TAX CONNECT
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TAX CONNECT

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INCOME TAX

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TAX CONNECT
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EDITORIAL

Friends,

HAPPY GST DAY i.e. on 01.07.2017.

Let's GO LIVE on GST – India's Biggest Tax Reform

Today at midnight, the single biggest tax reform in the history of the nation became a reality when GST was launched by the Prime Minister and President of India at the function in the Central Hall of Parliament. Let us together celebrate the GST day with great fervour and take immense pride for being a part of this historical event.

During the recent period, just before GO LIVE IN GST REGIME, Government of India, (Ministry of Finance) has issued a plethora of Notifications in relation to GST.

We have included in this edition of TAX CONNECT, ALL the notifications (except rate notifications) issued till 30.06.2017 under CGST, UGST and IGST Act for your reference. We also regularly share our analysis and opinions through this bulletin. In recent dates developments relating to Laws and Acts have been made by the Government in relation to GST, still people have lots of queries. We have made an attempt to answer some of them.

Useful Key highlights under GST are as under:

- "**Aggregate Turnover**" does not include value of inward supplies on which tax is payable on reverse charge basis.
- "**Aggregate Turnover**" of the supplier includes value of outward supplies on which tax is payable on reverse charge basis by the recipient.
- **Provisional GSTIN** should be converted into **Final GSTN** within 90 days. Provisional GSTN can be used till final GSTIN is issued. Provisional GSTIN & final GSTN would be same.
- If the person is involved in 100% supply of goods which are not liable for GST, then no registration is required.
- A supplier of service will have to register at the location from where he is supplying service.
- Exemption from registration has been provided to such suppliers who are making only those supplies on which recipient is liable to discharge GST under RCM.
- A separate & new registration is required for ISD. New registrations are being opened from 25.06.2017.
- A person dealing with 100% exempted supply is not liable to register irrespective of turnover.
- An unregistered person has 30 days to complete its registration formalities from its date of liability to obtain registration.
- If a person is not liable to register under GST but was registered under Service Tax, can apply for cancellation of Provisional ID on or before 31st July, 2017.
- Facility for New registration is available at the GST portal (gst.gov.in) from 25.06.2017.
- Clean Environment Cess on coal will be replaced by GST Compensation Cess.
- In case of Import of Goods following duties will be chargeable:
  - Custom Duty and Cess as applicable
  - IGST
  - GST Compensation Cess

EDITORIAL

IGST and GST Compensation Cess shall be paid after adding all customs duty and customs cess to the value of import.

- SGST of one state cannot be utilized for discharging of output tax liability of another state.
- SGST Credit can be used for payment of IGST liability under the same GSTIN only.
- For Reverse Charge Mechanism liabilities tax invoice has to be issued on self.
- It has been decided that Rs.5000/- per day exemption will be given in respect of supplies received from unregistered person. For supplies above this amount, a monthly consolidated bill can be raised.
- Salary by Partnership firms to partners will not be liable for GST.
- Full transition credit of Excise duty will be available on stock in hand in respect of which you have duty paying excise document subject to conditions under Section 140(3) of the CGST Act.

In the past we have discussed on important critical issues from time to time pertaining to GST implementation with a clear direction how to handle it.

We also lay down the following critical issue -

<u>Reverse Charge Method</u>

The list of RCM on services and goods u/s 9(3) has been pruned. However, purchase of goods and services from unregistered dealer will attract RCM u/s 9(4). Under this method the receiver of goods/services is to raise a Self Invoice on itself for each such transaction. This could be very challenging particularly for a large organization where there are number of unregistered purchases.

Now there is an Exemption of Rs.5000/- per day per dealer of GST where even if the purchase is from a unregistered dealer, then no Reverse Charge needs to be paid. However there are certain critical Issues not clarified as follows –

A. For calculating Rs.5000/- per day limit, will date of entry in accounts be seen or date of Bill.

For e.g. If a purchase from 1 supplier for date of bill as 29.7.17 is Rs.4000/-, no payment is made. Another supplier bill for 29.7.17 for Rs.10000/-is received and booked on 20th August i.e. after filing return for the month. Then which date to take.

A prudent call needs to be taken in this regard.

B. If a person has 3 branches in same state then for all together limit is Rs.5000/-

We do hope that this bulletin adds value to your professional sphere.

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

Truly Yours

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SYNOPSIS

TAX CALENDAR

Due date	COMPLIANCES FROM 02nd July, 2017 to 08th July, 2017	CGST/SGST/IGST/UTGST/Others
NO DUE DATES UNDER GST IS AVAILABLE FOR THIS WEEK.		

GST: CGST

NOTIFICATIONS/CIRCULARS

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 1 to 13 /2017-Central Tax dated 19.06.2017, 27.06.2017 and 28.06.2017** the Central Government notified the following :

CGST Notifications

Notification No.	Notification Date	Subject
01/2017	19.06.2017	Seeks to bring certain sections of the CGST Act, 2017 into force w.e.f. 22.06.2017
02/2017	19.06.2017	Notifying jurisdiction of Central Tax Officers
03/2017	19.06.2017	Notifying the CGST Rules, 2017 on registration and composition levy.
04/2017	19.06.2017	Notifying www.gst.gov.in as the Common Goods and Services Tax Electronic Portal.
05/2017	19.06.2017	Seeks to exempt persons only engaged in making taxable supplies, total tax on which is liable to be paid on reverse charge basis
06/2017	19.06.2017	Modes of verification under CGST Rules, 2017
07/2017	27.06.2017	Notification No. 7/2017-Central Tax amending Notification No. 3/2017-Central Tax (CGST Rules, 2017 on registration and composition levy) has been issued
08/2017	27.06.2017	Seeks to notify the turnover limit for Composition Levy for CGST
09/2017	28.06.2017	Seeks to bring into force certain sections of the CGST Act, 2017 w.e.f 01.07.2017
10/2017	28.06.2017	Seeks to amend CGST Rules notification no 3/2017-Central Tax (CGST Rules, 2017 on registration and composition levy) dt 19.06.2017
11/2017	28.06.2017	Seeks to amend Notification no 6/2017-Central Tax dt 19.06.2017 (Modes of verification under CGST Rules, 2017)
12/2017	28.06.2017	Seeks to notify the number of HSN digits required on tax invoice
13/2017	28.06.2017	Seeks to prescribe rate of interest under CGST Act, 2017

GST: IGST

NOTIFICATIONS/CIRCULARS

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 1 to 13 /2017-Central Tax dated 19.06.2017, 27.06.2017 and 28.06.2017** the Central Government notified the following :

IGST Notifications		
Notification No.	**Notification Date**	**Subject**
01/2017	19.06.2017	Seeks to bring certain sections of the IGST Act, 2017 into force w.e.f. 22.06.2017
02/2017	19.06.2017	Seeks to empower the Principal Commissioner of Central Tax, Bengaluru West to grant registration in case of online information and database access or retrieval services provided or agreed to be provided by a person located in non-taxable territory and received by a non-taxable online recipient.
03/2017	28.06.2017	Seeks to bring into force certain sections of the IGST Act, 2017 w.e.f 01.07.2017
04/2017	28.06.2017	Seeks to notify IGST Rules, 2017
05/2017	28.06.2017	Seeks to notify the number of HSN digits required on tax invoice
06/2017	28.06.2017	Seeks to prescribe rate of interest under CGST Act, 2017

GST: SGST/UTGST

NOTIFICATIONS/CIRCULARS

UTGST Notifications

Notification No.	Notification Date	Subject
01/2017	21.06.2017	Seeks to bring certain sections of the UTGST Act, 2017 into force w.e.f. 22.06.2017
02/2017	27.06.2017	Seeks to notify the turnover limit for Composition Levy for UTGST.
03/2017	28.06.2017	Seeks to appoints the 1stday of July, 2017, as the date on which the provisions of sections 6 to 16, 18 to 20 and 23 to 26 of Union Territory Goods and Services Tax Act, 2017 (14 of 2017)shall come into force.

Jharkhand SGST Notifications

Notification No.	Notification Date	Subject
S.O.25	20.06.2017	Seeks to bring certain sections of the JGST Act, 2017 into force w.e.f. 22.06.2017
S.O.26	20.06.2017	Seeks to exempt persons only engaged in making taxable supplies, total tax on which is liable to be paid on reverse charge basis.
S.O.27	20.06.2017	Notifying www.gst.gov.in as the Common Goods and Services Tax Electronic Portal.
S.O.28	20.06.2017	Notifying the JGST Rules, 2017 on registration and composition levy.

Maharashtra SGST Notifications

Notification No.	Notification Date	Subject
GST.1017/CR 94 (A)/Taxation-1	21.06.2017	Seeks to bring certain sections of the MGST Act, 2017 into force w.e.f. 22.06.2017
GST.1017/CR 94 (B)/Taxation-1	21.06.2017	Notifying jurisdiction of MGST Officers
GST.1017/CR 94 (C)/Taxation-1	21.06.2017	Notifying www.gst.gov.in as the Common Goods and Services Tax Electronic Portal.
GST.1017/CR 94 (C)/Taxation-1	21.06.2017	Seeks to exempt persons only engaged in making taxable supplies, total tax on which is liable to be paid on reverse charge basis.

OTHER TOPICS UNDER GST

NOTIFICATIONS/CIRCULARS

Compensation Cess Notifications

Notification No.	Notification Date	Subject
01/2017	28.06.2017	Seeks to appoint the 1st day of July, 2017, as the date on which all the provisions of Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017) shall come into force.

WHAT WOULD HAPPEN ABOUT THE MATERIALS WHICH WILL BE IN TRANSIT AS ON 30.6.17?

The matter has been explained in section 140(5) of the CGST Act. A registered person shall be entitled to take credit in its Electronic credit Register in respect of input or input services received on or after the appointed date in respect of input or input services which are subjected to tax under the existing law.

For availing credit on goods in transit, the following details shall be furnished:

- **I)** the name of the supplier, serial number and date of issue of the invoice by the supplier or any document on the basis of which credit of input tax was admissible under the existing law,
- **II)** the description, quantity and value of the goods or services
- **III)** the amount of eligible taxes and duties or, as the case may be, the value added tax [or entry tax] charged by the supplier in respect of the goods or services,
- **IV)** the date on which the receipt of goods or services is entered in the books of account of the recipient.

The record of the above in the books of accounts to be made within a period of 30 days from the appointed date.

RATE FOR SUPPLY TO JAMMU & KASHMIR

On supply of goods by X , Kolkata to dealer in Jammu and Kashmir, tax invoice charging IGST will be issued by X, the credit of which will not be available by the J&K dealer. .

However, it is to be noted that Jammu and Kashmir local taxes may also apply on the same.

Hence, the material will be subjected to double taxation.

Therefore passing of GST legislation is very important for J&K states to save their economy.

Similarly when J &K dealer will sale any material to any other state say, WB, it will charge their own tax which will not be available as credit to WB dealer. At the same time WB dealer will have to pay GST while supplying the above goods .

Hence, there will be double taxation. As a result both sale and purchase at J &K will virtually be reduced.

JOB WORK ARRANGEMENT

X, Kolkata provides inputs to Y (Kolkata) for manufacturing of goods. Such inputs are allowed to move without payment of tax on delivery challan if the same are sent by X, Kolkata.

Further, after manufacturing of goods, X Kolkata is allowed to remove the goods from the premises of Y, Kolkata for supply to X' other regions customer.

X, Kolkata will issue tax invoice in favor of X's other region /customer charging IGST Make sure goods are returned by the Job worker within 1 year. The Vendor of X Kolkata can supply the inputs to the Job worker directly wherein Bill to: will be X Kolkata and Ship to: will be the Processor i.e. Job worker. X Kolkata will take ITC based on suppliers invoice
Processor i.e. Job worker. X Kolkata will take ITC based on suppliers invoice.

ANALYSIS

NOTIFICATIONS/CIRCULARS

AADHAR MANDATORY FOR APPLYING PAN – FORM 49A REVISED W.E.F 01.07.2017

OUR COMMENTS: The CBDT, Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 56/2017 dated 27.06.2017** has notified revised Form 49A for applying PAN. Now it is mandatory to refer Aadhar Number /Aadhaar enrollment I.D. to apply for PAN.

Further Every person who has been allotted permanent account number as on the 1st day of July, 2017 has to intimate in the prescribed format (yet to be specified) to the Income Tax department.

ANALYSIS

NEW SIMPLIFIED INCOME-TAX RETURN OR ITR FORMS FOR THE ASSESSMENT YEAR 2017-2018.

The Central Board of Direct Taxes (CBDT) on Friday notified a new simplified Income-tax Return or ITR forms for the Assessment year 2017-2018 to reduce the compliance burden on the individual tax payer.

One of the major reforms made in the notified ITR Forms is the designing of a one page ITR Form-1 (SAHAJ).

This ITR Form-1(SAHAJ) can be filed by an individual having income upto Rs 50 lakh and who is receiving income from salary/one house property/other income (interest etc).

Salient Features:

- Various parts of ITR Form-1 (SAHAJ) relating to tax computation and deductions have been rationalised and simplified for easy compliance.
- Reduces the compliance burden to a significant extent on the individual tax payer.
- Details of cash deposits in a Bank Account exceeding Rs.2 lakh between 09.11.2016 and 31.12.2016 to be given.

There is no change in the manner of filing of ITR Forms as compared to last year i.e. all the ITR Forms are to be filed electronically.

OPTION TO FILE INCOME TAX RETURN IN PAPER FORM

Where Income Tax Return is furnished in ITR-1 (SAHAJ) or ITR-4 (SUGAM) the following persons have an option to file Income Tax Return in paper form:

i) An individual of the age of 80 years or more at any time during the previous year, or

ii) An Individual/HUF whose income does not exceed five lakh rupees and who has not claimed any relief in the return of income.

CUSTOMS

NOTIFICATIONS/CIRCULARS

PROVISIONS OF THE TAXATION LAWS (AMENDMENT) ACT, 2017 SHALL COME INTO FORCE FROM 01ST JULY, 2017.

OUR COMMENTS: The (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No.25 /2017 –Customs, dated 28.06.2017** has notified the following :
The 1st day of July, 2017 seeks to appoint as the date on which all the provisions of the Taxation Laws (Amendment) Act, 2017 shall come into force.

KANNUR INTERNATIONAL AIRPORT DECLARED AS CUSTOMS AIRPORT

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No.56 /2017 –Customs (N.T.), dated 23.06.2017** has notified the following:
Notification No. 61/94(NT) - Customs, dated the 21st November, 1994 has been amended and to declare Kannur International Airport as Customs Airport.

AMENDMENT IN RE-EXPORT OF IMPORTED GOODS (DRAWBACK OF CUSTOMS DUTIES) RULES, 1995

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No.57 /2017 –Customs (N.T.), dated 29.06.2017** has notified regarding amendment in Re-export of Imported Goods (Drawback of Customs Duties) Rules, 1995.

AMENDMENT IN THE CUSTOMS, CENTRAL EXCISE DUTIES AND SERVICE TAX DRAWBACK RULES, 1995.

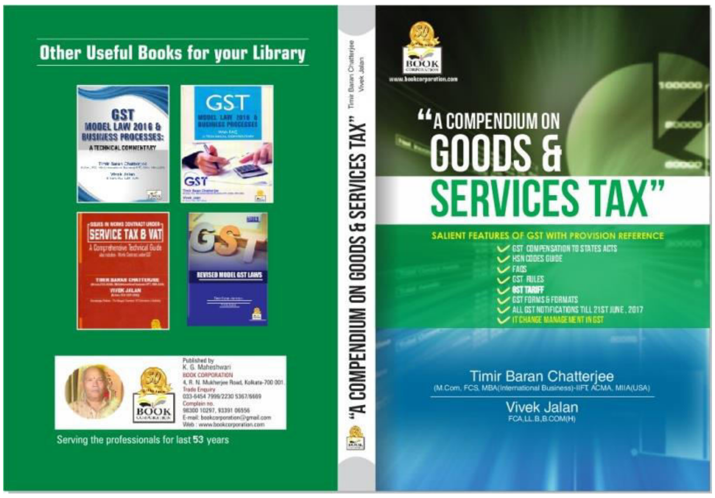
OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No.58 /2017 –Customs (N.T.), dated 29.06.2017** has notified regarding amendment in the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995.

AMENDMENT IN NOTIFICATION NO. 131/2016 - CUSTOMS (N.T.) DATED 31.10.2016 RELATING TO AIRS OF DUTY DRAWBACK

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No.59 /2017 –Customs (N.T.), dated 29.06.2017** has notified regarding amendment in Notification no. 131/2016-Customs (N.T.) dated 31.10.2016 relating to AIRs of duty drawback

STOP PRESS

IN STANDS: A COMPENDIUM ON GOODS & SERVICES TAX



ABOUT THE BOOK: PART A of the Book provides a Chapter wise and Topic wise Analysis of the Law. Along with this it provides Section and Rules where in the reader may find the Legal Provisions. It will help the reader to first understand the provision and then to exactly locate the provision. It provides an insight into the following:

1. Section-wise Compilation of IT Changes under GST
2. The GST Rates as finalised by The GST Council along with the HSN Code Referencer.
3. FAQs on GST
4. CGST, IGST, UTGST and The GST Compensation to States Acts
5. The Rules related to GST available in public Domain as on 17th June 2017.
6. The Forms and formats related to GST available in public Domain as on 17th June 2017.

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