TAX CONNECT
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TAX CONNECT

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TAX CONNECT
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EDITORIAL

Friends,

After demonetization of Rs 1,000 and Rs 500 notes in November, 2016, **Prime Minister Narendra Modi has reiterated to take necessary steps against those with benami properties and focus on broadening the tax net as a measure to crack down black money from the country.**

Further, **it is expected that the government will put lottery tickets in the 28% GST bracket**, the highest slab. Of the three parts of the lottery pot – the prize money, government taxes and operators' margin., GST should only be levied on the operators' margin as the prize money part comes under direct tax. Higher GST rate may impact the revenue of the state governments as a significant part of the money paid for a ticket goes to them.

In total, 8 states have passed the GST bill as on date. After Telangana , Bihar, Rajasthan, and Jharkhand four other states - Chhattisgarh, Madhya Pradesh, Haryana and Uttarakhand have cleared the bill.

Now coming to the present taxes,

In Service Tax, Life Insurance Services have been exempted under Pradhan Mantri Vaya Vandana Yojana.

It is held by Madras High Court that , landscaping of factory or garden fall within the concept of modernization, renovation, repair, etc. of the office premises and accordingly credit is allowed for the same.

In Customs, exchange rate of foreign currencies into Rupee & vice versa has been revised w.e.f. 05.05.2017.

In Income Tax, National Skill Development Agency has been specified for Section 10(46) of The Income-Tax Act, 1961

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)

CGST ACT: TAX DEDUCTION AT SOURCE, COLLECTION OF TAX AT SOURCE

- **TAX DEDUCTION AT SOURCE**

As per the Revised Model GST Law:

The Central or a State Government may mandate, -

(a) a department or establishment of the Central or State Government, or

(b) Local authority, or

(c) Governmental agencies, or

(d) such persons as may be notified, by the Central or a State Government

to deduct tax @ 1% from the payment made or credited to the supplier of taxable goods/services, notified by the Central or a State Government if total value of such supply **exceeds Rs 5 lakhs.**

As per the CGST Act

The tax shall be deducted as above if the total value of specified supply **exceeds Rs 2.5 lakhs.**

Provided that no deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

- **COLLECTION OF TAX AT SOURCE**

As per the CGST Act

Every operator who collects the amount specified in specified section shall furnish an annual statement, electronically with the details of outward supplies of goods or services or both, including the supplies of goods or services or both returned, and the amount collected during the financial year before the 31st day of December following the end of such financial year.

If any operator after furnishing the statement under specified section discovers any omission or incorrect particulars, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars in the statement for the month during which such omission or incorrect particulars are noticed alongwith interest u/s 50(1).

Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of statement for the month of September following the end of the financial year or the actual date of furnishing of the relevant annual statement, whichever is earlier.

TAX CALENDAR

Due date	COMPLIANCES FROM 7th May, 2017 to 13th May, 2017	STATUTE
7th May, 2017	Deposit of WCT of previous month (VAT Act)	Tripura Orissa
	Issuance of WCT certificate (VAT Act)	Arunachal Pradesh
	TDS/TCS deposit of previous month (Income Tax Act)	All India
10th May, 2017	Deposit of VAT of previous month (VAT Act)	Chhattisgarh
	Deposit of WCT of previous month (VAT Act)	Chhattisgarh Madhya Pradesh Assam West Bengal Nagaland Meghalaya Mizoram Arunachal Pradesh Manipur
	Filing of WCT return (VAT Act)	Kerala
	Issuance of WCT certificate (VAT Act)	Madhya Pradesh, Karnataka, Kerala, Manipur
	Deposit of Ptax of previous month (Commercial Tax Act)	Andhra Pradesh Madhya Pradesh
	Deposit of Entry tax of previous month (Entry Tax Act)	Chhattisgarh Madhya Pradesh

NOTIFICATIONS/CIRCULARS

LIFE INSURANCE SERVICES EXEMPTED UNDER PRADHAN MANTRI VAYA VANDANA YOJANA

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **NOTIFICATION No. 17/2017-Service Tax dated 04.05.2017** has amended notification No.25/2012-Service Tax, dated the 20th June, 2012 and exempted life insurance services under Pradhan Mantri Vaya Vandana Yojana.

COURT DECISIONS

WIPRO LIMITED VERSUS COMMISSIONER OF CENTRAL EXCISE [MADRAS HIGH COURT]

BRIEF: The credit rating of an industry is depended upon how the factory is maintained inside and outside the premises. Hence, landscaping of factory or garden fall within the concept of modernization, renovation, repair, etc. of the office premises and accordingly credit is allowed for the same.

OUR COMMENTS: In the above case, the issue is if the assessee should be given cenvat credit, in respect of house keeping and land scaping services.

The assessee is in the business of manufacturing computers and automatic data processing machines, falling under Chapter Heading 8471 of schedule to the Central Excise Tariff Act, 1985. It takes credit of service tax, paid on man-power supplied for house keeping and gardening services.

However, the Revenue declined relief with respect to house keeping and gardening services.

Ref: Karnataka High Court in Commissioner of Central Excise, Bangalore II Vs. Millipore India Pvt Ltd., 2012 (26) STR 514 (Kar).

The Hon'ble High Court noted the following points:

-The definition of input services is too broad and inclusive. Activities relating to business and any services rendered in connection therewith, would form part of the input services.

-Landscaping of factory or garden fall within the concept of modernization, renovation, repair, etc., of the office premises as at any rate, the credit rating of an industry is depended upon how the factory is maintained inside and outside the premises. The Environmental law expects the employer to keep the factory without contravening any of those laws.

-Now the concept of corporate social responsibility is also relevant. It is to discharge a statutory obligation, when the employer spends money to maintain their factory premises in an eco-friendly manner, certainly, the tax paid on such services would form part of the costs of the final products

Accordingly, it was held that credit for such services shall be allowed.

[Decided in favour of assesse]

CENTRAL EXCISE

COURT DECISIONS

THE COMMISSIONER OF CENTRAL EXCISE, CHENNAI II VERSUS M/S. LUCAS TVS LTD. [MADRAS HIGH COURT]

BRIEF: Duty liability arises and commences from the date of the order of determination and not from the date of the actual liability especially when an order of determination always dates back to the actual date of liability

OUR COMMENTS: The assessee is the manufacturers of 'Wiper Motor Assembly'. The goods was classified by the Revenue under a different Tariff Sub-Headings having higher rate of excise duty.

The Revenue, after hearing, passed Order-in-Original dated 09.01.1995 determining the duty amount directing the assessee to pay the differential duty.

The same was appealed against by the assessee, however, the duty was confirmed by the Commissioner (Appeals), vide his Order-in-Appeal dated 26.12.2000 and the duty was paid by the assessee within three months of passing of the Order-in-Appeal.

The Order-in-Original dated 09.01.1995 being passed before 26.08.1995, the date, on which, the Finance Bill, 1995, got the assent of the President, interest payable was worked out under Section 11AA of the Act, with effect from 26.08.1995 onwards till the date of the payment of the duty.

The issue now involved relates to:

- the interest payable on delayed payment of duty,
- date from which the interest is payable.
- when the duty becomes payable? on the date when the duty becomes due or the date of the original order, determining the liability, or as on the date of the subsequent orders, either reducing or enhancing the tax liability.

The Hon'ble High Court held that from Section 11AA, it is clear that, duty is payable only when the liability is ascertained and that the liability to pay interest arises only on the determination of that duty / liability and also if the ascertained duty is not paid within a period of three months from the date of ascertainment.

Therefore, the contention of the Revenue that the determination of duty liability takes effect from the date on which the liability arises is incorrect and is liable to be rejected.

[Decided against Revenue]

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. 43/2017-Customs (N.T.) dated 04.05.2017 & in supersession of Notification No. 40/2017-Customs (N.T.) dated 20.04.2017** 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. **05.05.2017** 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	48.65	46.75
2.	Bahrain Dinar	176.50	164.55
3.	Canadian Dollar	47.60	46.05
4.	Chinese Yuan	9.45	9.15
5.	Danish Kroner	9.60	9.25
6.	EURO	71.25	68.80
7.	Hong Kong Dollar	8.35	8.15
8.	Kuwait Dinar	218.35	204.10
9.	New Zealand Dollar	45.05	43.45
10.	Norwegian Kroner	7.55	7.30
11.	Pound Sterling	84.10	81.30
12.	Qatari Riyal	18.15	17.15
13.	South Arabian Riyal	17.70	16.55
14.	Singapore Dollar	46.75	45.20
15.	South African Rand	4.95	4.60
16.	Swedish Kroner	7.40	7.15
17.	Swiss Franc	65.75	63.55
18.	UAE Dirham	18.10	16.90
19.	US Dollar	65.10	63.40

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	57.95	56.00
2.	Kenya Shilling	64.50	60.25

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. 42/2017-Customs (N.T.) dated 28.04.2017** 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.

INCOME TAXES

NOTIFICATIONS/CIRCULARS

NATIONAL SKILL DEVELOPMENT AGENCY SPECIFIED FOR SECTION 10(46) OF THE INCOME-TAX ACT, 1961

OUR COMMENTS: The CBDT, Department of Revenue, Ministry of Finance, Government of India vide **Notification No 33/2017 dated 28.04.2017** has specified National Skill Development Agency, a body constituted by the Central Government in respect to specified income for the purpose of section 10(46) of the Income-Tax Act:

The notifications shall be effective subject to the conditions that it:

(a) shall not engage in any commercial activity;
(b) activities and the nature of the specified income remain unchanged throughout the financial years; and
(c) shall file return as per 139(4C)(g) of the Income-tax Act, 1961.

The readers may refer the notifications for the details.

SHRI. RAM AND RAMDAS SWAMI SAMADHI TEMPLE (MANDIR) & RAMDAS SWAMI MATH AT SAJJANGAD, DISTT. SATARA, MAHARASHTRA TO BE A PLACE OF PUBLIC WORSHIP U/S 80(G)(2)(B)

OUR COMMENTS: The CBDT, Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No 34/2017 dated 28.04.2017 has** notified "Shri. Ram and Ramdas Swami Samadhi Temple (Mandir) & Ramdas Swami Math at Sajjangad, Distt. Satara, Maharashtra", to be place of historic importance and a place of public worship of renown throughout the state of Maharashtra for the purposes of section 80G(2)(b).

INCOME-TAX (9TH AMENDMENT) RULES, 2017

OUR COMMENTS: The CBDT, Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No 36/2017 dated 02.05.2017 has** made the Income-tax (9th Amendment) Rules, 2017 to amend the Income-tax Rules, 1962.

A new Rule 21AD "Exercise of option under sub-section (4) of section 115BA" has been added and

A new "FORM No. 10-IB for Application for exercise of option under sub-section (4) of section 115BA of the Income - tax Act, 1961 has been introduced.

Sec 115BA relates to Tax on income of certain domestic companies. - Determination of tax in certain special cases

The readers may refer the notifications for the details.

STATE TAXES

DELHI

FILING OF ONLINE RETURN FOR 4TH QUARTER OF 2016-17 EXTENDED TO 15.05.2017

OUR COMMENTS: The Department Of Trade And Taxes, Government Of National Capital Territory Of Delhi vide **CIRCULAR No. 2 of 2016-17 dated 28.04.2017** has extended the last date of filing of online/hard copy of 4th quarter return for 2016-17, in Form DVAT-16, DVAT-17 and DVAT-48 upto 15.05.2017.

The tax due shall continue to be paid in the usual manner. The dealers filing the returns through digital signature are not required to file hard copy.

CHHATTISGARH

EXTENTION OF THE TIME LIMIT FOR ASSESSMENT CASES FOR FY 2013-14 FROM 30.06.2017 TO 30.09.2017

OUR COMMENTS: The Commercial Tax Department, Government Of Chhattisgarh.vide No. F-10-34/2017/CT/V (45) dated 28.04.2017 has amended Notifications No F-10/37/2016/CT/V (71), dated 29.08.2017 and extended the time limit for Assessment cases for FY 2013-14 from 30.06.2017 to 30.09.2017.

EXTENTION OF THE TIME LIMIT FOR FORM-18 FOR FY 2013-14 FROM 30.04.2017 TO 30.06.2017

OUR COMMENTS: The Commercial Tax Department, Government Of Chhattisgarh.vide Notification No. F-10-34/2017/CT/V (46) and Notification No. F-10-34/2017/CT/V (47) dated 28.04.2017 has amended Notifications No. F-10-13/2017/CT/V (12) and No. F-10-13/2017/CT/V (13), dated 10.03.2017 and extended the time limit for Form-18 for FY 2013-14 from 30.04.2017 to 30.06.2017.

EXTENTION OF THE TIME LIMIT FOR FORM-18 FOR FY 2014-15 FROM 31.05.2017 TO 30.09.2017

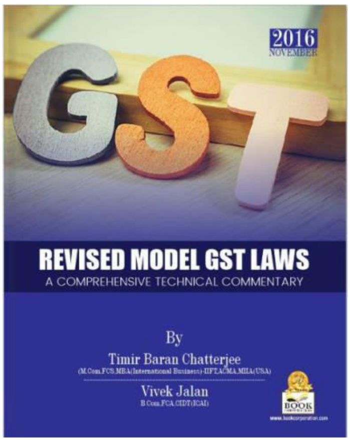
OUR COMMENTS: The Commercial Tax Department, Government Of Chhattisgarh.vide Notification No. F-10-34/2017/CT/V (48)) and Notification No. F-10-34/2017/CT/V (49) dated 28.04.2017 has amended Notifications No. F-10-33/2016/CT/V (65)) and No. F-10-33/2016/CT/V (66)), dated 11.07.2016 and extended the time limit for Form-18 for FY 2014-15 from 31.05.2017 to 30.09.2017.

WEST BENGAL

FILING OF ONLINE RETURN FOR 4TH QUARTER AND YEAR END OF 2016-17 EXTENDED TO 08.05.2017

OUR COMMENTS: The Directorate Of Commercial Taxes, Government Of West Bengal vide **Memo No. 465CT/PRO/3C/PRO/2015 and Memo No. 466CT/PRO/3C/PRO/2015 dated 28.04.2017** has extended the last date of filing of 4th quarter and year end return for 2016-17, in Form 25E, Form 14/14D, Form 15 and Form 15R respectively upto 08.05.2017.

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

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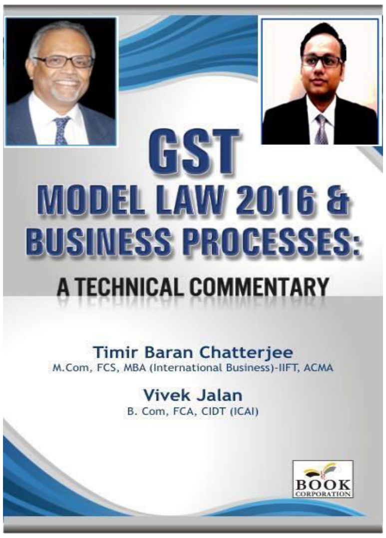
IN STANDS - GST: MODEL LAW 2016 & BUSINESS PROCESSES : A TECHNICAL COMMENTARY



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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