TAX CONNECT
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TAX CONNECT

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EDITORIAL

Friends,

GST has come more close to reality now with the **Council approving the final two GST Bills, State GST Bill (SGST) and Union Territory GST Bill (UTGST) in the meeting held on 16 March in Delhi**. The supporting GST laws now need approval of the Union Cabinet and then the Parliament.

Further, the **cess on the demerit goods has been capped at 15%** in the meeting.

The Council is next set to **meet on March 31 for framing the rules for GST.**

On the other hand while the industry is gearing up for implementation of GST, **Najib Shah, Chairman of CBEC** is of the view that GST rates aiming at the closest slab to fit in most of the commodities is one of the biggest challenges.

He further expects limited exemptions in GST and also hopes the exemptions to phase out gradually or to be supported by budgetary routes.

Now coming to the present taxes,

In Service Tax, Mega exemption provided to educational institutions vide notification no 25/2012-service tax, dated 20.6.2012 has been restricted to institutions providing services by way of pre-school education and education up to higher secondary school or equivalent.

In Customs, exchange rate of foreign currencies into Rupee & vice versa has been revised w.e.f. 17.03.2017.

In Central Excise, a Master circular has been issued on show cause notice, adjudication and recovery rescinding 89 circulars/instructions (out of 92) issued earlier.

In Income Tax, clarifications have been issued on The Taxation And Investment Regime For Pradhan Mantri Garib Kalyan Yojana, 2016.

Further, new functionalities have been added for Online Verification of Cash Transactions – 2016 On AIMS Module in Income Tax Business Application (ITBA)

The above notifications/circulars have been discussed in detail further in the bulletin.

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

Truly Yours

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SYNOPSIS

GOODS & SERVICE TAX (GST)

GST AND GOLD INDUSTRY

- In the current regime, gold attracts import duty of 10%, 1% VAT (in most of the States) and 1% excise duty. Therefore the total duty on gold stands at 12%.

- For the upcoming GST regime which is set to be implemented from July 1, the traders appear to be divided over the desired rate of taxation of gold.

- All India Gems & Jewellery Trade Federation (GJF), comprising manufacturers and retailers of gold jewellery, wants the government to keep the GST at 1.25%. Higher GST will lead to drop in tax compliance and revenue, and will also encourage smuggling. With the proposed rate, the government can expect the industry to be compliant and get organised. The procedure of GST compliance should also be easier.

- Representatives of GJF are in the process of meeting the finance ministers of various states. They have already met the finance ministers of 15 states and are set for another five states – Uttar Pradesh, Uttarakhand, Goa, Manipur and Punjab which held elections recently.

- As per GJF gems and jewellery business has a turnover of Rs 3 lakh crores and they were contributing 6% to GDP.

- India Bullion & Jewellers Association (IBJA)seek that the government should bring down the import duty on gold from 10% to 6% to reduce smuggling, and fix the GST rate at 6%. Given that GST rates expected to be 4% or 5% for gold, an import duty of 6% will make a total of 10-11%, which matches the current levies on gold. Hence, there is a rational to lower duties to enable a swift transition to GST.

- There is scope for greater reduction as well as the current high levies are prohibitive in nature and inhibit growth of the industry.

- Centre and States are moving towards a 4% rate on the precious metal under GST. The rate will be higher than the existing rate, but in all, it will not be too high as this would lead to a surge in smuggling.

- Most of the States have favoured tax rate on gold in the range of 2-6 % as it will help protect revenue without adversely impacting the consumers.

TAX CALENDAR

Due date	COMPLIANCES FROM 19th Mar, 2017 to 25th Mar, 2017	State/Region
20th Mar, 2017	Deposit of VAT of previous month (VAT Act)	Andhra Pradesh, Karnataka, Tamil Nadu, Chandigarh Punjab (if payment by cheque), Uttar Pradesh, Uttarakhand, Manipur, Goa (if Tax> or = Rs. 1 lac)
	Filing of monthly/quarterly VAT return (VAT Act)	Andhra Pradesh, Karnataka, Tamil Nadu, Uttar Pradesh, Uttarakhand, Punjab (if payment is through cheque) Manipur (if PY turnover is >Rs. 40 lacs)
	Deposit of P Tax of previous month (Commercial Tax Act)	Karnataka, West Bengal
	Deposit of Entry tax of previous month (Entry Tax Act)	Andhra Pradesh, Karnataka Uttar Pradesh, Uttarakhand
	Deposit of WCT of previous month (VAT Act)	Andhra Pradesh, Karnataka, Tamil Nadu, Uttar Pradesh Uttarakhand, Goa (Tax >/= Rs. 1 lac)
	Filing of monthly/quarterly WCT return (VAT Act)	Karnataka
	Issuance of WCT certificate (VAT Act)	Uttar Pradesh, Manipur
21st Mar, 2017	Deposit of VAT of previous month (VAT Act)	Delhi, Maharashtra, Odisha, West Bengal, Assam, Nagaland, Meghalaya
	Filing of monthly/quarterly VAT return (VAT Act)	Assam, Maharashtra, Odisha, Meghalaya
	Deposit of WCT of previous month (VAT Act)	Maharashtra
	Deposit of Entry tax of previous month (Entry Tax Act)	Odisha, West Bengal
	Deposit of Ptax of previous month (Commercial Tax Act)	Odisha
	ESI deposit of previous month (ESI Act)	All India
22nd Mar, 2017	Deposit of VAT of previous month (VAT Act)	Gujarat
	Deposit of WCT of previous month (VAT Act)	Gujarat
	Issuance of WCT certificate (VAT Act)	Delhi
	Deposit of Entry tax of previous month (Entry Tax Act)	Gujarat
25th Mar, 2017	Filing of monthly/quarterly VAT return (VAT Act)	Jharkhand
	Issuance of WCT certificate (VAT Act)	West Bengal, Mizoram

SERVICE TAX

NOTIFICATIONS/CIRCULARS

MEGA EXEMPTION PROVIDED TO EDUCATIONAL INSTITUTIONS VIDE NOTIFICATION NO 25/2012-SERVICE TAX, DATED 20.6.2012 RESTRICTED TO INSTITUTIONS PROVIDING SERVICES BY WAY OF PRE-SCHOOL EDUCATION AND EDUCATION UP TO HIGHER SECONDARY SCHOOL OR EQUIVALENT

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 10/2017-Service Tax dated 08.03.2017 has amended Notification No 25/2012-Service Tax, dated 20.6.2012** and restricted the mega exemption provided to educational institutions to the institutions providing services by way of pre-school education and education up to higher secondary school or equivalent.

COURT DECISIONS

M/S JILA SAHAKARI KENDRIYA BANK VERSUS CCE, RAIPUR [CESTAT NEW DELHI

Brief: The assessee who is neither the consignor nor consignee of the goods transported and is just bearing the cost of transportation on behalf of the consignees as per the arrangement evolved by the Government bears no service tax liability.

OUR COMMENTS: In the above case, the assessee is registered Cooperative Central Bank created under Chhattisgarh Cooperative Society Act, 1860. It is essentially a banking society and registered with the Department for payment of service tax under "banking and financial services". They have paid freight to various transporters for transport of fertilizer from the designated place in the district to various primary cooperative societies for further distribution to the framers.

The Revenue is of the view that as the payment of freight to the transporters has been made by the assessee they are liable to pay service tax on such goods transport in terms of Rule 2 (1) (d) (v) of the Service Tax Rules, 1994.

The Hon'ble CESTAT noted the following:

Being a district cooperative bank, the assessee is mandated by the Government to finance the primary cooperative societies in the district in connection with purchase and distribution of fertilizers to the farmers. The arrangement is such that he also pays the freight for transport of fertilizer within the district from the central godown to various primary co-operative societies. The amounts paid for transport is shown as credit to the primary societies and thereafter debited as disbursement to them.

Rule 2 (1) (d) (v) of service tax will rest only with any person who pays or is liable to pay freight either himself or through his agent for transportation of such goods by road in a good carriage.

Therefore, the assessee is not liable to pay service tax on goods transport as it is neither consignor nor consignee of the transported fertilizer. It is actually paying for the fertilizer and as per the Government instruction and also paying for the freight on account of various primary cooperative societies. In other words the freight paid to the transporter is on behalf of various primary societies who are actually the consignees of the cargo.

Accordingly, the impugned order was set aside.

[Decided in favour of assessee]

CENTRAL EXCISE

NOTIFICATIONS/CIRCULARS

AMENDMENT TO NOTIFICATION NO 38/2001-CENTRAL EXCISE (N.T.), DATED THE 26TH JUNE, 2001 WITH RESPECT TO JURISDICTION

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 06/2017-Central Excise (N.T.) dated 14.03.2017 has made** amendment to Notification No 38/2001-Central Excise (N.T.), dated the 26th June, 2001, which appoints specified officers as Central Excise Officers and invests them with all the powers, to be exercised by them throughout the territory of India, of an officer of Central Excise of the specified rank.

The amendment has been made in entry No. 4 of the TABLE as follows:

S.No.	Officers	Rank of Officer of Central Excise
4.	Officers of Directorate General of Central Economic Intelligence Bureau namely: 1. Additional Director General (earlier Deputy Director General) 2. Additional Director/Joint Director (earlier Assistant Director General) 3. Deputy Director (earlier Senior Technical officer) 4. Assistant Director (Intelligence Officer)	1. Commissioner 2. Joint Commissioner 3. Assistant/ Deputy Commissioner 4. Inspector

MASTER CIRCULAR ON SHOW CAUSE NOTICE, ADJUDICATION AND RECOVERY

OUR COMMENTS: The CBEC, Dept. of Revenue, Ministry of Finance, Government of India vide **Circular No. 1053/02/2017-CX dated 10.03.2017 has issued a** Master Circular on Show Cause Notice, Adjudication and Recover.

Till date 92 Circulars and Instructions on Show Cause Notices and Adjudication have been issued by the Board from time to time (Annexures to the Master Circular). These circulars address references from trade and field formations and provide clarity and uniformity on the issues raised. The Board has been consolidating these circulars to ensure clarity.

This master circular has compiled relevant legal and statutory provisions, circulars of the past and rescinded circulars which have lost relevance.

Annexure-I contains list of 89 rescinded circulars.

Annexure-II – contains list of 3 circulars with comprehensive instructions.

Master circular is divided into 4 parts.
Part I - Show Cause Notice related issues
Part II - Adjudication proceedings related issues
Part III - Closure of proceedings and recovery of duty,
Part IV - Miscellaneous issues.

In case of conflict., the Master Circular shall have overriding effect on the CBEC‟s Excise Manual of Supplementary Instructions.

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. 22/2017-Customs (N.T.) dated 16.03.2017 & in supersession of Notification No. 14/2017-Customs (N.T.) dated 02.03.2017** 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. **17.03.2017** 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	51.10	49.35
2.	Bahrain Dinar	179.50	167.40
3.	Canadian Dollar	49.85	48.30
4.	Chinese Yuan	9.65	9.30
5.	Danish Kroner	9.60	9.25
6.	EURO	71.30	68.85
7.	Hong Kong Dollar	8.55	8.30
8.	Kuwait Dinar	221.10	206.80
9.	New Zealand Dollar	46.50	44.85
10.	Norwegian Kroner	7.80	7.55
11.	Pound Sterling	81.55	78.85
12.	Qatari Riyal	18.55	17.55
13.	South Arabian Riyal	18.00	16.85
14.	Singapore Dollar	47.20	45.75
15.	South African Rand	5.25	4.90
16.	Swedish Kroner	7.50	7.25
17.	Swiss Franc	66.50	64.20
18.	UAE Dirham	18.40	17.20
19.	US Dollar	66.20	64.50

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	58.55	56.65
2.	Kenya Shilling	65.75	61.45

CHANGE IN 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. 21/2017-Customs (N.T.) dated 15.03.2017** has amended **Notification No.36/2001-Customs, dated 03.08.2001** and changed tariff value of edible oil, brass, poppy seed, areca nut, gold and silver by substituting tables, TABLE – 1, TABLE – 2 and TABLE – 3.

NOTIFICATIONS/CIRCULARS

CLARIFICATIONS ON THE TAXATION AND INVESTMENT REGIME FOR PRADHAN MANTRI GARIB KALYAN YOJANA, 2016

OUR COMMENTS: The CBDT, Dept. of Revenue, Ministry of Finance, Government of India vide **Circular No. 8 of 2017 dated 14.03.2017** has issued clarifications on the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016

The Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 commenced on 17.12.2016 and is open till 31.03.2017. Some clarifications have already been issued vide CBDT Circular No. 2 of 2017 dated 18th January 2017.

Further queries have been received as to whether the deposits made in bank account or cash in hand which are eligible for being declared under the Scheme should exist on the date of filing of declaration under the Scheme.

Hence, it is clarified that for **undisclosed income in the form of deposits** in an account maintained with a specified entity, the said deposits **may not exist** on the date of making payments under the Scheme or furnishing a declaration under the Scheme.

However, **undisclosed income in the form of cash should exist** on the date of making payment of tax, surcharge and penalty under the Scheme or on the date of making deposit under the Pradhan Mantri Garib Kalyan Deposit Scheme, 2016, whichever is earlier.

ONLINE VERIFICATION OF CASH TRANSACTIONS – 2016 ON AIMS MODULE IN INCOME TAX BUSINESS APPLICATION (ITBA)

OUR COMMENTS: The Directorate Of Income Tax (Systems), Government of India vide **EFS Instruction No. 62 dated 09.03.2017** has made new additions/enhancements in AIMS Module in ITBA for the field users. The new functionalities are as follows:

a) User can click on **Generate Notice u/s 133(6)** button and enter approval date and remarks. to be able to generate the notice u/s 133(6).

b) There is a provision to capture details of survey u/s 133A. The user can click **"Select Other Activity"** button and select **"Survey u/s 133A"** from Activity dropdown and enter the respective details. Attachment can be done by using the **Case Attachment** functionality on Cash Transaction Details screen.

c) In case the taxpayer is not traceable, the user has the provision to mark the case as **'Not Traceable'**

d) In case taxpayer is not submitting any response, user can mark the case as **'Not Responsive'.**

e) Investigation/I&CI wing users (DIT/PDIT and above) and supervisory hierarchy of designated user can view the Cash Transaction 2016 cases and provide inputs (Enquiry/Survey/Search related information) for a case.

STATE TAXES

DELHI

DE-SEALING OF THE BUSINESS PREMISES SEALED DURING ENFORCEMENT SURVEY

OUR COMMENTS: The Department of Trade & Taxes, Govt. of NCT of Delhi, **vide CIRCULAR NO. 27 OF 2016-17**dated **08.03.2017** has issued procedures to be adopted for de-sealing of the business premises sealed in the event of Enforcement Survey etc. by the officers of the Department of Trade & Taxes.

The readers may refer the aforesaid circular for details

MAHARASTHRA

EXTENSION OF DATES FOR DISABLING PROVISIONAL LOGIN ID AND ACCESS TOKEN OF PHASE 1 & PHASE 2 DEALERS TO 15.03.2017

OUR COMMENTS: The Office of The Special Commissioner of Sales Tax, Government of Maharashtra vide **Trade Circular No. 7T of 2017 dated 08.03.2017** extended the dates for disabling Provisional Login Id and Access Token of Phase 1 & Phase 2 dealers to 15.03.2017.

This circular is not for legal interpretation of provisions of Law, and is only clarificatory in nature.

RAJASTHAN

FURNISHING OF ANNUAL RETURN IN FORM VAT-10A FOR THE YEAR 2015-16 EXTENDED TO 31 MARCH 2017

OUR COMMENTS: The Commercial Taxes Department, Government of Rajasthan vide **Notification No. F26(315)CCT/MEA/2014/2483 dated 15.03.2017** has extended the date of furnishing of annual return in Form VAT-10A for the year 2015-16, required to be furnished by the class of dealers mentioned in Rule 19(6) of the Rajasthan Value Added Tax Rules, 2006 up to March 31st, 2017.

AMENDMENT IN RAJASTHAN INVESTMENT PROMOTION SCHEME-2014

OUR COMMENTS: The Finance Department, Government of Rajasthan vide Order **No.F.12(14)FD/Tax/2017-125 dated 08.03.2017** has made various amendments in Rajasthan Investment Promotion Scheme-2014.

The readers may refer the aforesaid order for details.

TELANGANA

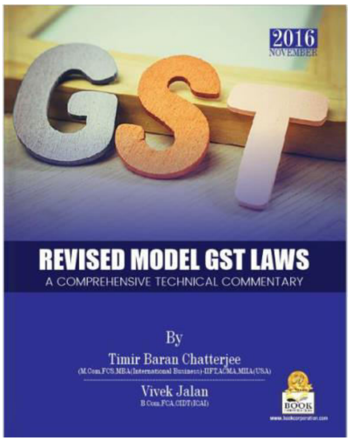
GUIDELINES FOR TDS BY CERTAIN BODIES / ORGANISATIONS

OUR COMMENTS: The Office Of The Commissioner Of Commercial Taxes, Government of Telangana vide **Circular CCT's Ref No. AIII(1)/113/2013 dated 07.03.2017** has issued the following guidelines with respect to TDS:

1) All the purchases and sales of goods, made among the Oil Marketing Companies (OMC) mentioned in Explanation-IV of Schedule-VI to the TVAT Act are exempted from TDS.

2) No TDS shall be made by the Public Sector Organizations on the Purchases made from OMCs mentioned in Explanation-IV of Schedule-VI to the TVAT Act.

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

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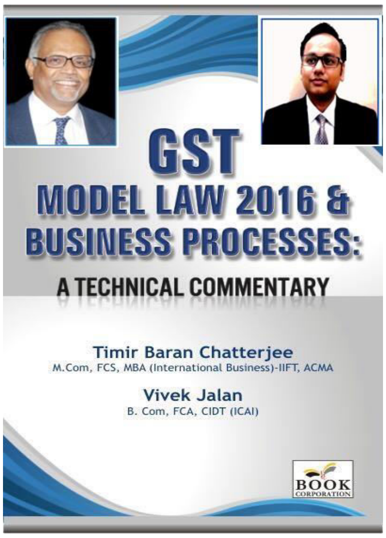
IN STANDS - GST: MODEL LAW 2016 & BUSINESS PROCESSES : A TECHNICAL COMMENTARY



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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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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