TAX CONNECT

Knowledge Partner:

The Bengal Chamber of Commerce & Industry

THE BENGAL CHAMBER

INCOME TAX

CUSTOMS

TAX CONNECT

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EDITORIAL

Friends,

With the conclusion of the 25th GST Council meet on January 18, 2018, the gist of the key takeaways sector-wise from the meeting are as under:

Policy Changes

Late fee payable by any registered person for failure to furnish following returns has been reduced to ₹ 50/- per day [and ₹ 20/- per day in case of Nil return] from ₹ 200/- per day:

The late fee payable for failure to furnish Form GSTR-6 (to be filed by Input Service Distributor) shall be ₹ 50 per day. Cancellation of voluntary registration will be permitted now even before expiry of 1 year from the effective date of registration.

Last date of cancellation of registration by migrated taxpayers in Form GST REG-29 has been extended by further 3 months till March 31, 2018.

Healthcare

Services provided by senior doctors/consultants/technicians hired by the hospitals, whether employees or not, are healthcare services which is exempt.

The entire amount charged by hospital from the patients including the retention money and the fee/payments made to the doctors etc., towards the healthcare services provided by the hospitals to the patients are exempt from leviability of GST.

Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable.

Educational Institutions

To exempt services provided by educational institution by way of conducting of entrance examination against consideration in the form of entrance fee, subscription of online educational journals/periodicals by educational institutions who provide degree recognized by any law from GST; the service provided by way of renting of transport vehicles provided to a person providing services of transportation of students, faculty and staff to an educational institution providing education upto higher secondary or equivalent.

Leasing and Renting of movable/immovable property

To tax renting of immovable property by government or local authority to a registered person under reverse Charge while renting of immovable property by government or local authority to an un-registered person shall continue to be taxed under forward charge

Tour operator service

The ITC is allowed of input services in the same line of business at the GST rate of 5% in case of tour operator service.

Transportation of goods

To exempt service by way of transportation of goods from India to a place outside India by air and To exempt service by way of transportation of goods from India to a place outside India by sea and provide that value of such service may be excluded from the value of exempted services for the purpose of reversal of ITC.

Works Contract and Real Estate

To levy concessional GST @12% on the services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of building used for providing mid-day meal scheme by an entity registered under section 12AA of IT Act.

Household services

EDITORIAL

To levy GST on the small housekeeping service providers, notified under section 9 (5) of GST Act, who provide housekeeping service through ECO, @ 5% without ITC.

To reduce GST rate on tailoring service from 18% to 5%.

Entertainment, Events and Amusements

To reduce GST rate on services by way of admission to theme parks, water parks, joy rides, merry-go-rounds, go-carting and ballet, from 28% to 18%.

Services by Resident Welfare Association

To enhance the exemption limit of ₹ 5000/- per month per member to ₹ 7500/- in respect of services provided by Resident Welfare Association (unincorporated or non-profit entity) to its members against their individual contribution.

Financial Services

To exempt dollar denominated services provided by financial intermediaries located in IFSC SEZ, which have been deemed to be outside India under the various regulations by RBI, IRDAI, SEBI or any financial regulatory authority, to a person outside India.

Insurance

To define insurance agent in the reverse charge notification to have the same meaning as assigned to it in clause (10) of section 2 of the Insurance Act, 1938, so that corporate agents get excluded from reverse charge and exempt services provided by the Naval Insurance Group Fund by way of Life Insurance to personnel of Coast Guard under the Group Insurance Scheme of the Central Government retrospectively w.e.f. 1.7.2017.

Petroleum products

To reduce GST to 12% in respect of mining or exploration services of petroleum crude and natural gas and for drilling services in respect of the said goods and reduce GST rate on transportation of petroleum crude and petroleum products (MS, HSD, ATF) from 18% to 5% without ITC and 12% with ITC.

Job Work on leather goods and footwear

To reduce job work services rate for manufacture of leather goods (Chapter 42) and footwear (Chapter 64) to 5%.

Lottery, betting and gambling

Admission to entertainment events or access to amusement facilities including casinos, race-course

Ancillary services provided by casinos and race-course in relation to such admission. Services given by race-course by way of totalisator (if given through some other person or charged separately as fees for using totalisator for purpose of betting are taxable at 28%.

Other Services

To clarify that exemption of ₹ 1000/- per day or equivalent (declared tariff) is available in respect of accommodation service in hostels and extend GST exemption on Viability Gap Funding (VGF) for a period of 3 years from the date of commencement of RCS airport from the present period of one year.

To exempt services by way of fumigation in a warehouse of agricultural produce and clarify that fee paid by litigants in the Consumer Disputes Commissions and any penalty imposed by these Commissions, will not attract GST.

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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TAX CALENDAR

Due date	COMPLIANCES FROM 28th JANUARY, 2018 to 03rd FEBRUARY, 2018	Description
28th Jan 2018	Income Tax Form No. 27D	Quarterly issuance of Certificate of collection of tax at source (TCS)
31st Jan 2018	Income Tax Form No. 24Q	Quarterly Statement of deduction of tax at source (TDS) on salary u/s 192 for the quarter ending June 30,September 30 or December 31
31st Jan 2018	Income Tax Form No. 27Q	Quarterly Statement of deduction of tax at source (TDS) in respect of the deductee who is a non-resident not being a company or a foreign company or resident but not ordinarily resident for the quarter ending June 30,September 30 or December 31
31st Jan 2018	Income Tax Form No. 26Q	Quarterly Statement of deduction of tax at source (TDS) in respect of all other deductees for the quarter ending June 30,September 30 or December 31
31st Jan 2018	Income Tax Form: 26QAA	Quarterly return of non -deduction at source by a banking company from interest on deposit in respect of the quarter ending December 31,2015

GST: CGST

NOTIFICATIONS/CIRCULARS

REDUCTION OF LATE FEE IN CASE OF DELAYED FILING OF FORM GSTR-1

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 4/2018-Central Taxdated 23rd January, 2018** hereby waives the amount of late fee payable by any registered person for failure to furnish the details of outward supplies for any month/quarter in FORM GSTR-1 by the due date under section 47 of the CGST Act, which is in excess of an amount of twenty-five rupees for every day during which such failure continues:

It is also notified that where there are no outward supplies in any month/quarter, the amount of late fee payable by such registered person for failure to furnish the details by the due date under section 47 of the CGST Act shall stand waived to the extent which is in excess of an amount of ten rupees for every day during which such failure continues.

REDUCTION OF LATE FEE IN CASE OF DELAYED FILING OF FORM GSTR-5

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 5/2018-Central Taxdated 23rd January, 2018** herebywaives the amount of late fee payable by any registered person for failure to furnish the return in FORM GSTR-5 by the due date under section 47 of the CGST Act, which is in excess of an amount of twenty-five rupees for every day during which such failure continues.

It is also notified that where the total amount of central tax payable in the said return is nil, the amount of late fee payable by such registered person for failure to furnish the return by the due date under section 47 of the CGST Act shall stand waived to the extent which is in excess of an amount of ten rupees for every day during which such failure continues.

REDUCTION OF LATE FEE IN CASE OF DELAYED FILING OF FORM GSTR-5A

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 6/2018-Central Tax dated 23rd January, 2018** herebywaives the amount of late fee payable by any registered person for failure to furnish the return in FORM GSTR-5A by the due date under section 47 of the CGST Act, which is in excess of an amount of twenty-five rupees for every day during which such failure continues.

It is also notified that where the total amount of integrated tax payable in the said return is nil, the amount of late fee payable by such registered person for failure to furnish the said return by the due date under section 47 of the CGST Act shall stand waived to the extent which is in excess of an amount of ten rupees for every day during which such failure continues.

REDUCTION OF LATE FEE IN CASE OF DELAYED FILING OF FORM GSTR-6

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 7/2018-Central Tax dated 23rd January, 2018** herebywaives the amount of late fee payable by any registered person for failure to furnish the return in FORM GSTR-6 by the due date under section 47 of the said Act, which is in excess of an amount of twenty five rupees for every day during which such failure continues.

EXTENSION OF DATE FOR FILING THE RETURN IN FORM GSTR-6

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 8/2018-Central Tax dated 23rd January, 2018** hereby makes amendment in the Notification No. 62/2017-Central Tax, dated 15th November, 2017 regarding extension of the time limit for furnishing the return by an Input Service Distributor in FORM GSTR-6 section 39(4) of the CGST Act for the months of July, 2017 to February, 2018, till the 31st day of March, 2018.

ANALYSIS

CROSS-EMPOWERMENT OF STATE TAX OFFICERS FOR PROCESSING AND GRANT OF REFUND

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 01/2018 – Integrated Tax dated 23rd January, 2018** herebymakes amendment in the Notification No. 11/2017 - Integrated Tax dated 13th October, 2017 regarding cross-empowerment of State tax officers for processing and grant of refund.

For further details reader may refer the above mentioned notification.

SUPPLY ON APPROVAL BASIS

Sale on approval

Sale on Approval is a business arrangement wherein an individual or company who is interested in purchasing a specific item is allowed to use the item for a given length of time. At the end of that time, if the individual is satisfied with the item, they agree to purchase it. However, if the individual is unsatisfied for any reason, they are allowed to return the item and are not committed to purchasing it.

Supply on approval basis

The GST does provide for supply of goods or services or both. No sale is involved. Title as well as possession both has to be transferred for a transaction to be considered as a supply of goods. In case title is not transferred, the transaction would be treated as supply of service in terms of Schedule II (1) (b). In some cases, possession may be transferred immediately but title may be transferred at a future date like in case of sale on approval basis or hire purchase arrangement. Such transactions will also be termed as supply of goods.

Transitional provisions

Section 142 of the Central Goods and Services Tax Act, 2017 provides for miscellaneous transitional provisions. Section 142(12) provides that where any goods sent on approval basis, not earlier than six months before the appointed day, i.e., 01.07.2017, are rejected or not approved by the buyer and returned to the seller on or after 01.07.2017, no tax shall be payable thereon if such goods are turned within six months from 01.07.2017 (i.e., 31.12.2017). The said period of six months may be extended by the Commissioner for a further period not exceeding two months on sufficient cause.

The tax shall be payable by the person returning the goods if such goods are liable to tax under this Act and are returned after a period specified in this section. Likewise the tax shall be payable by the person who has sent the goods on approval basis are liable to pay tax under this Act and are not returned within a period specified in section 142(12).

Issues in goods sent approval basis

There are various issued involved in goods sent for approval basis. For example the suppliers of jewellery who registered in one State are to visit to other States and required to carry the goods along with him for the approval of the recipient. In such cases if the jewellery is approved by the buyer, then the supplier will issue a tax invoice only at the time of supply. Since the suppliers are not able to ascertain their actual supplies before hand and while ascertainment of tax liability in advance is a mandatory requirement for registration as a casual taxable person, the supplier is not able to register as a casual taxable person. Besides, such jewelleries may also be carried within the same State for the purpose of supply.

It is also notified in vide Circular No. 10/10/2017-GST,dated 18.10.2017 the CBEC considered the various communications received from the stakeholders in respect of the said subject, the clarified the above issue for the purpose of uniformity in the implementation of the Act.The circular analyzed the provisions of Rule 55. Rule 55(1)(c) of Central Goods and Services Tax Rules, 2017 provides that the supplier shall issue a delivery challan for the initial transportation of goods where such transportation is for reasons other than by way of supply. Rule 55(3) provides that the said delivery challan shall be declared as specified in Rule 138. Rule 55(4) provides that where the goods being transported are for the purpose of supply to the recipient but the tax invoice could not be issued at the time of removal of goods for the purpose of supply, the supplier shall issue a tax invoice after delivery of goods.

NOTIFICATIONS/CIRCULAR

GRIEVANCE REPORTING IN GST PORTAL

The GST portal made available a new functionality for redressal of grievances by tax payers or any other person. For this purpose the aggrieved person has to go to the link https://services.gst.gov.in/services. This has four menus namely –

- Registration
- Payments
- User Services; and
- Refunds

Click 'user services' menu which will display the following-

- Holiday list;
- Grievance/complaints;
- Locate GST Practitioner;
- Search Office address;
- Generate User Id for Advance Ruling.

Then click 'Grievance/complaints' which will display the following-

- Submit grievance (to give the details of the grievances of the tax payer);
- Enquire Status (to know the status of the complaint filed by the taxpayer).

Then click 'Submit grievance' menu. Then the system will lead the taxpayer to all aspects for the details to be given by them which may be discussed as below-

Types of Grievance

- Complaint against grievance relating to processes (Application);
- Complaint against taxpayer/unregistered person/entity;
- Grievance against ledgers/Register;
- Grievance against payment (GST PMT – 07);
- Others.

Category of Grievance

- Migration/Transition;
- Refund;
- Registration;
- Returns.

Following are the required fields:-

- State :- In this field 'Center' and the list of all States are included. If the grievance is related to 'Center' it is to be clicked; if it is on a particular State, the name of the State is to be clicked.
- Name and address of the business :-Name and Address of Business should be of 3 to 2000 characters, can contain alphabets, numbers and special characters (. - , \ / ')
- Email address :-The email id of the complainant is to be entered in this field.
- Description of grievance:- In this field the complainant is to enter his grievances. Maximum 4000 words can be used for describing the grievance.
- Previous Grievance number :-It is not a mandatory field. If any grievance has been filed for the same grievance, then the previous grievance number is to be entered in this field.
- Name of complainant :- In this field the name of the complainant is to be entered. Name of Complainant should be of 3 to 200 characters, can contain alphabets and special characters (. ')
- Mobile Number :-The mobile number of the complainant is to be entered in this field.

If the tax payer has any documentary evidence for proving his grievance the same may be uploaded in the portal. Files with PDF or JPEG format is only allowed with maximum file size of 500 KB.

After entering all the fields then the complainant is to enter the characters as shown in the portal in the relevant field and then he is to click 'submit' button. The system will provide Grievance number which may be communicated to the email id of the complainant and by SMS to the mobile number of the complainant.

INCOME TAX

NOTIFICATIONS/CIRCULARS

TAX RETURN PREPARER (AMENDMENT) SCHEME, 2018

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 04/2018 dated 19th January, 2018** hereby makes the following further amendments in the Tax Return Preparer Scheme, 2006.

This Scheme may be called the Tax Return Preparer (Amendment) Scheme, 2018.It shall come into force from the date of its publication in the Official Gazette.

In the Tax Return Preparer Scheme, 2006 following amendment is being made:-

- An individual, who holds a bachelor degree from a recognised Indian University or institution, or has passed the intermediate level examination conducted by the Institute of Chartered Accountants of India or the Institute of Company Secretaries of India or the Institute of Certified Management Accountants of India, shall be eligible to act as Tax Return Preparer.

- It shall invite application from persons,-

  (a)having requisite educational qualifications specified in paragraph 3 or having appeared in the final year examination of the qualifying examination; and

  (b) who is not below the age of twenty one years or more than forty-five years as on the 1st day of October of the year immediately preceding the date on which applications are invited.

  (c) It shall require that the application under clause (i) shall be accompanied by a fee of two hundred and fifty rupees, and failing which the application shall be invalid.".

- It shall enrol the persons who qualify the test for enrolment for each training centre separately.

  It shall not enrol any person unless –

  (a) he makes a deposit of an amount of seven hundred and fifty rupees, which shall be non refundable

  (b) he produces a proof of having passed the qualifying examination

- The Board may authorise the Resource Centre or the Partner Organisation to disburse to a Tax Return preparer, the following amount, namely:-

  (a) five per cent. of the tax paid on the income declared in the return of income for First Eligible Assessment Year which has been prepared and furnished by him;

  (b) three per cent. of the tax paid on the income declared in the return of income for the Second Eligible Assessment Year which has been prepared and furnished by him;

  (c) two per cent. of the tax paid on the income declared in the return of income for the Third Eligible Assessment Year which has been prepared and furnished by him.

- The amount of disbursement for any eligible person in relation to an eligible year shall not exceed,-

  (a) five thousand rupees in case of First Eligible Assessment Year;

  (b) three thousand rupees in case of Second Eligible Assessment Year; and

  (c) two thousand rupees in case of Third Eligible Assessment Year.".

For further details reader may refer the above mentioned notification.

CUSTOM

NOTIFICATIONS/CIRCULARS

EXCHANGE RATES NOTIFICATION

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 06/2018-CUSTOMS (N.T.) dated 18th January, 2018** hereby makes amendment in the **Notification No. 1/2018-CUSTOMS (N.T.), dated 4th January, 2018** regarding the rate of exchange of conversion of each of the foreign currencies of Schedule I and Schedule II annexed hereto, into Indian currency or vice versa, shall, with effect from 19th January, 2018, be the rate mentioned in the following table for the purpose of the said section, relating to imported and export goods.

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	51.80	50.00
Bahrain Dinar	175.35	164.10
Canadian Dollar	52.25	50.50
Chinese Yuan	10. 10	9. 75
Danish Kroner	10.65	10.25
EURO	79.20	76.50
Hong Kong Dollar	8.30	8.05
Kuwait Dinar	220.20	205.60
New Zealand Dollar	47.30	45.60
Norwegian Kroner	8.25	7.95
Pound Sterling	89.90	86.95
Qatari Riyal	18.10	17.10
Saudi Arabian Riyal	17.65	16.50
Singapore Dollar	49.10	47.45
South African Rand	5.35	5.00
Swedish Kroner	8.10	7.80
Swiss Franc	67.50	65.05
UAE Dirham	18.00	16.85
US Dollar	64.80	63.10

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	58.45	56.45
Kenya Shilling	64. 90	60.65

GRANT OF PRESIDENTIAL AWARD OF APPRECIATION CERTIFICATE TO THE OFFICERS OF CUSTOMS & CENTRAL EXCISE

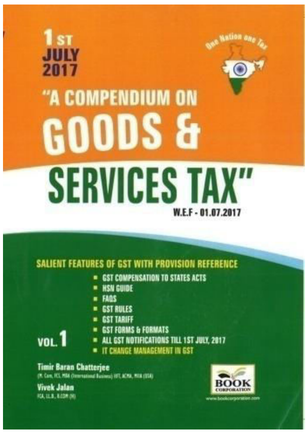
OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 09/2018-CUSTOMS (N.T.) dated 23rd January, 2018**hereby notifies regarding Grant of Presidential Award of Appreciation Certificate to the officers of Customs & Central Excise on the eve of Republic Day, 2018.

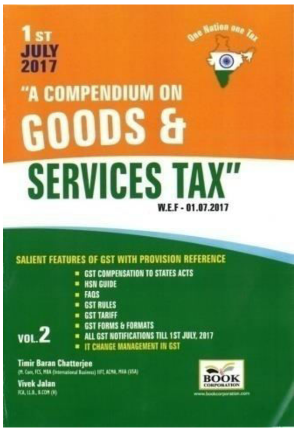
The President is pleased to award an Appreciation Certificate for - 'Specially Distinguished Record of Service' - to each of the under-mentioned officers of Department of Revenue, Central Board of Excise and Customs and its field offices on the occasion of Republic Day, 2018.-

For further details reader 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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