TAX CONNECT
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TAX CONNECT

Knowledge Partner:

The Bengal Chamber of Commerce & Industry

INCOME TAX

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EDITORIAL

Friends,

The GST Council will convene its meeting through video conferencing today.

Reportedly, it may take a call on early implementation of e-way bill, along with ways to check tax evasion. In the 22nd GST Council meeting, Mr Arun Jaitley had declared that the e-way bill be introduced across India in a staggered manner from January 1, 2018 and the document will be made compulsory by April 1 next year. The need to review the rollout schedule of e-way bill emerges from the decline in GST revenue for October, which fell by Rs 12,000 in comparison to the preceding month. Government earned Rs 83,346 crore from GST in October, the lowest since the GST rollout on July 1, whereas the tax collection figures for September were Rs 95,131 crore.

An e-way bill is required for movement of goods worth more than Rs 50,000. Under the GST regime, transporters will have to procure e-way bill from the GST Network portal when hauling goods worth more than Rs 50,000, within or outside a state. To generate an e-way bill, the supplier and transporter will have to enter details of the haul in the GSTN portal. This will create an unique e-way bill number which will be sent to the supplier, transporter and the receiver. The e-way bill thus generated will be valid for a period of 15 days, with one day of travelling for 100 km and 15 days for more than 1,000 km transit.

Invoice matching is also another issue that reportedly might feature prominently in the agenda for GST Council meeting.

In real Estate, The CBEC has come out with a Clarification about applicability of GST on Under Construction and Ready-To-Move-In Property and the rates of GST Applicable thereto. It re affirms that sale of ready-to-move-in or completed property does not attract GST. GST is payable only on under construction property as discussed therein.

CBEC has also come out with a Press release urging assesses to avail of the opportunity to revise Form TRAN-1 by 27th December, 2017 and ensure that only correct and bonafide credit is availed in transition. Another Press release is to clarify that the Apprehensions about the negative effects of certain tax demands on the Software Industry are without basis.

Customs Notification 91, 92 (Tariff) have been issued to Increase in import tariff rate on specified electronic goods under First Schedule to the Customs Tariff Act by invoking section 8A (1) of the Customs Tariff Act and to prescribe effective rate of BCD on various goods. This increase of Import tariff seems to be in line with the make in India Campaign of The Central Govt.

Customs Notification 114 & 115(NT) have been issued relating to Customs (Furnishing of Information) Rules, 2017 for furnishing of information by a Banking Company regarding Details of foreign exchange transactions made received by any person.

EDITORIAL

In Income Tax, **Instruction No. 275/38/2017-IT(B) dated the 13th December, 2017** has been issued instructing regarding certain technical issues faced by NSDL's gateway for e-payment of tax on 7th November, 2017 and extending the due date of deposit of tax deducted at source/tax collected at source during the month of October, 2017 from **7th November, 2017 to 8th November, 2017.**

Further, **Instruction No. DGIT (Vig.)/HQ/SI/2017-18) dated the 30th November, 2017** has been issued regarding detailed guidelines/ directions for completion of limited scrutiny selected through CASS module. These guidelines postulate that an Assessing Officer, in limited scrutiny cases, cannot travel beyond the issues for which the case was selected. The idea behind such stipulations was to enforce checks and balances upon powers of an AO to do fishing and roving inquiries in cases selected for limited scrutiny.

Further the guidelines for proper maintenance of order sheets have been given in the Manual of Office Procedure issued by the Directorate of Organisation and Management Services.

Further The RBI has issued A.P. (DIR Series) Circular No. 14 dated December 12, 2017 regarding review of Investment by Foreign Portfolio Investors (FPI) in Government Securities Medium Term Framework.

It revises the Limits under Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 **for the next quarter Jan - Mar 2018 as under –**

Limits for FPI investment in Government Securities

(₹ Billion)

	Central Government Securities			State Development Loans			Aggregate
	General	Long Term	Total	General	Long Term	Total	
Existing limits	1,897	603	2,500	300	93	393	2,893
Revised limits	1,913	651	2,564	315	136	451	3,015

The revised limits will be effective from January 01, 2018.

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 December, 2017 to 23rd December, 2017	Description
20th Dec 2017	GSTR 3B	GST monthly return for the month of November 2017

GST: CGST

NOTIFICATIONS/CIRCULARS

ANTI-PROFITEERING

Anti-profiteering rules are as result of lessons learnt from inflation and increased price that was witnessed after GST implementation in other countries. Hence it makes more important for the Indian Administrators to keep track on the prices after implementation of GST.

The section which empowers the Anti-Profiteering measures is reproduced by Section 171 of CGST Act, "Any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices."

The Central Government, on recommendations of the Council, by notification, constitute an Authority, or empower an existing Authority constituted under any law for the time being in force, to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.

Duties of the Authority

- to determine whether any reduction in the rate of tax on any supply of goods or services or the benefit of input tax credit has been passed on to the recipient by way of commensurate reduction in prices.
- to identify the registered person who has not passed on the benefit of reduction in the rate of tax on supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices

Powers of the Authority

- to order reduction in prices
- to order return to the recipient, an amount equivalent to the amount not passed on by way of commensurate reduction in prices along with interest at the rate of 18% from the date of collection of the higher amount till the date of the return of such amount.
- to order or recovery of the amount not returned in case the eligible person does not claim return of the amount or is not identifiable, and depositing the same in the Consumer Welfare Fund.
- to order Imposition of penalty.
- to order Cancellation of registration.

Government seems to push hard with this Clause to ensure the end consumers are benefited and business entity need to prepare itself and pass on the benefits and ensure steady flow of value chain

Manufacturers need to ensure that the profits earned are not due to tax arbitrage, but either as a cost plus amount or as function of prevailing market prices.

Anti-profiteering Authority is a three-tier system.

- State Level Screening committee.
- Standing committee.
- Director general of safeguards.

All applications from interested parties on issues of local nature shall first be examined by the State Level Screening Committee Upon being satisfied that supplier contravened the provisions, forward the application with its recommendations to the Standing Committee for further action.

The Standing Committee shall, within a period of two months from the date of the receipt of a written application, examine the accuracy and adequacy of the evidence provided in the application and it shall refer the matter to the Director General of Safeguards for a detailed investigation.

The Director General of Safeguards shall complete the investigation within a period of three months (extended up to another three months) of the receipt of the reference from the Standing Committee, furnish to the Authority, a report of its findings along with the relevant records.

GST: IGST

ANALYSIS

INTER-STATE MOVEMENT OF RIGS, TOOLS AND SPARES, AND ALL GOODS ON WHEELS

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Circular No. 21/21/2017-GST dated the 22nd November, 2017** hereby circulates regarding clarification on Inter-state movement of rigs, tools and spares, and all goods on wheels. The issue of IGST exemption on inter-state movement of various modes of conveyance, between distinct persons carrying goods or passengers or both; or for repairs and maintenance, was issued clarifying that such inter-state movement shall be treated "neither as a supply of goods nor supply of service" and therefore would not be leviable to IGST.

The issue pertaining to inter-state movement of rigs, tools and spares, and all goods on wheels [like cranes] was discussed in GST Council's meeting held on 10th November, 2017 and the Council recommended that the circular 1/1/2017-IGST shall mutatis mutandis apply to inter-state movement of such goods, and except in cases where movement of such goods is for further supply of the same goods, such inter-state movement shall be treated 'neither as a supply of goods or supply of service,' and consequently no IGST would be applicable on such movements.

In this context, it is also reiterated that applicable CGST/SGST/IGST, as the case maybe, is leviable on repairs and maintenance done for such goods.

ADVANCE RULING UNDER GST

"Advance ruling" means a decision/ruling given to the applicant by the constituted authority on the matters relating GST provisions like registration requirement, exemptions, classification, valuation, ITC etc.

For this purpose, each state would constitute 'Authority of Advance Ruling (AAR)'. Many of the states have already constituted the benches. GST law made available this facility to the all registered persons or persons desirous of registration

Advance ruling can be sought on the following matters:

- Requirement of registration
- Classification of any goods or services or both
- Applicability of a notification issued under the GST Acts
- Determination of the liability to pay tax on any goods or services or both
- Determination of time and value of supply of goods or services or both
- Admissibility of input tax credit (ITC)
- Whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.

<u>Procedure to be followed:</u>

- Application in Form GST ARA-01 shall be made along with filing fee of 10,000
- On receipt of an application, the AAR shall send a copy of the application to the jurisdictional officer and call for all relevant records.
- AAR shall grant an opportunity of hearing to the applicant as well as department representative for examining the admissibility of the application. Thereafter, AAR passes an order either admitting or rejecting the application
- If the application is rejected, it should be by way of a speaking order giving the reasons for rejection.
- If the application is admitted, the AAR shall pronounce its ruling within 90 days of receipt of application.
- If there is a difference of opinion between the two members of AAR, they shall refer the point or points on which they differ to the Appellate Authority of Advance ruling (AAAR) for hearing the issue. If the members of AAAR are also unable to come to a common conclusion in regard to the point(s) referred to them by AAR, then it shall be deemed that no advance ruling can be given in respect of the question on which difference persists at the level of AAAR.

GST: SGST/UTGST

NOTIFICATIONS/CIRCULAR

EXEMPTION OF INTRA-STATE SUPPLIES OF GOODS.

OUR COMMENTS: The Commercial Taxes Department, Government of Delhi vide **Notification No. 42/2017-State Tax (Rate) dated 30th November, 2017** hereby makes amendments in the **Notification No. 2/2017-State Tax (Rate), dated 30th June, 2017** regarding exemption of intra state supplies of goods.

For detailed description readers may refer the above mentioned notification.

APPOINTED OFFICERS FOR THE PURPOSES OF SANCTION OF REFUND

OUR COMMENTS: The Commercial Taxes Department, Government of Delhi vide **Notification No. 39/2017-State Tax (Rate) dated 01st December, 2017** hereby specifies that the officers appointed under the CGST Act who are authorized to be the proper officers by the Commissioner of the Board, for the purpose of sanction of refund, in respect of a registered person located in the territorial jurisdiction who applies for the sanction of refund.

This notification shall come into force with effect from the 13th day of October, 2017.

EXEMPTION FOR REGISTRATION OF ELECTRONIC COMMERCE OPERATOR

OUR COMMENTS: The Commercial Taxes Department, Government of Uttarakhand vide **Notification No. 1021/2017/9(120)/XXVII(8)/2017 dated 05th December, 2017** hereby notifies regarding the persons making supplies of services, through an electronic commerce operator who is required to collect tax at source under section 52 of the SGST Act, and having an aggregate turnover, to be computed on all India basis, not exceeding an amount of ten lakh rupees in a financial year, are exempted from obtaining registration.

This notification shall come into force with effect from the 15th day of November, 2017.

FURNISHING OF RETURNS BY DEALERS WHO HAS NOT OPTED FOR COMPOSITION

OUR COMMENTS: The Commercial Taxes Department, Government of Uttarakhand vide **Notification No. 1022/2017/9(120)/XXVII(8)/2017 dated 05th December, 2017** hereby makes amendments in the **Notification No..977/2017/XXVII(8)/2017 dated 23rd November, 2017** regarding furnishing of returns by the dealer who has not opted for composition.

Further it is notified that the registered person who did not opt for the composition levy under section 10 of the SGST Act shall pay the State tax on the outward supply of goods at the time of supply as specified in section 12 of the SGST Act including in the situations attracting the provisions of section 14 of the SGST Act, and shall accordingly furnish the details and returns as mentioned in Chapter IX of the SGST Act and the rules made there under and the period prescribed for the payment of tax by such class of registered persons.

This notification shall come into force with effect from the 15th day of November, 2017.

EXTENSION OF TIME TO FILE GSTR-1

OUR COMMENTS: The Commercial Taxes Department, Government of Uttarakhand vide **Notification No. 1019/2017/9(120)/XXVII(8)/2017 dated 05th December, 2017** hereby notifies regarding the registered persons having aggregate turnover of upto 1.5 crore rupees in the preceding financial year or the current financial year, as the class of registered persons shall furnish the details of outward supply of goods or services or both in FORM GSTR-1. The due date for respective return are as follows:-

- For the quarter July - September, 2017, the due date 31St December, 2017
- For the quarter October - December, 2017, the due date 15th February, 2018
- For the quarter January - March, 2018, the due date 30th April, 2018

INCOME TAX

NOTIFICATIONS/CIRCULARS

MANIPUR STATE RURAL ROAD DEVELOPMENT AGENCY

OUR COMMENTS: The CBDT, Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 97/2017 dated the 12th December, 2017** hereby notifies regarding 'Manipur State Rural Road Development Agency', a body established by Government of Manipur, in respect of the following specified income arising to the body:-

- fund received for PMGSY from Ministry of Rural Development, Government of India.
- interest received from Bank on above fund.

This notification shall be effective subject to the conditions that Manipur State Rural Road Development Agency:-

- shall not engage in any commercial activity.
- activities and the nature of the specified income shall remain unchanged throughout the financial years.
- shall file return of income in accordance with the provision of the Income-tax Act, 1961.

This notification shall be deemed to have been applied for the financial years 2015-2016, 2016-2017 and shall apply with respect to the financial years 2017-2018, 2018-2019 and 2019-2020.

EXTENTION OF THE DUE DATE OF DEPOSIT OF TDS/TCS

OUR COMMENTS: The CBDT, Department of Revenue, Ministry of Finance, Government of India, vide **Instruction No. 275/38/2017-IT(B) dated the 13th December, 2017** hereby instructed regarding certain technical issues faced by NSDL's gateway for e-payment of tax on 7th November, 2017.

Some taxpayers/deductors were unable to make e-payment of tax deducted/collected for certain period on that date. In order to redress genuine hardship faced by such taxpayers/deductors, the CBDT, in exercise of powers conferred extends the due date of deposit of tax deducted at source/tax collected at source during the month of October, 2017 from **7th November, 2017 to 8th November, 2017.**

UNAUTHORIZED EXPANSION OF THE SCOPE OF LIMITED SCRUTINY.

OUR COMMENTS: The CBDT, Department of Revenue, Ministry of Finance, Government of India, vide **Instruction No. DGIT (Vig.)/HQ/SI/2017-18) dated the 30th November, 2017** hereby instructed regarding detailed guidelines/ directions for completion of limited scrutiny selected through CASS module. These guidelines postulate that an Assessing Officer, in limited scrutiny cases, cannot travel beyond the issues for which the case was selected. The idea behind such stipulations was to enforce checks and balances upon powers of an AO to do fishing and roving inquiries in cases selected for limited scrutiny.

Further the guidelines for proper maintenance of order sheets have been given in the Manual of Office Procedure issued by the Directorate of Organisation and Management Services. The Manual clearly lays down: -

- The minutes of the hearing must be entered with date, in the order-sheet.
- Make proper order-sheet entries for each posting, hearing and seeking and granting of adjournments.
- If nobody attends a hearing or the request for adjournment comes after the hearing date, enter the facts in the order-sheet.

For detailed description readers may refer the above mentioned instruction.

CUSTOM

NOTIFICATIONS/CIRCULARS

REFUND/CLAIM OF COUNTERVAILING DUTY AS DUTY DRAWBACK

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Circular No. 49/2017-Custom dated 12th December, 2017** hereby circulated regarding refund/claim of Countervailing duty as Duty Drawback.

Countervailing Duties which are leviable under section 9 of the Customs Tariff Act, the Board clarifies that these are rebatable as Drawback in terms of Section 75 of the Customs Act. Since Countervailing Duties are not taken into consideration while fixing All Industry Rates of Duty Drawback, the Drawback of such Countervailing Duties can be claimed under an application for Brand Rate under Rule 6 or Rule 7 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 and the Customs and Central Excise Duties Drawback Rules, 2017, as the case may be. This would necessarily mean that drawback shall be admissible only where the inputs that suffered Countervailing Duties were actually used in the goods exported as confirmed by the verification conducted for fixation of Brand Rate.

Where imported goods subject to Countervailing Duties are exported out of the country as such, then the Drawback payable under Section 74 of the Customs Act, 1962 would also include the incidence of Countervailing Duties as part of total duties paid, subject to fulfilment of other conditions.

EXCHANGE RATES NOTIFICATION

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 113 /2017 - Customs (N.T.) dated 07th December, 2017** hereby makes amendments in the **Notification No. 110 /2017 - Customs (N.T.), dated 16th November, 2017,** regarding rate of exchange of conversion of each of the foreign currencies which are stated below in following table:-

SCHEDULE-I

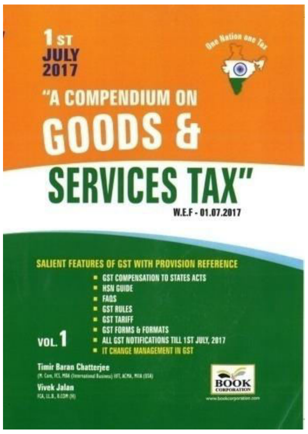
Foreign Currency	**Rate of exchange of one unit of foreign currency equivalent to Indian rupees**	
	(For Imported Goods)	**(For Export Goods)**
Australian Dollar	49.70	47.80
Bahrain Dinar	176.85	165.50
Canadian Dollar	51.30	49.55
Chinese Yuan	9. 90	9. 60
Danish Kroner	10.45	10.05
EURO	77.50	74.85
Hong Kong Dollar	8.35	8.15
Kuwait Dinar	221.05	206.55
New Zealand Dollar	45.10	43.50
Norwegian Kroner	7.95	7.65
Pound Sterling	87.75	84.90
Qatari Riyal	18. 25	17.25
Saudi Arabian Riyal	17.80	16.65
Singapore Dollar	48.60	47.10
South African Rand	4.95	4.60
Swedish Kroner	7.80	7.50
Swiss Franc	66.40	64.20
UAE Dirham	18.15	17.00
US Dollar	65.40	63.70

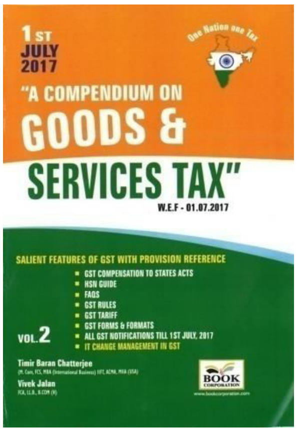
SCHEDULE-II

Foreign Currency	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees	
	(For Imported Goods)	**(For Export Goods)**
Japanese Yen	58.40	56.45
Kenya Shilling	64. 90	60.65

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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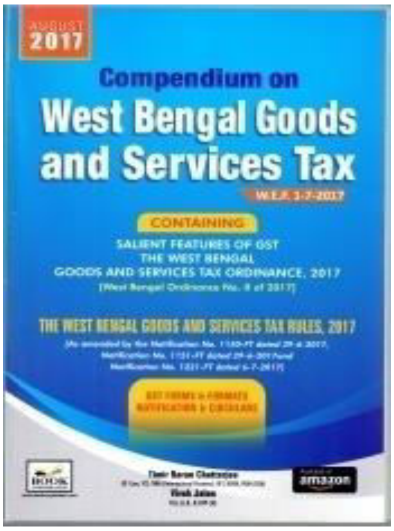
AVAILABLE IN STANDS

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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