TAX CONNECT
137th Issue: 10th September 2017 - 16th September 2017

TAX CONNECT

Knowledge Partner:

The Bengal Chamber of Commerce & Industry

BCC&I
THE BENGAL CHAMBER

INCOME TAX

CUSTOMS

TAX CONNECT
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,

While the implementation of GST was by and large smooth and the Govt Authorities have been very supportive in the transition to the new regime, the ultimate success of GST was always on how The GST Net would bear the load.

The fear is now a reality as the entire country struggles to file GST returns. GSTR 3B was filed with some hitches here and there. However, major issues are encountered in filing GSTR 1 which is the most bulky of all the returns. It is hoped that the system settles down in the coming months, otherwise this kind of response from the GST Portal will leave all dealers gasping for breath!

The country, on its part has responded well and the GST Collections are even better than expected. The ball is now in Government's court to provide business with a good seamless compliance platform.

Going forward, **Circular 7/7/2017-GST was issued on 1st Sep 2017 which laid down the process of System based reconciliation of information furnished in FORM GSTR-1 and FORM GSTR-2 with FORM GSTR-3B as follows** –

1. After a person has filed GSTR- 3B and GSTR-1, the inward supplies shall be auto drafted for all registered persons (corresponding recipients of supply) and made available in GSTR-2A. GSTR-2A is the exact replica of FORM GSTR-2 containing only those details that are autopopulated from the details furnished in FORM GSTR-1 by the corresponding suppliers. Based on the details communicated in GSTR-2A, the registered person shall prepare GSTR-2 by:-

a. adding, deleting or modifying the invoice level details communicated in GSTR-2A;

b. adding information pertaining to details that are required to be furnished in GSTR-2 but are not part of GSTR-2A like details of imports, details of supplies attracting reverse charge that have been received by registered person;

c. providing details of supplies received from composition suppliers and exempt, nil-rated & non GST inward supplies;

d. providing details of advances paid on inward supplies attracting reverse charge, if any, along with adjustments;

e. providing details of reversal of ITC

f. providing HSN wise summary details of inward supplies.

In case the registered person intends to amend any details in GSTR- 3B, it maybe done vide FORM GSTR-1 or GSTR-2. For example, while preparing and furnishing the details in GSTR-1, if the outward supplies have been under reported or excess reported in GSTR-3B, the same maybe correctly reported in the GSTR-1. Similarly, if the details of inward supplies or the eligible ITC have been reported less or more than what they should have been, the same maybe reported correctly in the GSTR-2. The details furnished in GSTR-1 and GSTR-2 will be auto-populated and reflected in GSTR-3 for that particular month.

EDITORIAL

After the registered person has furnished the statement of inward supplies in GSTR-2 by the extended date, the common portal shall auto-draft Part-A of the return in FORM GSTR-3 for the said month based on the information furnished in GSTR-1 and GSTR-2. Based on the revised figures of output tax liability and eligible input tax credit, Table 12 of Part B of GSTR-3 shall be made available.

Where the tax payable by a registered person as per GSTR-3 is more than what has been paid as per GSTR-3B, the common portal would show another instance of Table 12 for making additional payment of taxes. As the tax payable in column (2) of Table 12 of FORM GSTR-3 is more than what was shown in GSTR-3B, the additional amount of tax payable can be paid by debiting the electronic cash or credit ledger along with applicable interest. If the eligible ITC claimed by the person in GSTR-2 is less than the ITC claimed and utilised by the registered person in GSTR-3B, the same would be added to his output tax liability and shall have to be paid by him along with interest before submitting the return in GSTR-3 to complete the process.

Where the eligible ITC claimed by the taxpayer in GSTR-3B is less that the ITC eligible as per the details furnished in GSTR-2, the additional amount of ITC shall be credited to the electronic credit ledger of the registered person when he submits the return in GSTR-3. However, simultaneously, if there is an increase in the output tax liability, the registered person can utilise this additional amount of ITC eligible as per the details furnished in GSTR-2 along with the balance in the electronic cash ledger, if required, for the payment of the increased output tax liability and submit his return in GSTR-3.

Where the output tax liability of the registered person as per the details furnished in GSTR-1 and GSTR-2 is less than the output tax liability as per the details furnished in the GSTR-3B and the same is not offset by a corresponding reduction in the input tax credit to which he is entitled, the excess shall be carried forward to the next month's return to be offset against the output liability of the next month by the taxpayer when he signs and submits the return in GSTR-3. However, simultaneously, if there is a decrease in the eligible input tax credit, the same will be adjusted against the above mentioned reduction in output tax liability and the balance, if any, of the reduction in output tax liability shall be carried forward to the next month's return to be offset against the output liability of the next month.

Where the registered person has not submitted the return in GSTR-3B, he is required to furnish the details in GSTR-1 and GSTR-2 and sign and submit the return in GSTR-3 along with the payment of the due taxes.

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

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

Truly Yours

Timir Baran Chatterjee

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

Vivek Jalan

FCA, LL.B, B. Com (Hons.)

SYNOPSIS

TAX CALENDAR

Due date	COMPLIANCES FROM 10th September, 2017 to 16th September, 2017	Description
10th Sep	GSTR 1 (Return for Outward supplies) for the month of July, 2017	India
15th Sep	GSTR 5A for the month of July,2017	India

GST: CGST

NOTIFICATIONS/CIRCULARS

SIXTH AMENDMENT IN CENTRAL GOODS AND SERVICE TAX RULES, 2017

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 27/2017 – Central Tax, dated 30th August, 2017** hereby makes sixth amendments in Central Goods and Service Tax Rules, 2017 and notifies the major changes regarding E-Way Bill.

The major highlights of the above mentioned notifications are as follows:-

Every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees-in relation to a supply; or for reasons other than supply; or due to inward supply from an unregistered person shall, before commencement of such movement, furnish information relating to the said goods in **Part A** of **FORM GST EWB-01**, electronically, on the common portal.

Where the goods are transported by the registered person as a consignor or the recipient of supply as the consignee, whether in his own conveyance or a hired one or by railways or by air or by vessel, the said person or the recipient may generate the e-way bill in **FORM GST EWB-01** electronically on the common portal after furnishing information in **Part B** of **FORM GST EWB-01**.

Where the e-way bill is not generated and are handed over to a transporter for transportation by road, the registered person shall furnish the information relating to the transporter in **Part B** of **FORM GST EWB-01** on the common portal and the e-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in **Part A** of **FORM GST EWB-01**

Provided that the registered person or, as the case may be, the transporter may, at his option, generate and carry the e-way bill even if the value of the consignment is less than fifty thousand rupees

Where the movement is caused by an unregistered person either in his own conveyance or a hired one or through a transporter, he or the transporter may, at their option, generate the e-way bill in **FORM GST EWB-01** on the common portal.

WAIVER OF LATE FEE FOR LATE FILING OF FORM GSTR 3B

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 28/2017 – Central Tax, dated 01st September, 2017** hereby waives the late fee payable for all registered persons who failed to furnish the return in FORM GSTR-3Bfor the month of July, 2017 by the due date.

EXTENTION OF DUE DATES FOR FURNISHING DETAILS/RETURNS FOR THE MONTH OF JULY, 2017 AND AUGUST, 2017

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 29/2017–Central Tax, dated 5th September, 2017** hereby extends the time limit for furnishing details/returns for the month of July, 2017 and August, 2017.

The dates for filing the same has been mentioned below:-

Sl. No.	Month	Details/Return	Time period for furnishing of details/Return
1.	July, 2017	FORM GSTR-1	Upto 10th September, 2017
		FORM GSTR-2	11 - 25th September, 2017
		FORM GSTR-3	Upto 30th September, 2017
2.	August, 2017	FORM GSTR-1	Upto 5th October, 2017
		FORM GSTR-2	6 - 10th October, 2017
		FORM GSTR-3	Upto 15th October, 2017

ANALYSIS

SPECIAL ECONOMIC ZONES UNDER GST

Special Economic Zones are specially delineated areas that are treated as foreign territories in the context of trade and tariff laws. A Special Economic Zone (SEZ) is a specified duty-free zone deemed to be a foreign territory within the country for the purpose of tariff and trade. The objectives of SEZ include promotion of goods and services leading to enhanced economic activities, investment promotion, development of infrastructure, creation of employment opportunities etc. SEZ's could be multiple product SEZ's, sector specific, IT sector, free trade and warehousing, gem and jewellery sector, biotechnology etc. SEZ's enjoy a host of fiscal and tax benefits. Indirect tax exemptions include customs duty, central excise duty, service tax, central sales tax, stamp duty and other miscellaneous taxes and duties. Direct tax exemptions include income tax, dividend distribution tax, securities transaction tax, minimum alternate tax etc.

Registration

GST law is silent about separate registration of SEZ unit located in SEZ. Accordingly, SEZ unit will have to take registration under GST for either principal place of business or additional place of business.

Each unit in a Special Economic Zone (SEZ) to seek a separate registration under the new tax regime, for each of the States where a business operation is carried on and where GST liability arises. Accordingly, a SEZ unit or SEZ developer shall make a separate application for registration as a business vertical, distinct from its other units located outside the SEZ zone.

SEZ Benefits and Incentives

The SEZ scheme was introduced in 2000, as an improved version of the earlier Free Trade Zone (FTZ) and Export Processing Zone (EPZ) schemes. Special legal dispensations by way of the SEZ Act, 2005, and SEZ Rules, 2006, were put in place with great hopes of facilitating creation of world-class infrastructure where investment would flow, generating a lot of employment and exports. Liberal tax exemptions were given to SEZ developers and units set up in SEZs for manufacturing, trading and for providing services.

Various incentives offered to SEZ units include duty-free import and duty-free domestic procurement of goods for development, operation and maintenance of SEZ units. SEZ units are also exempted from Central Sales Tax (CST), service tax and State sales tax.

Under the erstwhile tax regime, imports by SEZs were not charged excise duty and central sales tax (a levy on inter-State transactions). However, some States levy value added tax.

As per section 25(4) of the CGST Act, 2017, a person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.

Supply of goods and/or services to a SEZ unit or a SEZ developer from a supplier located outside SEZ area i.e., Domestic Tariff Area (DTA) shall be considered as a zero rated supply.

Therefore, supply of goods and/or services to the SEZ units or Developers would be considered as zero rated supply but on other hand, supply of goods and/or services by the SEZ units or Developers from SEZ to DTA would be covered under the normal course of supply. Accordingly, such unit or developer will have to pay GST at the prescribed rates.

Exemptions under GST

As per GST law, no exemptions including utilization of duty credit scrips (MEIS/SEIS) have been specified for exporters or EOUs and SEZ units or Developer. Upfront exemption from customs duty/ excise duty for exporters or EOUs and SEZ units or Developer (including service tax and CST exemption) shall not continue as GST will be payable on imports or procurements from DTA.

GST paid on such procurements shall be eligible as refund and therefore, will impact the working capital requirements temporarily (i.e., blockage of working capital) of such taxable persons. Therefore, for the exporters, SEZ developers and SEZ units, the facility of duty free imports/procurement of inputs for exports should be continued else it will lead to increasing requirement of working capital even for payment of IGST/CGST/SGST/UTGST.

GST: SGST/UTGST

NOTIFICATIONS/CIRCULARS

WAIVER OF LATE FEE FOR LATE FILING OF FORM GSTR 3B

OUR COMMENTS: The Commercial Tax Department of Bihar, Government of Bihar vide **Notification No. 28/2017-State Tax-Gujarat SGST, dated 5th September**, hereby waives the late fee payable for all registered persons who failed to furnish the return in FORM GSTR-3Bfor the month of July, 2017 by the due date.

SCREENING COMMITTEE ON ANTI PROFITEERING

OUR COMMENTS: The Commercial Tax Department of Himachal Pradesh, Government of Himachal Pradesh vide **Notification No. EXN-F(10)-22/2017-Loose, dated 5th September, 2017** hereby constitutes the Screening Committee on anti-profiteering.

FIRST AMENDMENT IN BIHAR GOODS AND SERVICE TAX RULE, 2017

OUR COMMENTS: The Commercial Tax Department of Bihar, Government of Bihar vide **Notification No. S.O 143. Dated 1st September 2017,** hereby makes First Amendment in The Bihar Goods and Service Tax Rules, 2017.

SECOND AMENDMENT IN BIHAR GOODS AND SERVICE TAX RULE, 2017

OUR COMMENTS: The Commercial Tax Department of Bihar, Government of Bihar vide **Notification No. S.O.141, dated 1st September 2017,** hereby makes Second Amendment in The Bihar Goods and Service Tax Rules, 2017.

SIXTH AMENDMENT IN GUJARAT GOODS AND SERVICE TAX RULE, 2017

OUR COMMENTS: The Commercial Tax Department of Gujarat, Government of Gujarat vide **Notification No. 27/2017-State Tax, dated 30th August 2017,** hereby makes Sixth Amendment in The Gujarat Goods and Service Tax Rules, 2017.

THIRD AMENDMENT IN BIHAR GOODS AND SERVICE TAX RULE, 2017

OUR COMMENTS: The Commercial Tax Department of Bihar, Government of Bihar vide **Notification No. S.O. 139, dated 1st September 2017, dated** hereby makes Third Amendment in The Bihar Goods and Service Tax Rules, 2017.

Further it has been notified that an E way bill is required to transport any item worth ₹ 50,000/- or more within the country. Every registered person who causes movement of goods of consignment value exceeding ₹ 50,000/- in relation to a supply; or for reasons other than supply; or due to inward supply from an unregistered person shall, before commencement of such movement, furnish information relating to the said goods in Part A of FORM GST EWB-01, electronically, on the common portal.

E – way bill can be generated by registered supplier or recipient or the transporter whether:

- in his own conveyance, or
- in a hired one, or by railways, or by air, or by vessel.

The said person or the recipient may generate the e-way bill in FORM GST EWB-01 electronically on the common portal after furnishing information in Part B of FORM GST EWB-01.

Where the e-way bill is not generated as above and the goods are handed over to a transporter for transportation by road, the registered person shall furnish the information relating to the transporter in Part B of FORM GST EWB-01 on the common portal and the e-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in Part A of FORM GST EWB-01

INCOME TAXES

ANALYSIS

INCOME TAX RATE OF 20% LIKELY TO BE REDUCED 15%

It is close to a year since demonetisation has taken place. GST the greatest tax reform since independence, has been rolled out a few months ago. Both of these reforms have an impact on inflation. Moreover the prices of petroleum products continue to be highly priced, despite the fact that international crude oil prices are low. High petroleum prices directly and indirectly impact all sections of society and have a magnitude impact on inflation.

One of the ways of compensating the general public for loss due to inflation is by reducing taxes. The table below gives us the status of the current direct and indirect taxes in India.

	Income Tax		Goods and Services Tax	
Description	**Annual Income**	**Rate**	**Particulars**	**Rate**
Lower Income Group	Rs. 2.5-5 Lakh	5%	Essential Goods	5%
Middle Income Group	Rs.5-10 Lakh	20%	Goods and Services	12% or 18%
Higher Income Group	Above Rs. 10 Lakh	30%	Luxurious Goods	28%

If you observe the rates above and compare the two, you will understand that there is a major difference in the middle income group. The average of 12% and 18% is 15% and not 20%.

After Demonetization, the Finance Minister Arun Jaitley had said that - demonetization will not only bring back the unaccounted wealth into the economic system, it will also pave way for tax relief to honest tax payers by bringing the rates down. The middle class comprises of majority of the salaried class who contribute considerable part of the income tax on salary.

With the release of GST, Finance Minister Arun Jaitley dismissed the criticism of multiple rates under GST, saying it was not possible to tax luxury and common man's goods at the same rate. He said it might be possible to converge some rates in the future. "We can converge some taxation in the future: 12% and 18% can be converged into one. But if we make a single rate of 15% now, then items like food, which are now at zero and are consumed by poor people too (will be affected)," FM said. "Direct tax is progressive. Indirect tax is regressive," he said.

From the above statement of the finance minister, we can conclude that somewhere in the near future most goods and services are likely to be taxed at the rate of 15%. But this process will take substantial time and effort, since a detailed study is to be done before changing the rate.

Moreover GST is a new law itself which has already caused a lot of confusion. Any changes made, is only likely to make more confusion, hence making any changes without research will be futile.

However in the case of Income tax which has been in existence for more than half a century, making changes is much easier. The past budgets do not appear to be changing the income tax slabs, but there seems to be an intention to reduce the income tax rates.

If the income tax rate is reduced from 20% to 15% then:

- The benefits are most likely to go to the honest tax payer and there will be an increase in the number of income tax payers.
- Income Declaration Scheme, Demonetisation and GST have all resulted in increased revenue for the Government as well as increased taxpayers, hence benefit of which must be passed on to the people by reducing rates.
- This is the last budget before the next General Election, hence last chance to create an impression in the minds of the people.

Many economists believe: coercive taxation is theft and government has a moral duty to keep it to a minimum. Currently the 20% rate is four times the rate for the lowest income group taxed at 5%.

By making amendments and reducing the rate to 15%, it will be reduced to three times. Richard M Langworth has rightly put it: "A nation cannot tax itself into prosperity."

CUSTOMS

NOTIFICATIONS/CIRCULARS

IMPOSITION OF ANTI-DUMPING DUTY ON IMPORT OF "STYRENE BUTADIENE RUBBER (SBR)"

OUR COMMENTS: The CBDT (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 43/2017-Customs (ADD), dated 30th August, 2017** hereby imposes anti Dumping Duty on import of "Styrene Butadiene Rubber (SBR) " originating in or exported from European union, Korea RP or Thailand.

The anti-dumping duty imposed shall be effective for a period of five years (unless revoked, superseded or amended earlier) from the date of publication of this notification in the Official Gazette and shall be payable in Indian currency.

FIXATION OF TARIFF VALUE OF EDIBLE OILS, BRASS SCRAP, POPPY SEEDS, ARECA NUT, GOLD AND SILVER

OUR COMMENTS: The CBDT (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 83/2017-CUSTOMS (N.T.), dated 31st August, 2017** hereby makes amendment in **Notification No. 36/2001-CUSTOMS (N.T.), dated 3rd August, 2001** relating to fixation of tariff values of Crude Palm Oil, RBD Palm oil, others- Palm oil, Crude Palmolein, RBD Palmolein, Others – Palmolein, Crude Soya bean Oil, Brass Scrap (all grades), Poppy seeds, Gold, Silver, Areca nuts.

ANALYSIS

PROJECT IMPORT SCHEME

Project Import Scheme – (PIS)

Project Import means import of plant & machinery and any other things, which are required to establish a new project for manufacturing or producing or processing any approved things in India or substantially expending existing project established in India.

In the PIS all the items of project imports are assessed under the single classification of the Customs Tariff Act.1975 with single rate of duty instead of merit assessment of the imported items.

Why Project Imports?

Normally, the imported goods are classified separately under different tariff heading accordingly assessed to the applicable Customs duty but, for setting of an Industrial Project or in substantial expansion of a Project not only plant and machineries are required but other than these varieties of other goods are required and imported.

The suppliers of the contracted projects are of out of India they do not value each and every item or parts of plant and machinery to be supplied in part shipment to India for the project. In such cases determination of value of each item which is supplied in part shipment and assessment will be very unmanageable. The work for ascertaining value of different imported item delays assessment procedures and consequently clearance of the import consignment which ultimately leads to demurrage and detention charges which increase financial burden on the Importer and the time which waste in valuation of the different import items will lead to over run of project which will finally effect productivity of India.

Therefore, the Government of India has introduced PIS to facilitate smooth and quick assessment by a simplified process of classification and valuation of the goods imported under PIS through a single Tariff in the Customs Tariff Act, 1975. This facilitates faster assessment and clearances of goods at concessional rate of the Customs duty.

Eligibility - How to avail benefit of PIS

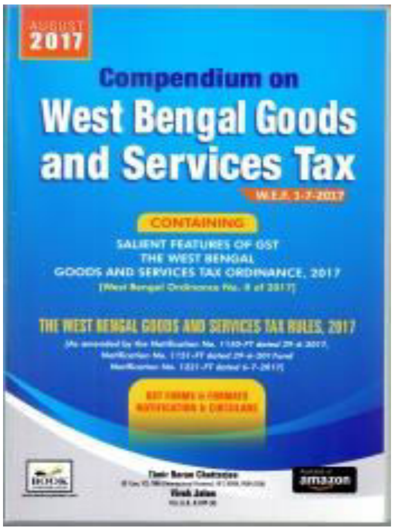
The Central Board of Excise and Customs has, pursuant to the power conferred under Section 157 of the Customs Act, 1962, made the Project Import Regulations,1986 which regulates the Project Import Scheme.

As per the said regulations the primary requirement for being eligible for concessional rate of duty under Project Import Scheme is the project should be sponsored by the specified sponsoring authorities (list of the Sponsoring Authorities is as under) with a detailed itemized list of goods to be imported duly attested by the sponsoring authority and imported under specific contracts registered with the Customs Authorities at the Port of discharge prior to the import of the goods.

AVAILABLE IN STANDS

A COMPENDIUM ON WEST BENGAL GOODS & SERVICES TAX

(Including ALL Notifications till date)



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. The Rules related to WBGST available in public Domain till date.
2. The Notifications, Circulars and Orders issued by The SGST Authority till date.
3. The Forms and formats related to GST available in public Domain till date.

Authors:

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

Vivek Jalan
FCA, LL.B., B.Com (Hons.)

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