. Professionals having a receipt not exceeding Rs 50 lakh p.a. and covered under the presumptive

taxation scheme may pay advance tax in one instalment instead of four.

22. For the purpose of carry forward of losses in respect of start-ups, the condition of continuous holding of 51% of voting rights has been relaxed subject to the condition that the holding of the original promoter/promoters continues. Also the profit (linked deduction) exemption available to the start-ups for 3 years out of 5 years is changed to 3 years out of 7 years.

23. Exemption has been provided from income tax on capital gains for persons holding land on 2.6.2014 and whose land is being pooled for creation of capital city of Andhra Pradesh under the Government scheme.

24. Any transfer made outside India of a capital asset being rupee denominated bond of Indian company issued outside India, by a non-resident to another non-resident shall not be regarded as transfer.

25. In case of transfer of shares of a company other than quoted share, the FMV of such shares shall be deemed to be the full value of consideration for the purpose of computing income chargeable to tax as capital gains.

26. Concessional withholding rate of 5% charged on interest earned by foreign entities in external commercial borrowings or in bonds and Government securities is extended to 30.6.2020. This benefit is also extended to Rupee Denominated (Masala) Bonds.

27. For builders for whom constructed buildings are stock-in-trade, tax on notional rental income will only apply after one year of the end of the year in which completion certificate is received.

28. For Joint Development Agreement signed for development of property, the liability to pay capital gain tax will arise in the year the project is completed.

29. It is proposed that for capital expenditure exceeding Rs 10,000 made in cash, depreciation on the capital asset will be disallowed.

30. Disallowance for non deduction of tax at source is made from income under the head " Income from business and profession". It is proposed that such disallowance shall also apply in computing income chargeable under the head " Income from other sources".

31. It is proposed to impose penalty on professionals for furnishing incorrect information in statutory report or certificate, of Rs 10,000 for each such report or certificate.

32. Under the scheme for profit-linked income tax deduction for promotion of affordable housing, carpet area instead of built up area of 30 and 60 Sq.mtr. will be counted.

33. The time-limit for making an assessment under search cases shall be reduced from existing twenty-one months to eighteen months from the end of the financial year in which the last of the authorizations for search under section 132 or for requisition under section 132A was executed.

34. Loss under the head income from house property is proposed to be set off against income under any other head upto Rs 2 lakhs. However the unabsorbed loss shall be allowed to be carried forward.

35. Under the scheme for profit-linked income tax deduction for promotion of affordable housing, carpet area instead of built up area of 30 and 60 Sq.mtr. will be counted. The 30 Sq.mtr. limit will apply only in case of municipal limits of 4 metropolitan cities while for the rest of the country including in the peripheral areas of metros, limit of 60 Sq.mtr. will apply.

36. A fee for delay in filing of return shall be paid for assessment year 2018-2019 and onwards in a case where the return is not filed within the due dates specified for filing of return under sub-section (1) of section 139. It is further proposed that a fee of five thousand rupees be payable, if the return is furnished after the due date but on or before the 31st day of December of the assessment year. A fee of ten thousand rupees is proposed to be payable in any other case. However, in a case where the total income does not exceed five lakh rupees, it is proposed that the fee amount shall not exceed one thousand rupees.

SYNOPSIS OF CUSTOMS PROVISIONS

RELATING TO RATES:

1. Basic Customs Duty on Liquefied Natural Gas (LNG) falling under tariff item 2711 11 00 is being reduced from 5% to 2.5%

2. Basic Customs duty rate on Cashew nut, roasted, salted or roasted and salted [20081910] is being increased from 30% to 45%

3. The Second Schedule (Export Tariff) to the Customs Tariff Act, 1975 is being amended so as to prescribe a tariff rate of export duty of 30% for all goods falling under tariff item 2606 0090, namely, 'Other aluminium ores and concentrates'

4. Export duty is being imposed at an effective rate of 15% on 'Other aluminium ores, including laterite' falling under tariff item 2606 0090.

5. Basic Customs Duty on Liquefied Natural Gas (LNG) falling under tariff item 2711 11 00 is being reduced from 5% to 2.5%.

6. Concessional 5% Basic Custom Duty is being extended to Clay 2 Powder (Alumax) [2818 20 90], for use in ceramic substrate for catalytic convertors, subject to actual user condition.

7. Basic Customs Duty on o-Xylene [2902 41 00] is being reduced from 2.5% to Nil.

8. Basic Customs Duty on 2-Ethyl Anthraquinone [2914 69 90] for use in manufacture of Hydrogen Peroxide, is being reduced from 7.5% to 2.5%, subject to actual user condition.

9. Basic Customs Duty on Purified Terephthalic Acid (PTA), Medium Quality Terephthalic Acid (MTA) and Qualified Terephthalic Acid (QTA), falling under tariff item 2917 36 00, is being rationalized at 5%.

10. Basic Customs Duty on Wattle extract [3201 20 00] and Myrobalan fruit extract [3201 90 20] is being reduced from 7.5% to 2.5%.

11. Basic Custom Duty on Vinyl Polyethylene Glycol falling under tariff item 3404 20 00 for use in manufacture of Poly Carboxylate Ether is being reduced from 10% to 7.5%, subject to actual user condition.

12. Basic Custom Duty (BCD) is being reduced from 7.5% to 5% on Catalyst [3815 90 00] and Resin [3909 40 90] for use in the manufacture of cast components of Wind Operated Electricity Generator [WOEG], subject to actual user condition.

13. SAD is being exempted on Catalyst [3815 90 00] and Resin [3909 40 90] for use in the manufacture of cast components of WOEG, subject to actual user condition. Exemption from SAD will be valid till 30th June, 2017.

14. Basic Customs Duty on Nylon Monofilament yarn falling under Customs Tariff Item 5404\ 19 90 for use in Monofilament long line systems for tuna fishing is being reduced from 7.5% to 5%, subject to certain conditions.

15. Basic Customs Duty (BCD) is being reduced from 5% to Nil on solar tempered glass or solar tempered (anti-reflective coated) glass for manufacture of Solar cells/panels/modules, subject to actual user condition.

16. CVD exemption [under S.No.324 of notification No.12/2012-Customs, dated 17.03.2012] on silver medallions and coins having silver content not below 99.9%, other semi-manufactured forms of silver or articles of silver is being withdrawn.

17. Basic Customs duty on Hot Rolled Coils falling under heading 7208 for use in the manufacture of welded tubes and pipes falling under heading

7305 or 7306 is being reduced from 12.5% to 10%, subject to actual user condition.

18. Basic Customs duty on Magnesium Oxide (MgO) coated cold rolled steel coils falling under tariff item 7225 19 90 for use in the manufacture of cold rolled grain oriented steel (CRGO) falling under 7225 11 00 is being reduced to 5%, subject to actual user condition.

19. Exemption from Basic Customs duty (BCD) on Co-polymer coated MS tape/ stainless steel tape for manufacture of telecommunication grade optical fibres or optical fibre cables is being withdrawn.

20. Simultaneously, 10% concessional BCD is being prescribed on Co-polymer coated MS tape/stainless steel tape for manufacture of telecommunication grade optical fibres or optical fibre cables, subject to actual user condition.

21. Basic Customs duty on Nickel and articles thereof is being reduced from 2.5% to Nil.

22. Basic Customs duty on Reverse Osmosis (RO) membrane element for household type filters falling under tariff item 8421 99 00 is being increased from 7.5% to 10%.

23. Concessional Basic Customs duty of 2.5% is being extended to Ball Screws [8483 40 00], Linear Motion Guides [8466 93 90] and CNC Systems [8537 10 00] for use in the manufacture of all types of CNC machine tools falling under headings 8456 to 8463, subject to actual user condition.

24. Populated PCBs of mobile phones are being excluded from the purview of Nil SAD under S. No. 1 of Notification No. 21/2012-Customs [which exempts SAD on items, which are exempt from BCD and CVD].

25. Basic Custom Duty (BCD), CVD (by way of excise duty exemption) and consequently SAD are being exempted on Micro ATMs as per standards version 1.5.1, fingerprint reader / scanner, and Iris Scanner.

26. Goods imported through postal parcels, packets and letters, of CIF value not more than one thousand rupees per consignment are being exempted from BCD, CVD and consequently from SAD.

27. Condition No.40A [S.No.357A] of notification No.12/2012-Customs dated 17.03.2012 is being amended so as to allow the goods imported for petroleum or coal bed methane operations by availing of the benefit of the exemption, which are no longer required for the said purpose, to be disposed of on payment of applicable customs duties, on the depreciated value calculated as per straight line method (subject to depreciated value not being less than 30% of the original value) of such goods.

28. The exemption limit for duty free imports [exempted from BCD, CVD, and SAD] of Buckles; 'D' rings; eyes; rivets; studs; etc. imported by a manufacturer of leather footwear or synthetic footwear or other leather products for exports by that manufacturer is being increased from 3% of the FOB value of goods exported during the preceding financial year to 5% of the FOB value of goods exported during the preceding financial year.

29. 5% concessional basic custom duty (BCD) is being prescribed on all parts for use in the manufacture of LED lights or fixtures including LED Lamps, subject to actual user condition.

30. 5% concessional BCD is also being prescribed on imports of inputs for use in the manufacture of LED (Light Emitting Diode) driver or MCPCB (Metal Core Printed Circuit Board) for LED lights and fixtures or LED Lamps, subject to actual user condition.

31. Basic Customs Duty (BCD) is being reduced from 10%/7.5% to 5% on all items of machinery, including, instruments, apparatus and appliances, transmission equipment and auxiliary equipment (including those required for testing and quality control) and components, required for initial setting up of fuel cell based system for generation of power or for demonstration purposes subject to certain conditions.

LEGISLATIVE CHANGES IN CUSTOMS :

1. Section 2 is being amended to:

   (a) insert clause (3A) to define a beneficial owner as any person on whose behalf the goods are being imported or exported or who exercises effective control over the goods being imported or exported.

   (b) include Foreign Post Office and International Courier Terminal in the definition of a Customs Station in clause (13);

   (c) omit certain words in clause (13) to align with the proposed omission of Section 82;

   (d) provide that the existing definition of exporter in clause (20) includes the beneficial owner;

   (e) provide that the existing definition of importer in clause (26) includes the beneficial owner;
   (f) insert clause (30B) so as to define passenger name record information;

   (g) define Foreign Post Office and International Courier Terminal.

2. Section 17 is being amended to rationalize the requirement of documents for verification of self assessment.

3. Sub-section (2) of section 27 is being amended so as to keep outside the ambit of unjust enrichment, the refund of duty paid in excess by the importer before an order permitting clearance of goods for home consumption is made, where –
   (i) such excess payment is evident from the bill of entry in the case of self-assessed bill of entry or
   (ii) the duty actually payable is reflected in the reassessed bill of entry in the case of reassessment.

4. Section 28G relating to vacancies not to invalidate proceedings is being omitted.

5. Sub-section (3) of section 28H is being amended so as to increase the application fee for seeking advance ruling from rupees two thousand five hundred to rupees ten thousand on the lines of the Income-tax Act.

6. Sub-section (6) of section 28I is being amended so as to provide time of limit of six months by which Authority shall pronounce its ruling on the lines of the Income-tax Act.

7. A new section 30A is being introduced so as to make it obligatory on the person-in-charge of a conveyance that enters India from any place outside India or any other person as may be specified by the Central Government by notification in the Official Gazette, to deliver to the proper officer the passenger and crew arrival manifest before arrival in the case of an aircraft or a vessel and upon arrival in the case of a vehicle; and passenger name record information of arriving passengers in such form, containing such particulars, in such manner and within such time as may be prescribed. The section also intends to provide for imposition of a penalty not exceeding fifty thousand rupees as may be prescribed, in the case of delay in delivering the information.

8. A new section 41A is being introduced so as to make it obligatory on the person-in-charge of a conveyance that departs from India to a place outside India or any other person as may be specified by the Central Government by notification in the Official Gazette, to deliver to the proper officer the passenger and crew departure manifest and passenger name record information of departing passengers before the departure of the conveyance in such form, containing such particulars, in such manner and within such time as may be prescribed. The section also intends to provide for a penalty not exceeding fifty thousand rupees as may be prescribed in the case of delay in delivering the information.

9. Sub-section (3) of section 46 is being substituted so as to make it mandatory to file the bill of entry before the end of the next day following the day (excluding holidays) on which the vessel or aircraft or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing and to provide for imposition of such charges for late

presentation of the bill of entry as may be prescribed.

10. Sub-section (2) of section 47 is being amended so as to provide the manner of payment of duty and interest thereon in the case of selfassessed bills of entry or, as the case may be, assessed, reassessed or provisionally assessed bills of entry.

11. Section 49 is being amended to extend the facility of storage under section 49 to imported goods entered for warehousing before their removal.

12. Section 69 relating to clearance of warehoused goods for exportation is being amended to align it with the proposed omission of section 82.

13. Section 82 relating to label or declaration accompanying goods to be treated as entry is being omitted.

14. Section 84 is being amended to empower the Board to make regulations to provide for the form and manner in which an entry may be made in respect of goods imported or to be exported by post.

15. Section 127B is being amended so as to insert a new sub-section (5) therein to enable any person, other than applicant, referred to in subsection (1) to make an application to the Settlement Commission.

16. Sub-section (3) of section 127C is being amended so as to substitute certain words therein. It further seeks to insert a new sub-section (5A) therein to enable the Settlement Commission to amend the order passed by it under sub-section (5), to rectify any error apparent on the face of record.

17. Section 157 is being amended so as to empower Board to make regulations for specifying the form, particulars, manner and time of providing the passenger and crew manifest for arrival and departure and passenger name record information and penalty in the case of delay in delivering the information.

SYNOPSIS OF EXCISE PROVISIONS RELATING TO EXCISE RATES:

1. The additional duty of excise levied under the Seventh Schedule to the Finance Act, 2005 [commonly known as health cess] on non-filter and filter cigarettes of sub-heading 2402 20 is being increased.

2. Basic Excise Duty on other tobacco products falling under heading 2402 has also being increased.

3. The effective basic excise duty rate on Handmade Paper rolled biris and Machine made Paper rolled biris is being increased from Rs. 21 per thousand to Rs. 28 per thousand and from Rs. 21 per thousand to Rs. 78 per thousand respectively.

4. The additional duty of excise levied under the Seventh Schedule to the Finance Act, 2005 [commonly known as health cess] on jarda scented tobacco, gutkha and chewing tobacco is being increased from 6% to 12%.

5. The excise duty payable per machine per month under the Compounded Levy Scheme applicable to these products is being modified accordingly.

6. Excise duty is being exempted on Catalyst and Resin for use in the manufacture of cast components of Wind Operated Electricity Generator subject to actual user condition.

7. Excise duty on Membrane Sheet and Tricot / Shaper, for use in the manufacture of Reverse Osmosis (RO) membrane for household type filters is being reduced from 12.5% to 6% subject to actual user condition. This concessional excise duty will be valid till 30th June, 2017.

8. Excise duty exemption on solar tempered glass for use in the manufacture of:

(a) solar photovoltaic cells or modules,

(b) solar power generating equipment or systems,

(c) flat plate solar collectors, or

(d) solar photovoltaic module and panel for water pumping and other applications,

is being withdrawn, and 6% concessional excise duty is being imposed on such solar tempered glass, subject to actual user condition. This 6% concessional excise duty will be valid till 30th June, 2017.

9. Excise duty is being reduced from 12.5% to 6% on parts/raw material for use in the manufacture of solar tempered glass, for use in:

(a) solar photovoltaic cells or modules,

(b) solar power generating equipment or systems,

(c) flat plate solar collectors, or

(d) solar photovoltaic module and panel for water pumping and other applications,

subject to actual user condition. This 6% concessional excise duty will be valid till 30th June, 2017

10. Nil excise duty, on waste and scrap of precious metals or metals clad with precious metals, arising in course of manufacture of goods, is being made subject to condition that no credit of input or input services or capital goods has been availed by manufacturers of such goods.

11. Nil excise duty, on strips, wires, sheets, plates and foils of silver, is being made subject to condition that no credit of input or input services or capital goods has been availed by manufacturers of such goods.

12. Nil excise duty, on articles of silver jewellery, other than those studded with diamond, ruby, emerald or sapphire, is being made subject to condition that no credit of input or input 14 services or capital goods has been availed by manufacturers of such goods.

13. Nil excise duty, on Silver coins of purity 99.9% above, bearing a brand name, is being made subject to condition that no credit of input or input services or capital goods has been availed by manufacturers of such goods.

14. Excise duty is being exempted on Micro ATMs, fingerprint reader / scanner, and Iris Scanner. Further, excise duty is also being exempted on parts and components for manufacture of these devices, subject to actual user condition. This exemption from excise duty will be valid till 30th June, 2017.

15. Excise duty is being exempted on miniaturised POS card reader for mPOS (other than Mobile phone or Tablet Computer). Further, excise duty is also being exempted on parts and components of miniaturised POS card reader for use in the manufacture of miniaturised POS card reader for mPOS (other than Mobile phone or Tablet Computer), subject to actual user condition. This exemption from excise duty will be valid till 30th June, 2017.

16. Point of Sale [POS] devices and all goods for manufacture of POS devices subject to actual user condition were exempted from central excise / CV duty Vide Notification No.35/2016- Central Excise, dated 28th November, 2016. These exemptions which are valid till 31st March 2017 are being extended up to 30.06.2017.

17. Excise duty on Motor Vehicles falling under tariff items 8702 90 21, 8702 90 22, 8702 90 28 and 8702 90 29 is being reduced from 27% to 12.5% retrospectively from 1st January, 2017.

18. 6% concessional excise duty is being prescribed for all items of machinery, including, instruments, apparatus and appliances, transmission equipment and auxiliary equipment (including those required for testing and quality control) and components/parts, required for initial setting up of fuel cell based system for generation of power or for

demonstration purposes subject to certain conditions. The concessional excise duty will be valid till 30th June, 2017.

19. 6% concessional excise duty is being prescribed for all items of machinery, including, instruments, apparatus and appliances, transmission equipment and auxiliary equipment (including those required for testing and quality control) and components/parts, required for balance of systems operating on biogas/ bio-methane/ by-product hydrogen, subject to certain conditions. The concessional excise duty will be valid till 30th June, 2017.

20. 6% concessional excise duty, currently applicable to LED (Light Emitting Diode) driver and MCPCB (Metal Core Printed Circuit Board) for use in the manufacture of LED lights and fixtures or LED lamps, is being extended to all parts for use in the manufacture of LED lights or fixtures including LED Lamps subject to actual user condition. This 6% concessional excise duty will be valid till 30th June, 2017.

RELATING TO LEGISLATIVE CLARIFICATIONS IN EXCISE:

1. Section 3(1) of the Central Excise Act, 1944, provides for levy of excise duty, on goods produced or manufactured in India at rates specified in the First and Second Schedule to the Central Excise Tariff Act, 1985. However, as per the proviso to the said sub-section, goods produced or manufactured by Export Oriented Units [EOUs] units and cleared to domestic tariff area [DTA] are liable to excise duty equal to the aggregate of duties of customs leviable on like goods when imported into India.

2. In this context, proviso to sub-section (1) of section 5A of the Central Excise Act, 1944 states that unless specifically provided in a notification, no exemption therein shall apply to excisable goods which are produced or manufactured by an EOU and cleared to the DTA.

3. Further, EOUs are eligible for duty free import or domestic procurement of their inputs or raw materials. However, if the goods produced or manufactured by EOUs and cleared to DTA if imported are either non-excisable or leviable to Nil basic customs duty [BCD] and additional duty of customs [CVD], then EOUs cannot avail the exemptions under these notifications on inputs utilized in manufacture/processing/packaging etc. of such goods [cleared to DTA].

4. In addition, there are a number of customs and excise duty exemption notifications which prescribe concessional [including Nil] duty rates on specified goods [inputs/raw materials etc.] for use in manufacture of specified goods, subject to conditions prescribed. In this context, it has been stated that EOUs are not able to avail benefit of such exemptions on inputs imported or procured domestically by them.

5. The matter has been examined. As mentioned in para 2 above, non-applicability of exemptions under notifications issued under section 5A of the Central Excise Act, 1944 is only in respect of excisable goods produced or manufactured by an EOU and cleared to DTA and not in respect of inputs/raw materials procured by them domestically and utilised for production/manufacture of goods which are cleared by them to DTA.

6. In view of the above, it is hereby clarified that EOUs will also be eligible to import or procure raw materials/inputs at other concessional/Nil rate of BCD, excise duty/CVD or SAD, as the case may be, provided they fulfil all conditions for being eligible to such concessional or Nil duty.

SYNOPSIS OF SERVICE TAX PROVISIONS

Our Comments on Changes in Service Tax include the following –

- Clauses 120 to 128 of the Finance Bill 2017

- Changes in the Service Tax (Determination of Value) Rules, 2006;
- Changes in Notification No. 25/2012-ST dated 20.6.2012
- Changes in the CENVAT Credit Rules, 2004.

The Summary of the changes with their Effective Date of implementation are as follows –

Changes coming into effect w.e.f. the 2nd day of February, 2017

1. Explanation-I (e) applicable to sub-rule 3 and 3A of Rule 6 of CENVAT Credit Rules, 2004 is being amended so as to exclude banks and financial institutions including NBFCs engaged in providing services by way of extending deposits, loans or advances from its ambit. It has been provided in the said explanation that value for the purpose of reversal of common input tax credit taken on inputs and input services used in providing taxable and exempted services, shall not include the value of service by way of extending deposits, loans or advances against consideration in the form of interest or discount.

   Hence for the value of reversal of common input tax credit u/r 6(3) & 6(3A) of CENVAT Credit Rules, service by way of extending deposits, loans or advances banks and financial institutions including NBFCs against consideration in the form of interest or discount, shall not be taken into consideration.

2. Amendment of Rule 10 of CENVAT Credit Rules, 2004

It is provided that transfer of CENVAT Credit by the jurisdictional Dy./Assistant Commissioner of Central Excise, shall be allowed within 3 months from the date of receipt of application from the manufacturer or service provider in this regard, subject to the fulfillment of the conditions prescribed under Rule 10 (3).

Hence where a manufacturer or service provider shifts his factory premises or there is a change in ownership due to amalgamation, sale, etc, then the transfer of CENVAT Credit lying unutilized shall be allowed within 3 months from the date of receipt of application.

3. Rule 2 A of Service Tax (Determination of Value) Rules, 2006 is being amended with effect from 01.07.2010 so as to make it clear that value of service portion in execution of works contract involving transfer of goods and land or undivided share of land, as the case may be, shall not include value of property in such land or undivided share of land.

4. Benefit of the exemption notification No. 41/2016-ST dated 22.09.2016 is being extended with effect from 1.6.2007, the date when the services of renting of immovable property became taxable. Notification No. 41/2016-ST dated 22.09.2016, exempts one time upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for grant of long-term lease of industrial plots (30 years or more) by State Government industrial development corporations/ undertakings to industrial units was exempted.

5. "Services by way of carrying out any process amounting to manufacture or production of goods excluding alcoholic liquor for human consumption", move out of Negative list and find a place in the exemption notification 25/2012. Hence some of the activity out of these activities may in future may be taken out of the negative list.

6. Section 245P of the Income-tax Act, 1961 provides that no proceeding before, or pronouncement of advance ruling by the Authority for Advance Ruling would be invalidated on the ground merely due to any vacancy or defect in the constitution of the Authority. In view of the same, Section 96B relating to vacancies not to invalidate proceedings is being omitted.

7. Sub-section (3) of section 96C is being amended so as to increase the application fee for seeking advance ruling from rupees two thousand five hundred to rupees ten thousand on the lines of the Income Tax Act.

8. Sub-section (6) of section 96D is being amended so as to extend the existing time limit of ninety days to six months by which time the Authority shall pronounce its ruling, on the lines of the Income Tax Act.

9. Service tax exemption to taxable services provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds by way of life insurance to members of the Army, Navy and Air Force under the Group Insurance Schemes of the Central Government, is being made effective from 10th day of September, 2004, the date from when the services of life insurance became taxable.

The amendments which will get incorporated in the Finance Act, 1994 on enactment of the Finance Bill, 2017 or the day Finance Bill receives assent of the President

10. The exemption vide S. No. 9B of notification No. 25/2012-ST dated 20.06.2012, is being amended so as to omit the word residential"appearing in the notification. The exemption remains the same in all other respects. S. No. 9B of notification No. 25/2012- ST exempts services provided by Indian Institutes of Management (IIMs) by way of two year full time residential Post Graduate Programmes (PGP) in Management for the Post Graduate Diploma in Management (PGDM), to which admissions are made on the basis of the Common Admission Test (CAT), conducted by IIM.
(S. No. 9B of notification No. 25/2012-ST refers)

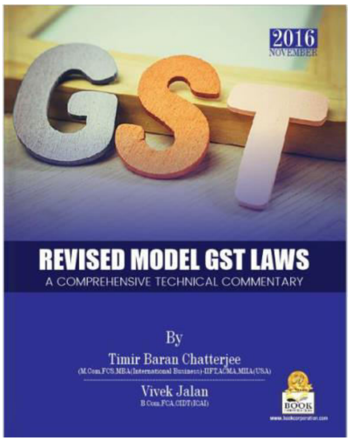
11. Under the Regional Connectivity Scheme (RCS), exemption from service tax is being provided in respect of the amount of viability gap funding (VGF) payable to the selected airline operator for the services of transport of passengers, with or without accompanied belongings, by air, embarking from or terminating in a Regional Connectivity Scheme (RCS) airport, for a period of one year from the date of commencement of operations of the Regional Connectivity Scheme (RCS) as notified by Ministry of Civil Aviation.
(New entry at S. No. 23A of notification No. 25/2012-ST refers)

12. Research and Development Cess Act, 1986 (32 of 1986) is proposed to be repealed. (Clauses 139 to 142 of the Finance Bill refers)

13. Notification No. 14/2012-ST dated 17-03-20 12 exempts the taxable service involving import of technology from so much of the service tax leviable thereon as is equivalent to the amount of cess payable on the said import of technology under the Research and Development Cess Act, 1986. Consequently, with effect from the enactment of the Finance Bill, 2017, the exemption from service tax under notification No. 14/2012-ST would be not available to a taxable service involving import of technology on which Research and Development Cess is not payable. Full service tax along with cesses (Swachh Bharat Cess and Krishi Kalyan Cess) would be applicable to such taxable service.

14. A new section 96HA is being inserted so as to provide for transferring the pending applications before the Authority for Advance Rulings (Central Excise, Customs and Service Tax) to the Authority constituted under section 245-O of the Income-tax Act from the stage at which such proceedings stood as on the date on which the Finance Bill, 2017 receives the assent of the President.

IN STANDS: REVISED MODEL GST LAWS : A COMPREHENSIVE TECHNICAL COMMENTARY



ABOUT THE BOOK: While the Government is moving at a rapid pace, yet it is still a question whether the Corporates are GST Ready or not. It is high time that the law needs to be analysed and implemented into every facet of the business including sales and marketing, Logistics, procurement, HR, IT and of course Finance and Taxation. The book contains an exhaustive coverage of the Revised Model GST in the form of a Section wise technical commentary. It provides an insight into the following:

1. Brief about the major changes between the Revised law and the earlier law.
2. Revised Model GST Law November 2016
3. Revised Model IGST Law November 2016
4. GST Compensation Law
5. GST Return Rules
6. GST RefundRules
7. GST Registration Rules
8. GST Payment Rules
9. GST Invoice Rules

Authors:

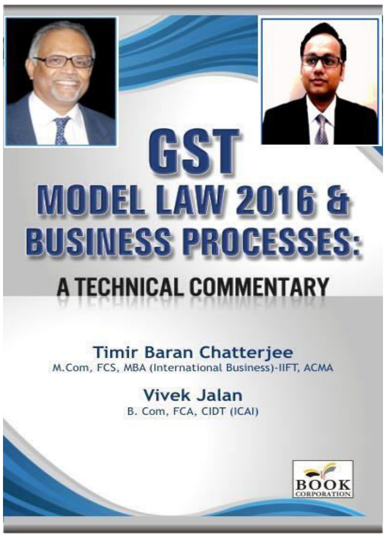
Timir Baran Chatterjee
M.Com, FCS, MBA (International Business)-IIFT, ACMA

Vivek Jalan
B. Com, FCA, LLb, CIDT (ICAI)

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

Published by:
BOOK CORPORATION
4, R. N. Mukherjee Road
Kolkata 700001
Phones: (033) 64547999, 22306669, 22205367
Cell : 9830010297, 9331018333
Order by email:bookcorporation@gmail.com
Website :www.bookcorporation.com

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

FOR ONSITE DELIVERY CONTACT TAX CONNECT AT :
+91 33 2262 5203 ; +91 80173 87083; p3.javaa@gmail.com

Authors:

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

Vivek Jalan
B. Com, FCA, LLb, CIDT (ICAI)

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

Published *by:*

BOOK CORPORATION
4, R. N. Mukherjee Road
Kolkata 700001
Phones: (033) 64547999, 22306669, 22205367

BOOK EXCLUSIVELY ON WORKS CONTRACT (SERVICE TAX AND VAT)

AVAILABLE IN ALL LEADING LEGAL BOOK SHOPS INCLUDING BOOK CORPORATION

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.

Authors:

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

Vivek Jalan
B. Com, FCA, LLb, CIDT (ICAI)

Published *by:*

BOOK CORPORATION

4, R. N. Mukherjee Road
Kolkata 700001
Phones: (033) 64547999, 22306669, 22205367
Cell : 9830010297, 9331018333