TAXCONNECT
107th Issue: 12 Feb 2017 - 18 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,

GST Council is meeting on the 18th of this month where the Government is hopeful that the supporting legislations of the Goods and Service Tax (GST) shall be passed by the Parliament in the second phase of the Budget session.

State Finance Minister, Amit Mitra presented The West Bengal Budget 2017-18 in the State Assembly yesterday, the synopsis of which is as follows:

- The threshold limit under VAT has been increased to 20 lakh from Rs 10 lakh, in line with the GST, giving relief to small businessess. Further, requirement to submit hard copies during registration process has been done away with.

- Proposal to abolish VAT audit report.

- Pending VAT refund cases to be disposed by 31st December 2017

- The Stamp duty rate on agreement to Sale has been rationalised and reduced from 5 – 7% to 2%. However, to avail the benefit of the reduced rate, the registration has to be done within 4 years from the date of agreement on payment of balance stamp duty.

- Reduction in stamp duty on financial papers and stock exchange transactions.

- Exempted from tax net to eco-friendly items like bio-diesel, bio-mass briquettes, solar water heater, plates and cups made of Sal leaf, terracotta bricks, kerosene stove, hair band and hair clip .

- Proposal to reduce registration fee on property by 20% if the registration is done within 1 year of completion of construction.

- Proposal to allocate Rs 100 crore to a special fund of to help farmers overcome the crisis arising out of note recall.

- 50,000 artisans to be given an aid of Rs 50,000 to help those who lost jobs due to DeMonetisation.

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

SYNOPSIS

REVISED DRAFT MODEL GST LAW (NOVEMBER 2016): TIME OF SUPPLY

The revised GST Model Law in November has brought in many changes in the existing law with respect to time of supply which can be summarized as follows:

- **Time of Supply of goods:** The time of supply shall be governed only by two conditions instead of four conditions earlier.

  As per the new law Sec 12: Time of supply of services is the earliest of the following two:

  (i) The date of issue of invoice by the supplier or the last date on which he is required to issue invoice; or

  (ii) The date on which the supplier receives the payment with the respect to supply.

- **Time of Supply of goods in case of reverse charge** The time of supply of goods in case of reverse charge shall be governed only by three conditions instead of four conditions earlier.

  As per the new law Sec 12: In case of reverse charge, time of supply is modified as earliest of the following dates:

  (i) The date of receipt of the goods; or

  (ii) The date on which the payment is made; or

  (iii) The date immediately following thirty days from the date of issue of invoice by the supplier

- **Time of supply of services:** Simpler law with only 2 conditions to determine the time of supply".

As per the new law Sec 12: Time of supply of services is the earliest of the following two, as against various options in the earlier draft:

(i) The date of issue of invoice by the supplier or the last date on which he is required to issue invoice; or

(ii) The date on which the supplier receives the payment with the respect to supply.

- **Time of Supply of services in case of reverse charge:** Only two conditions have been specified instead of four conditions earlier.

As per the new law Sec 12: Time of supply of services in case of reverse charge has been modified to, to earliest of the following two:

(i) The date on which the payment is made; or

(ii) The date immediately following sixty days from the date of issue of invoice by the supplier

TAX CALENDAR

Due date	COMPLIANCES FROM 12th Feb to 18th Feb, 2017	State/Region
14th Feb, 2017	Deposit of Entry tax of previous month (Entry Tax Act)	Rajasthan
	Deposit of VAT of previous month (VAT Act)	Rajasthan
15th Feb, 2017	PF deposit of previous month (EPF Act)	All India
	Deposit of WCT of previous month (VAT Act)	Bihar, Chandigarh, Delhi , Haryana, Jharkhand , Punjab Rajasthan , Himachal Pradesh
	Filing of WCT return (VAT Act)	Punjab
	Issuance of WCT certificate (VAT Act)	Haryana, Jharkhand, Himachal Pradesh, Sikkim
	Deposit of VAT of previous month (VAT Act)	Bihar, Jharkhand, Kerala , Sikkim, Haryana (if Tax> Rs. 1 lac)
	Filing of VAT return (VAT Act)	Kerala
	Deposit of Ptax of previous month (Commercial Tax Act)	Gujarat, Sikkim
	Deposit of Entry tax of previous month (Entry Tax Act)	Bihar

NOTIFICATIONS/CIRCULARS

AMENDMENT IN NOTIFICATION NO. 25/2012-SERVICE TAX, DATED THE 20TH JUNE, 2012

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India

vide **Notification No. 05/2017-Customs dated 30.01.2017** has amended **Notification No. 25/2012-Service Tax, dated 20th June, 2012** and has withdrawn exemption provided to receiver of OIDAR services in a non-taxable territory from an entity registered under section 12AA of the Income tax Act, 1961 for the purposes of providing charitable activities.

SERVICE TAX (SECOND AMENDMENT) RULES, 2017

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 06/2017-Customs dated 30.01.2017** has amended **Service Tax Rules, 1994** and has provided that in case of online information and database access or retrieval services provided or agreed to be provided by any person located in a non-taxable territory and received by non-assessee online recipient, the service tax payable for the month of December, 2016 and January, 2017, shall be paid to the credit of the Central Government by the 6th day of March, 2017.

COURT DECISIONS

C.C.E. INDORE VERSUS M/S. G.D. ENTERPRISES [CESTAT NEW DELHI]

Brief: Remuneration or commission received by the agent for providing C&F Service should alone be considered as gross amount for computation of the service tax liability. The reimbursable expenses should be outside the scope and purview of Levy of Service tax.

OUR COMMENTS: In the above case, the assessee is providing Clearing and Forwarding services. As per the terms of agreement, besides receipt of commission for the services rendered to the principal the assessee also receives various expenses such as rent, loading and unloading, postage and telegraph, printing and stationery, sundry expenses etc. incurred by it for and on behalf of its principals in the form of reimbursement.

The Department included the reimbursement on these expenses in the gross amount and confirmed the service tax demand on the same along with interest and penalties

The assessee contended that holding that reimbursement on account of actual expenses incurred on behalf of the principle are not liable for service tax.

The Hon'ble CESTAT noted that in Rule 6(8) of the Service Tax Rules 1994, a special provision has been given for computation of taxable value in respect of amounts received by C & F agents. Receipts of expenditure at actual is very common in C & F line, and therefore, it has been specifically provided that tax is to be computed only on the amount of commission or remuneration, and no other reimbursable expenses should form part of the assessable value of such services.

Accordingly, it was held that remuneration or commission received by the agent for providing C&F Service should alone be considered as gross amount for computation of the service tax liability and that since the service tax statute does not provide for inclusion of reimbursable exposes therein, the same should be outside the scope and purview of Levy of Service tax.

[Decided against Revenue]

CENTRAL EXCISE

NOTIFICATIONS/CIRCULARS

PAN MASALA PACKING MACHINES (CAPACITY DETERMINATION AND COLLECTION OF DUTY) AMENDMENT RULES, 2017

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 02/2017-Central Excise (N.T.) dated 02.02.2017** has amended **Pan Masala Packing Machines (Capacity Determination And Collection of Duty) Rules, 2008.**

The new rules may be called the **Pan Masala Packing Machines (Capacity Determination And Collection of Duty) Amendment Rules, 2017.**

The readers may refer the notification for details.

CHEWING TOBACCO AND UNMANUFACTURED TOBACCO PACKING MACHINES (CAPACITY DETERMINATION AND COLLECTION OF DUTY) AMENDMENT RULES, 2017

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 03/2017-Central Excise (N.T.) dated 02.02.2017** has amended **Chewing Tobacco and Unmanufactured Tobacco Packing Machines (Capacity Determination and Collection of Duty) Rules, 2010.**

The new rules may be called the **Chewing Tobacco and Unmanufactured Tobacco Packing Machines (Capacity Determination and Collection of Duty) Rules, 2010.**

The readers may refer the notification for details.

CENVAT CREDIT (AMENDMENT) RULES, 2017

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 04/2017-Central Excise (N.T.) dated 02.02.2017** has **amended Rule 10 with respect to transfer of credit under CENVAT Credit Rules, 2004** and provided that transfer of the CENVAT Credit shall be allowed within a period of three months from the date of receipt of application by the Deputy Commissioner of Central Excise or Assistant Commissioner of Central Excise.

Provided that the period specified may be extended by the Principal Commissioner of Central Excise or Commissioner of Central Excise for a further period of upto six months.

CENTRAL EXCISE (AMENDMENT) RULES, 2017

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 05/2017-Central Excise (N.T.) dated 02.02.2017** has amended Rule 10 with respect to transfer of credit under CENVAT Credit Rules, 2004 and provided that transfer of the CENVAT Credit shall be allowed within a period of three months from the date of receipt of application by the Deputy Commissioner of Central Excise or Assistant Commissioner of Central Excise.

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. 09/2017-Customs (N.T.) dated 02.02.2017 & in supersession of Notification No. 05/2017-Customs (N.T.) dated 19.1.2017** has **revised the exchange rate of foreign currencies** specified in col.(2) of each of **Schedule I** and **Schedule II** annexed hereto, into Indian currency or vice versa, w.e.f. **03.02.2017** 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)
1.	Australian Dollar	52.50	50.70
2.	Bahrain Dinar	185.50	173.10
3.	Canadian Dollar	52.70	51.10
4.	Danish Kroner	10.00	9.60
5.	EURO	74.20	71.70
6.	Hong Kong Dollar	8.80	8.60
7.	Kuwait Dinar	229.05	214.35
8.	New Zealand Dollar	50.25	48.50
9.	Norwegian Kroner	8.35	8.05
10.	Pound Sterling	87.05	84.20
11.	Singapore Dollar	48.60	47.15
12.	South African Rand	5.20	4.85
13.	Saudi Arabian Riyal	18.60	17.45
14.	Swedish Kroner	7.85	7.60
15.	Swiss Franc	69.25	67.05
16.	UAE Dirham	19.00	17.80
17.	US Dollar	68.40	66.70
18.	Chinese Yuan	10.00	9.65
19.	Qatari Riyal	19.15	18.10

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	60.95	58.95
2.	Kenya Shilling	67.25	62.90

FIXATION OF TV OF EDIBLE OIL, BRASS, POPPY SEED, ARECA NUT, GOLD AND SLIVER

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 08/2017-Customs (N.T.) dated 31.01.2017** has amended **Notification No.36/2001-Customs, dated 03.08.2001** and fixed tariff value of edible oil, brass, poppy seed, areca nut, gold and silver by substituting tables, TABLE – 1, TABLE – 2 and TABLE – 3.

INCOME TAXES

NOTIFICATIONS & CIRCULARS

M/S CENTER OF INNOVATIVE & APPLIED BIO-PROCESSING(CIAB) APPROVED FOR SEC 35(1) (II) OF IT ACT

OUR COMMENTS: The CBDT, Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 07/2017 dated 31.01.2017** has approved M/s Center of Innovative & Applied Bio-processing('CIAB') for section 35(1)(ii) of the Income-tax Act, 1961 from AY 2016-2017 onwards in the category of 'Scientific Research Association', subject to the following conditions, namely:-

(i) Its sole objective shall be scientific research;

(ii) It carries out scientific research by itself;

(iii) It shall maintain separate books of accounts and file audit report as specified.

M/S CHRISTIAN MEDICAL COLLEGE VELLORE ASSOCIATION, VELLORE APPROVED FOR SEC 35(1) (II) OF IT ACT

OUR COMMENTS: The CBDT, Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 08/2017 dated 31.01.2017** has approved M/s Christian Medical College Vellore Association, Vellore for section 35(1)(ii) of the Income-tax Act, 1961 from AY 2016-2017 onwards in the category of 'University, College or other Institution', engaged in research activities, subject to the following conditions, namely:-

(i) The sums paid it shall be used to undertake scientific research

(ii) It shall carry out scientific research through its faculty members or enrolled students

(iii) It shall maintain separate books of accounts and file audit report as specified

(iv) It shall furnish return u/s139(1) by the due date and furnish a statement to the Commissioner of Income-tax or Director of Income-tax containing specified details.

EXTENSION OF ELIGIBLE PROJECTS/SCHEMES FOR DEDUCTION U/S 35AC

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 03/2017 dated 01.02.2017** has notified the extension of the specified projects/schemes for exemption under section 35 AC in respect of the associations and institutions approved by the National Committee for Promotion of Social and Economic Welfare.

This notification shall remain in force for financial year in respect of the projects or schemes against the respective institutions/projects.

The exemption u/s 35AC will not apply to the funds received under Schedule VII of Section 135 of the Companies Act and Companies (CSR) Rules 2014.

The readers may refer the notifications for the list of institutions and other details.

.

STATE TAXES

ANDHRA PRADESH

CLARIFICATION ON THE PROCEDURE OF E-TRANSHIPMENT OF GOODS COMING FROM OUTSIDE THE STATE THROUGH RAILWAYS - TRANSHIPPED IN TRUCKS TO OTHER STATES

OUR COMMENTS: The Office Of The Commissioner (C.T.), Commercial Taxes Department, Government Of Andhra Pradesh has issued a clarification on the procedure of e-transhipment of goods coming from outside the state through railways - transhipped in trucks to other states.

The readers may refer the notification for details.

ASSAM

ONLINE ISSUANCE OF DELIVERY NOTE (FORM NO. 62)

OUR COMMENTS The Office Of The Commissioner Of Taxes, Government of Assam, vide **Circular No. 03/2017 dated 03.02.2017** has launched a new e-service for issuance of online Delivery Note (Form No. 62) which has been made operational from 27.01.2017.

The manual form will also continue simultaneously until further orders.

The basic requirements and procedures to avail this e-service have been provided in detail in the aforesaid circular.

DELHI

FRAMING OF CENTRAL ASSESSMENTS

OUR COMMENTS: The reconciliation return in CST form 9 relating to declaration of sales against statutory forms are required to be filed by all such dealers who had effected interstate sale against any statutory form like C, F, H, E-I, E-II, I & J.

The Department Of Trade And Taxes, Government Of National Capital Territory Of Delhi, **vide CIRCULAR No. 22/2016-17** dated 02.02.2017 has directed to complete the Form-9 assessment u/s 9(2) of the CST Act, 1956 read with section 32 of the DVAT Act, 2004 for the year 2012-13 which will get time barred by the end of this financial year.

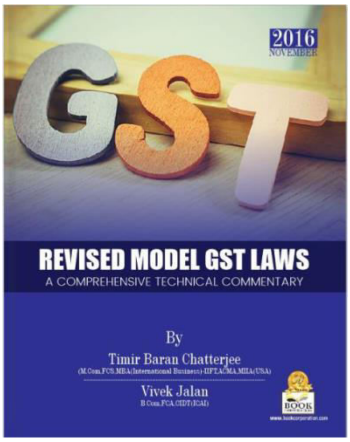
OHAs/SOHAs shall allow the objection/appeal, filed, if any, framed due to deficiency of forms only after ensuring that the forms under dispute have been filed online.

PUNJAB

LAST DATE OF E-FILING OF VAT-15 FOR THE 3RD QUARTER OF 2016-17 HAS BEEN EXTENDED TILL 20TH FEBRUARY, 2017

OUR COMMENTS: The Department Of Excise & Taxation, Government Of Punjab **vide Public Notice dated 09.02.2017** has extended the last date of e-filing of VAT-15 for the 3rd Quarter of 2016-17 till 20th February, 2017.

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:

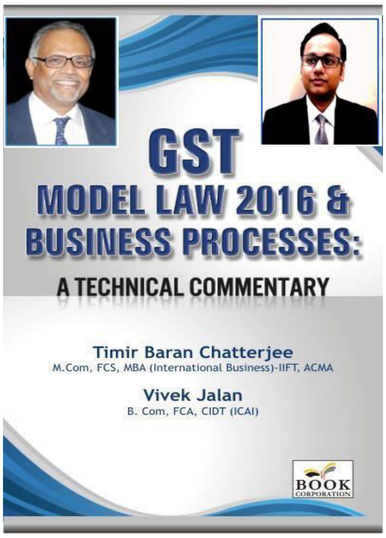
Timir Baran Chatterjee
M.Com, FCS, MBA (International Business)-IIFT, ACMA

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

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

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, CIDT (ICAI)

Published *by:*

BOOK CORPORATION

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