TAX CONNECT
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TAX CONNECT

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INCOME TAX

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EDITORIAL

Friends,

The Govt. carries on its crusade against Black money. The income tax department and the Ministry of Corporate Affairs have signed a pact to regularly share data, including PAN and audit reports of firms, to crack down on shell companies.

In Income Taxes, In another move which may lead to an increase in TDS default notices, the CBDT had asked the I-T department to pull up its socks and take urgent steps and also conduct survey operations to shore up the funds, since the revenue collections from the TDS category has witnessing a sluggish pace.

Further in Income Tax, **Notification No. 08/2017, dated 13th September, 2017 has been issued, which relates to** cases of deceased depositor who has made deposits under the Capital Gains Accounts Scheme, 1988. The banks are deducting TDS on the interest earned on such deposits in the hand of the deceased depositor and issuing TDS certificates in the name of the deceased depositor, which is not in accordance with the law. Such type of situations, the TDS certificate on the interest income for and upto the period of death of the depositor is required to be issued on the PAN of the deceased depositor and for the, period after death of the depositor is required to be issued on the PAN of the legal heir.

In GST, As we write this editorial, the following notifications have been issued on 15th September to notify the decisions of the GST the 21st GST Council meeting –

1. Central Tax – N No 32/2017, 33/2017, 34/2017 & 35/2017, all dated 15/09/2017
2. Integrated Tax - 08/2017, 07/2017 dated 14-09-2017

The major decisions taken by the GST Council are as follows -

- Return Form GSTR-3B will continue for six months, i.e. upto December, 2017.
- Time frame for returns for August / September, 2017 to be announced later.
- Option to choose composition scheme can be availed till 30th September, 2017 which can be availed from 1st October, 2017.
- Registration of persons liable to be registered for TDS and TCS shall commence on 18th September, 2017. The exact date of deduction / collection will be notified later.
- **Renewed return dates (as on 09.09.2017) for July, 2017:**

Details/Return	Tax Period	Revised Due Date
GSTR-1	July, 2017	10.10.2017
GSTR-1 (turnover > ₹ 100 crore)	July, 2017	03.10.2017
GSTR-2	July, 2017	31.10.2017
GSTR-3	July, 2017	10.11.2017
GSTR-4	July-September, 2017	18.10.2017 (no change)
GSTR-6	July, 2017	13.10.2017

- Reduction of GST rates in about 40 items of goods such as walnuts, tamarind, roasted gram, some pooja items, plastic raincoats, khadi fabric sold by KVIC, saree fall, clay idols, irrigation nozzles, charkha for yarn, cotton quilts, worked cords, brooms / brushes, table / wood kitchenware, paper mache articles, stone inlay work, statues, ceramic pots etc.
- 5% GST on branded pulses, cereals etc registered as on 15.05.2017
- Packaged products bearing some symbol on which actionable claim may be made to suffer 5% GST
- Indigenous handmade musical instruments (134 in number) to attract Nil GST rate.
- Compensation cess hiked on motor cess from 2% to 7% except electric cars, hybrid cars and small cars to be effective from 11.09.2017:
  - ➢ Small cars, 13-seater vehicles & hybrid cars : No change

EDITORIAL

- ➢ Mid-size cars : Cess increased by 2%
- ➢ Large cars: Cess increased by 5%
- ➢ SUV's : Cess increased by 7%

- GST on construction services (works contracts for public structures) for Government reduced from 18% to 12%.
- Handicraft traders below turnover of ₹ 20 lakhs having inter-state supplies need not register for IGST.
- Supply of heavy and nuclear fuel by Department of Atomic Energy to NPCIL exempt from GST.

In addition to the above:

- Constitution of Group of Ministers to monitor and resolve IT challenges faced in GSTN / GST implementation / filing of returns. This group of members will be a five member team to oversee technical glitches that the tax filing portal, GSTN is presently encountering.

<u>Compensation Cess on Vehicles</u>

In case of motor cars, there will be *status quo* maintained on rates so far as 1200 cc petrol and 1500 cc diesel cars are concerned. There will be no additional burden on such cars. With latest changes in cess, GST Council has introduced for first time the progressive or graded cess levy on different types of motor cars or vehicles.

The old and revised compensation cess w.e.f. 11.09.2017 is as under:

Segment **Passenger Vehicles of heading 8703**	**HSN Code /Heading**	**Compensation Cess rate (up to 10.09.2017)**	**Compensation Cess rate w.e.f. 11.09.2017**
Mid Segment Cars (engine < 1500 cc)	8703	15%	**17%**
Large Cars (engine > 1500 cc)	8703	15%	**20%**
Sports Utility Vehicles (length > 4m ; engine > 1500 cc; ground clearance > 170 mm)	8703	15%	**22%**

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

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SYNOPSIS

TAX CALENDAR

Due date	COMPLIANCES FROM 17th September, 2017 to 23rd September, 2017	Description
20th Sep	**GSTR 3B (Summary return) for the month of August, 2017**	India

NOTIFICATIONS/CIRCULARS

EXTENSION OF DUE DATES FOR FURNISHING DETAILS/RETURNS FOR THE MONTH OF JULY, 2017

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 30/2017 – Central Tax, dated 11th September, 2017** hereby extends the time limit for furnishing the details or return, for the month of July, 2017.

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

Sl. No.	Details/ return	Class of taxable/registered persons	Time period for furnishing of details/ return
1	GSTR-1	Having turnover of more than one hundred crore rupees	Upto 3rd October, 2017
		Having turnover of upto one hundred crore rupees	Upto 10th October, 2017
2	GSTR-2	All	Upto 31st October, 2017
3	GSTR-3	All	Upto 10th November, 2017

ISSUE RELATED TO CLASSIFICATION AND GST RATES ON LOTTERY TICKETS

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India vide **Circular No. 06/06/2017-CGST, dated 27th August, 2017** hereby mentions the following points:-

- Supply of lottery has been treated as supply of goods under the Central Goods and Services Tax (CGST) Act, 2017.
- Accordingly, based on the recommendation of the GST Council, the GST rate for supply of lottery has been notified under relevant GST rate notification relating to CGST/IGST/UTGST/SGST.
- In this connection, references have been received, inter-alia, stating that due to discrepancy in code allotted, i.e., lottery is defined as goods but code allotted for lottery is under services, the assessees are not able to upload return or deposit tax in time.
- The matter has been examined. It should be noted that the process of filing return is linked with rate of tax specified for supply. Further, there is complete clarity about rate of tax on lotteries. As mentioned above, in GST, lottery is goods and the classification indicated in relevant notification for lottery is "-", which means any chapter.
- That being so, it is clarified that the classification for lottery in respective CGST, IGST, UTGST and SGST notifications shall be 'Any Chapter' of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) and tax on lottery should be paid accordingly at prescribed rates, 12% or 28%, as the case may be.

EXTENTION OF DUE DATE FOR FILING GSTR-6 FOR THE MONTH OF JULY, 2017

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 31/2017 – Central Tax, dated 11th September, 2017** hereby extends the time limit for furnishing the return by an Input Service Distributor in FORM GSTR-6 for the month of July, 2017 up to 13th October, 2017.

GST: IGST

NOTIFICATIONS/CIRCULARS

EXEMPTION TO JOB WORKERS FROM OBTAINING REGISTRATAION UNDER CGST ACT 2017

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India vide **NOTIFICATION No. 7/2017–Integrated Tax , dated 14th September, 2017** hereby specifies the job workers engaged in making inter-State supply of services to a registered person as the category of persons exempted from obtaining registration under CGST Act, 2017.

Provided that nothing contained in this notification shall apply to a job-worker –

a) Whose aggregate turnover in a financial year exceeds twenty lakh rupees. Who is liable to be registered under of section 22(1) or who opts to take registration voluntarily under section 25 (3) of the CGST Act, 2017; or

b) Who is involved in making supply of services in relation to the goods mentioned against Jewellery, goldsmiths' and silversmiths' wares and other articles (mentioned in serial number 151 in the Annexure to rule 138) of the Central Goods and Services Tax Rules, 2017.

EXEMPTION FROM OBTAINING REGISTRATAION TO SUPPLIERS OF HANDICRAFT GOODS

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India vide **NOTIFICATION No. 8/2017–Integrated Tax, dated 14th September, 2017** hereby specifies the persons making inter-State taxable supplies of handicraft goods as the category of persons exempted from obtaining registration under the aforesaid Act.

Provided that the aggregate value of such supplies, to be computed on all India basis, does not exceed an amount of twenty lakh rupees in a financial year.

Provided further that the aggregate value of such supplies, to be computed on all India basis, does not exceed an amount of ten lakh rupees in case of Special Category States, other than the State of Jammu and Kashmir.

The persons making inter-State taxable supplies mentioned in the preceding paragraph shall be required to obtain a Permanent Account Number and generate an e-way bill in accordance with the provisions of E-waybill rule (Rule 138) of the Central Goods and Services Tax Rules, 2017.

ANALYSIS

TEXTILE SECTOR POST GST

Taxation of textile sector is opaque and non-neutral across its various segments and regions. Many textile outputs are either exempt under the central and state tax regimes or are subjected to relatively low tax rates. On the whole, the textile sector is lightly taxed and also subsidized. Textile exports are supported through payments of un-rebated taxes (duty drawback) on textile inputs and other subsidies. The GST shall replace a number of earlier central and state taxes. India has a number of schemes for rebating or subsidizing textile exporters.

Textile sector consists of both organized and unorganized sector where procurement of inputs from unorganized sector is quite common. Similarly, number of small traders are involved who opts for composition scheme. Procurements from these sources shall increase the cost of materials as such suppliers would not be eligible for input tax credit. It is important for manufacturers to plan the procurements from the vendors in GST regime.

In order to support exporters of garments and made-ups, the Government has announced as a transitional arrangement that for the period 1st July 2017 to 30th September 2017, the exporter may claim Remission of State Levies (ROSL) at the rates prior to introduction of GST.

With the GST, the manufacturing sector will become more competitive. As far as the textile sector, being an essential item for the common man is concerned, textile items are being demanded to be kept under GST with the minimum possible tax slab with the special rates.

The introduction of GST does have some negative impact for the textile industry in general. However, the consolidation of taxes will help create a level-playing field for the bigger textile manufacturers as smaller or unorganized sector will not be able to use some of the earlier practices to keep themselves competitive.

NOTIFICATIONS/CIRCULARS

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

OUR COMMENTS: The Commercial Tax Department of Rajasthan, Government of Rajasthan vide **Notification No [F.12(56)FD/Tax/2017-83] , dated 06th September**, hereby waives the late fee payable for all registered persons who failed to furnish the return in FORM GSTR-3B for the month of July, 2017 by the due date.

OUR COMMENTS: The Commercial Tax Department of Maharashtra, Government of Maharashtra vide **Notification No.-26/2017-State Tax, dated 07th September**, hereby waives the late fee payable for all registered persons who failed to furnish the return in FORM GSTR-3B for the month of July, 2017 by the due date.

SIXTH AMENDMENT IN TRIPURA GOODS AND SERVICE TAX RULE, 2017

OUR COMMENTS: The Commercial Tax Department of Tripura, Government of Tripura vide **F.1-11(91)-TAX/GST/2017(Part-V), dated 6th September 2017,** hereby makes Sixth Amendment in The Tripura Goods and Service Tax Rules, 2017.

REDUCTION OF RATES OF IGST ON SPECIFIED SERVICES

OUR COMMENTS: The Commercial Tax Department of Bihar, Government of Bihar vide **Notification No. 20/2017- State Tax (Rate), dated 22nd August, 2017** hereby makes amendments in **Notification No. 11/2017-State Tax (Rate), dated 29th June, 2017** relating to the rates of SGST on specified services.

Further it has been notified that IGST rates on specified supplies of Works Contact Services, job work for textile & textile products, printing services of books, newspapers etc, admission to planetarium, and also to provide option to GTA & transport of passenger by motor cab services providers to avail full ITC & discharge IGST @ 6% .

SCREENING COMMITTEE ON ANTI PROFITEERING

OUR COMMENTS: The Commercial Tax Department of Rajasthan, Government of Rajasthan vide **Notification [F. 12(72) FD/Tax/2017-82], dated 07th September, 2017** hereby constitutes the Screening Committee on anti-profiteering.

OUR COMMENTS: The Commercial Tax Department of Maharashtra, Government of Maharashtra vide **Notification No. MGST. 1017/C.R.146/ Taxation-1, dated 07th September 2017** hereby constitutes the Screening Committee on anti-profiteering.

OUR COMMENTS: The Commercial Tax Department of Puducherry, Government of Puducherry vide **Notification No. GO.Ms. No. 30/CT/2017-18, dated 11th September 2017** hereby constitutes the Screening Committee on anti-profiteering.

AMENDMENT IN RATE OF STATE TAX

OUR COMMENTS: The Commercial Tax Department of Delhi , Government of Delhi vide **NOTIFICATION No. 19/2017-State Tax (Rate), Dated 6th September, 2017,** hereby amendments in **NOTIFICATION No. 01/2017-State Tax, dated 30th June, 2017** relating to GST rates of state tax.

For detailed description of rate chart, readers may refer the above mentioned notifications.

AMENDMENT IN MADHAYA PRADESH GOODS AND SERVICE TAX RULE, 2017

OUR COMMENTS: The Commercial Tax Department of Madhya Pradesh, Government of Madhya Pradesh vide **Notification No. FA 3-57-2017-1-V-(100), dated 07th September 2017,** hereby makes Amendment in The Madhya Pradesh Goods and Service Tax Rules, 2017.

INCOME TAXES

NOTIFICATIONS/CIRCULARS

TDS ON INTEREST ON DEPOSITS MADE UNDER THE CAPITAL GAIN ACCOUNT SCHEME

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 08/2017, dated 13th September, 2017** hereby notifies that in cases of deceased depositor who has made deposits under the Capital Gains Accounts Scheme, 1988;

The banks are deducting TDS on the interest earned on such deposits in the hand of the deceased depositor and issuing TDS certificates in the name of the deceased depositor, which is not in accordance with the law.

Ideally in such type of situations, the TDS certificate on the interest income for and upto the period of death of the depositor is required to be issued on the PAN of the deceased depositor and for the, period after death of the depositor is required to be issued on the PAN of the legal heir.

Director General of Income-tax (Systems) is authorized to specify the procedures, formats and standards for the purposes of furnishing and verification of the statements or claim for refund in Form 26B and Shall be responsible for the day-to-day administration in relation to furnishing and verification of the statements or claim for refund in Form 26B .

In case of deposits under the Capital Gains Accounts Scheme, 1988 where the depositor has deceased:

I. TDS oh the interest income accrued for and upto the period of death of the depositor is required to be deducted and reported against PAN of the depositor, and

II. TDS on the interest income accrued for the period after death of the depositor is required to be deducted and reported against PAN of the legal heir,

Unless a declaration is filed under sub-rule(2) of Rule 37BA of the Income-tax Rules, 1962 to that effect.

ANALYSIS

FAILURE TO FILE ANNUAL INFORMATION RETURN

Where the prescribed income-tax authority considers that the annual information return furnished is defective, he may intimate the defect to the person who has furnished such return and give him an opportunity of rectifying the defect within a period of one month from the date of such intimation or within such further period which, on an application made in this behalf, the prescribed income-tax authority may, in his discretion, allow; and if the defect is not rectified within the said period of one month or, as the case may be, the further period so allowed, then, notwithstanding anything contained in any other provision of this Act, such return shall be treated as an invalid return and the provisions of this Act shall apply as if such person had failed to furnish the annual information return.

Provides that Where a person who is required to furnish an annual information return under has not furnished the same within the prescribed time, the prescribed income-tax authority may serve upon such person a notice requiring him to furnish such return within a period not exceeding sixty days from the date of service of such notice and he shall furnish the annual information return within the time specified in the notice.

Form

A notification has been issued on 01.12.2004 prescribing Rule 114E relating to furnishing of annual information return. The return shall be furnished in Form 61A and shall be verified in the manner indicated therein. The said return shall be furnished on or before 31st of August immediately following the financial year in which transaction is registered or recorded.

Penalty for non filing of Annual Information Return

Section 271FA provides for penalty for failure to file Annual Information Return. The said section provides that If a person who is required to furnish an annual information return, as required under sub-section (1) of section 285BA, fails to furnish such return within the time prescribed under that sub-section, the income-tax authority prescribed under the said sub-section may direct that such person shall pay, by way of penalty, a sum of one hundred rupees for every day during which the failure continues.

CUSTOMS

NOTIFICATIONS/CIRCULARS

RATE OF EXCHANGE OF CONVERSION OF FOREIGN CURRENCY

OUR COMMENTS: The CBDT (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No.84/2017 - Customs (N.T.), dated 7th September, 2017** hereby determines that the rate of exchange of conversion of each of the foreign currencies specified into Indian currency or vice versa, shall, with effect from 8th September, 2017, for the purpose relating to imported and export goods.

For detailed description of rate of exchange, readers may refer the above mentioned notification.

REDUCTION OF BCD ON RAW SUGAR

OUR COMMENTS: The CBDT (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 74/2017-Customs, dated 7th September, 2017** makes amendments in the **Notification No. 50 /2017 –Customs, dated 30th June, 2017** relating to effective rates of customs duty and IGST for goods imported into India.

Further it has been notified that for the following mentioned items amount of BCD calculated at the standard rate of 25%:-

- Raw Sugar up to an aggregate of three lakh metric tonnes of total imports of such goods.

Provided that the import of raw sugar in physical form is completed within sixty (60) days from the date of issue of the Tariff Rate Quota Allocation Certificate or license by Directorate General of Foreign Trade (DGFT) to the importer.

Provided further that the importer shall convert the raw sugar into white/ refined sugar within a period, not exceeding thirty (30) days, from the date of filing of bill of entry or the date of entry inwards, whichever is later.

IMPOSITION OF ANTI-DUMPING DUTY ON IMPORTS OF "AMMONIUM NITRATE"

OUR COMMENTS: The CBDT (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 1/2017-Customs (CVD), dated 7th September, 2017** hereby imposes concludes that:-

a) The product under consideration has been exported to India from subject countries below its normal value, resulting in dumping;

b) The domestic industry has suffered material injury due to dumping of the product under consideration from the subject countries;

c) The material injury has been caused by the dumped imports from the subject countries,

And anti-dumping duty on imports of "Ammonium Nitrate" originating in exported from Russia, Indonesia, Georgia and Iran.

IMPOSITION OF COUNTERVAILING DUTY ON IMPORTS OF "CERTAIN HOT ROLLED AND COLD ROLLED STAINLESS STEEL FLAT PRODUCTS"

OUR COMMENTS: The CBDT (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 1/2017-Customs (CVD), dated 7th September, 2017** hereby concludes that:-

a) The Certain Hot Rolled And Cold Rolled Stainless Steel Flat Products have been exported to India from China at subsidised value, thus resulting in subsidisation of the product;
b) The domestic industry has suffered material injury due to subsidisation of the Hot Rolled and Cold Rolled Stainless Steel Flat Products.
c) The material injury has been caused by the subsidised imports of the Hot Rolled and Cold Rolled Stainless Steel Flat Products goods originating in or exported from China.

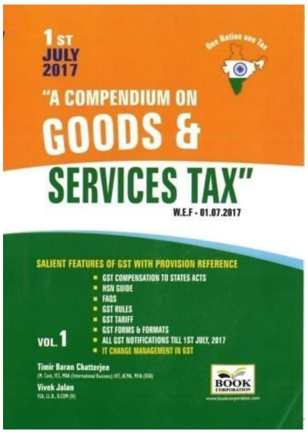
And imposes definitive countervailing duty on imports of "Certain Hot Rolled and Cold Rolled Stainless Steel Flat Products" originating in or exported from China PR.

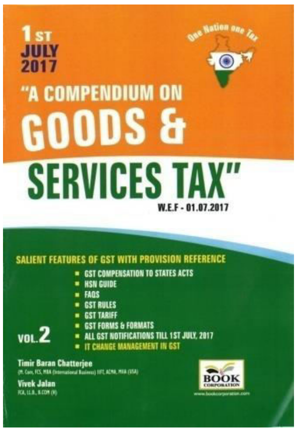
For detailed description of rate of duty readers may refer the above mentioned notification.

AVAILABLE IN STANDS

A COMPENDIUM ON GOODS & SERVICES TAX

(Including ALL Notifications till 09th July, 2017)





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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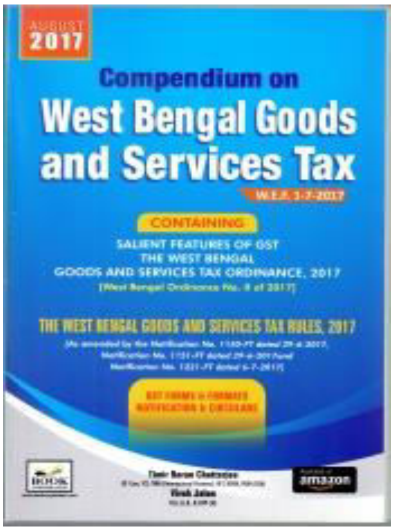
AVAILABLE IN STANDS

A COMPENDIUM ON WEST BENGAL GOODS & SERVICES TAX
(Including ALL Notifications till date)



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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.

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