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
Delhi : B 42 Retreat Apartments, 20 IP Extension, Delhi 110 092
Gujarat : Quarter no. 3/174, Gujarat Refinery Township, Jawaharnagar, Vadodara-391320

Contact : +919331042424; +919831594980; +919830791914; +913322625203
Website : www.taxconnect.co.in
Email : tb.chatterjee@taxconnect.co.in;vivek.jalan@taxconnect.co.in; anindita.chatterjee@taxconnect.co.in

EDITORIAL

Friends,

There have been variations in practice with respect to the applicability of IGST/GST on goods transferred/sold while being deposited in a bonded warehouse.

To resolve the ambiguity, let's look at Circular No. 46/2017-Customs dated 24 November, 2017 once again:

- Chapter IX of the Customs Act provides for deposit of goods into a customs bonded warehouse licensed under section 57 or 58 or 58A without payment of duty.
- As per Section 59(3), the importer can transfer the ownership of such goods to another person before clearance of the goods, whether for home consumption or for export. Such sale/ transfer etc. may be at a price higher than the assessable value of such goods. Such a transaction squarely falls under "supply" as per section 7 of the CGST Act, 2017.
- Also, as per section 7(2) of the IGST Act, any supply of imported goods which takes place before they cross the customs frontiers of India, shall be treated as an inter-State supply.

  Thus, such a transaction of sale/transfer will be subject to IGST under the IGST Act and the value of such supply shall be as per section 15 of the CGST Act read with section 20 of the IGST Act.

- The customs duty (BCD and applicable IGST payable) determined under section 14 of the Customs Act, 1962 shall remain deferred and be paid at the ex-bond stage.

  The value of imported goods shall be determined at the time of import i.e. at the time of filing of the into-bond Bill of Entry.

Any costs incurred after the import such as, port charges / port demurrage charges or costs for customs clearing or transporting the goods from the port to the customs bonded warehouse or costs of storage at the customs bonded warehouse, cannot be added to the value of the goods, for the purpose of levy of duties of customs at the stage of ex-bonding.

Therefore, when goods remain deposited in a customs bonded warehouse and are transferred by the importer to another person, the transaction will be subject to payment of IGST at the value determined as per section 20 of the IGST Act read with section 15 of the CGST Act, 2017. The custom duty (BCD + IGST) shall be paid on the imported goods at the stage of ex-bonding on the value determined under section 14 of the Customs Act.

Illustration: On 2nd July 2017, A imported certain goods of value Rs. 100 and deposited the same in a bonded warehouse after filing an "into bond bill of entry" to defer duty**. Duty deferred** = BCD + IGST = Rs 23.20

[BCD (say 10%) = Rs. 10 + IGST (say 12%) = Rs. 13.2 (12% of Rs. 110)]

A' sells the goods to "B" on 21st July 2017 for Rs. 300 and charges IGST of Rs.36 @12% (IGST). A shall pay the above IGST of Rs. 36 and file the return by 20th August 2017 and "B" shall files an Ex-bond Bill of entry on 25th of September 2017 and pays Rs. 23.20 (the deferred duty).

For other recent developments please refer to the bulletin further.

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

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

VivekJalan
FCA, LL.B, B. Com (H)

AninditaChatterjee
CS, BA L.LB(BANGALORE)

SYNOPSIS

TAX CALENDAR

Due date	COMPLIANCES FROM 18th FEBRUARY, 2018 to 24th FEBRUARY, 2018	Description
20th Feb 2018	FORM GSTR 3B	Monthly summary return for furnishing the details of outward and inward supplies made during the month of Jan-18
20th Feb 2018	FORM GSTR 5A	Details of supplies of online information and database access or retrieval services by a person located outside India made to non-taxable persons in India

GST: CGST

NOTIFICATIONS/CIRCULARS

CONCESSIONAL RATE OF CGST ON OLD AND USED VEHICLES

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 08/2018-Central Tax (Rate) dated 25th January, 2018** hereby exempts the central tax on intra-state supplies of goods, the description of which is specified in the Table below:-

S. No.	Chapter, Heading, Sub-heading or Tariff item	Description of Goods	Rate
(1)	(2)	(3)	(4)
1	8703	Old and used, petrol Liquefied petroleum gases (LPG) or compressed natural gas (CNG) driven motor vehicles of engine capacity of 1200 cc or more and of length of 4000 mm or more. Explanation. - For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.	9%
2	8703	Old and used, diesel driven motor vehicles of engine capacity of 1500 cc or more and of length of 4000 mm Explanation. - For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.	9%
3.	8703	Old and used motor vehicles of engine capacity exceeding 1500 cc, popularly known as Sports Utility Vehicles (SUVs) including utility vehicles. Explanation. - For the purposes of this entry, SUV includes a motor vehicle of length exceeding 4000 mm and having ground clearance of 170 mm. and above.	9%
4.	87	All Old and used Vehicles other than those mentioned from S. No. 1 to S.No.3	6%

For further details reader may refer the above mentioned notification.

POSTPONEMENT OF COMING INTO FORCE OF THE E-WAY BILL RULES

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 11/2018 – Central Tax dated 2nd February, 2018** hereby makes amendment in the **Notification No. 74/2017 – Central Tax dated 29th December, 2017** regarding to postponement of the e-way bill rules.

GST: IGST

NOTIFICATIONS/CIRCULARS

GST RATES ON SCIENTIFIC AND TECHNICAL EQUIPMENT

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 10/2018- Integrated Tax (Rate), dated 25th January, 2018** hereby makes amendments **in the notification 47/2017 - Integrated GST (IGST) Rate** regarding the Concessional GST rate of 5% on scientific and technical equipments supplied to public funded research institutions.

For detailed description readers may refer the above mentioned notifications.

CHANGES OF IGST RATES

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide**Corrigendum .F. No. 354/1/2018-TRU - Integrated GST (IGST) Rate, dated 1st Feburary 2018**hereby makes amendment in **Notification No.7/2018-Integrated Tax (Rate), dated the 25th January, 2018,**regarding rates of IGST.

For further details reader may refer the above mentioned notification.

APPLICABILITY OF IGST ON SALE OF WAREHOUSED GOODS

Where bonding facility is desired on importation, the importer or his representative is required to present to the Customs a Bill of Entry for warehousing (also known as Into-Bond Bill of Entry) in the prescribed form along with relevant documents required.

The duties liable are assessed but not required to be paid. A suitable bond has to be executed with the Bond Section before Customs allow bonding.

Once the warehousing bond has been executed by the importer, the Customs may order the deposit of the goods in the warehouse.

The goods are normally escorted to Bonded Warehouse if the warehouse is at the same port/airport station where goods landed. Otherwise these are allowed to be moved under a transit bond - without escort.

The whole of the bonded goods are to be fully accounted for - by way of home consumption/export etc.

Once all the goods brought under any bond have been accounted for to the satisfaction of the Customs officer, after payment of all duties etc., the Customs officer cancels and returns the bond executed as discharged in full.

The CBEC vide Circular No.46/2017-Customs, dated 24.11.2017 provides for the levy of IGST/GST. The transaction of sale / transfer etc. of the warehoused goods between the importer and any other person may be at a price higher than the assessable value of such goods. Such a transaction squarely falls within the definition of "supply" as per section 7 of the CGST Act, 2017 and shall be taxable in terms of section 9 of the CGST Act read with section 20 of the IGST Act, 2017.

It may be noted that as per sub-section (2) of section 7 of the IGST Act, any supply of imported goods which takes place before they cross the customs frontiers of India, shall be treated as an inter-State supply.

Thus, such a transaction of sale/transfer will be subject to IGST under the IGST Act. The value of such supply shall be determined in terms of section 15 of the CGST Act read with section 20 of the IGST Act and the rules made thereunder, without prejudice to the fact that customs duty (which includes BCD and applicable IGST payable under the Customs Tariff Act) will be levied and collected at the ex-bond stage.

Thus, in respect of goods stored in a customs bonded warehouse, there is a possibility that certain cases may involve an additional taxable event, if a transfer of ownership of warehoused goods takes place between the importer and another person, before clearance of the goods, whether for home consumption or for export.

GST: SGST/UTGST

ANALYSIS

STATEWISE STATUS OF E-WAYBILL AS ON 12TH FEB-18

Sl. No.	Name of States	Inter-State	State Way Bill
1.	**Assam**	Postponed by **Circular No. 03**	Reintroduced by **Circular No. 03**
2.	**Bihar**	Postponed by **S.O. 141**	Reintroduced by **S.O. 142** and amended by **S.O. 144**
3.	**Gujarat**	--	Comes into effect from 21st Feb '18 vide No. **GSL/GST/Rule-138(14)/B.8** for nineteen notified goods
4.	**Haryana**	Postponed by Notification **No. 31/ST-2**	--
5.	**Himachal Pradesh**	Postponed by **Notification No. 11**	In place of e-way bill, ST-26A form is applicable for inter-state movement of goods
6.	**Jammu & Kashmir**	Postponed by **SRO 75**	--
7.	**Karnataka**	--	Facility of e-Way bill in the State of Karnataka is continued. Generation of e-Way bill is required under the Karnataka GST Rules 2017
8.	**Madhya Pradesh**	Postponed by **Notification No. F-A-3-57-2017-1-V(28)**	--
9.	**Maharashtra**	Postponed by **Notification No. 11**	--
10.	**Nagaland**	--	Comes into effect from 1st June '18 vide **Notification No. 02**
11.	**Rajasthan**	Postponed by **Notification F.12(46)FD/Ta Pt.-III-177**	Reintroduced by **Circular No. 02**
12.	**Tamil Nadu**	Postponed by **No. 24**	--
13.	**Telangana**	Postponed by **Notification G.O. Ms. No. 29**	Introduced by **G.O. Ms. No. 30**
14.	**Uttar Pradesh**	Postponed by **Notification no. KA.NI 177/XI-9(42)/17-U.P.Act-1-2017-Order-(109)-2018**	Reintroduced by **Circular No. 1718088**
15.	**Uttarakhand**	--	Reintroduced by **No. 5281/CST UK/GST-Vidhi/2017-18**
16.	**West Bengal**	Postponed by **Notification No. 11**	Reintroduced by **Circular No. 03**

INCOME TAX

NOTIFICATIONS/CIRCULARS

SPECIFICATION OF CHIEF EXECUTIVE OFFICER

OUR COMMENTS: The Department of Revenue, Ministryof Finance, Government of India, vide **Notification No.6/2018, dated 22nd January, 2018** hereby specifies Chief Executive Officer, Government e Marketplace (GeM) for purposes of disclosure of information respecting assesses.

DISCLOSURE OF INFORMATION

OUR COMMENTS: The Department of Revenue, Ministryof Finance, Government of India, vide **Order F. No. 225/61/2018/ITA.II, dated 12nd January, 2018 hereby** directs that **Principal Director General of Income-tax (Systems), New Delhi** (Pr. DGIT(Systems)) shall be the specified authority for furnishing the information to the Chief Executive Officer, Government e Marketplace (GeM).

Following information regarding entities seeking registration with GeM as sellers shall be furnished:

I. Pan data in respect of seller;
II. Latest available three years' Balance Sheet of the sellers;
III. Key Director's details related to the sellers; and
IV. Any further information considered necessary for verification of antecedents of the sellers (to be decided on basis of mutual consultation between Pr. DGIT(Systems) &GeM)

On the basis of mutual consultations between the two authorities, the information being provided by income-tax department on any of the above parameters can also be in form of online verification by GeM portal for which necessary system enablement would be provided by Pr. DGIT(Systems).

However, information being shared under section 138 of the Act by the Income-tax Department with GeM shall be used only for its internal purposes & not shared/passed on to other institution/agency.

To facilitate the process of furnishing information, Pr. DGIT(Systems) would enter into a Memorandum of Understanding (MOU) with GeM which inter-alia, would include the mode of transfer of data, maintenance of confidentiality, mechanism for safe preservation of data, weeding it out after usage etc.

The frequency and time line for furnishing information shall be decided by Pr. DGIT(Systems) in consultation with GeM and included in the said MOU.

A copy of the MOU shall be forwarded to this division for record purposes.

ASSESSMENT PROCEEDINGS IN SCRUTINY CASES

OUR COMMENTS: The Department of Revenue, Ministryof Finance, Government of India, vide**Instruction No. 01/2018, dated 12nd January, 2018** hereby instruct the process of Conduct of Assessment Proceedings in scrutiny cases electronically-regd.

Some of the topics of important procedural aspects while conducting assessment proceedings through 'E-Proceeding' are as under:

1) Enquiry before assessment in electronic mode
2) Use of digital signature by Assessing Officer
3) Time for compliance
4) Availability of facility for electronic submission of documents in time barring situation or where case has been finally heard by the Assessing Officer
5) In assessment proceedings being carried out through the ‘E-Proceeding’ facility, a particular proceeding may take place manually
6) Maintenance of 'Record' in the context of 'E-Proceeding'

CUSTOM

NOTIFICATIONS/CIRCULARS

EXEMPTION TO HIGH SPEED DIESEL OIL

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 16/2018-Customs,dated 02nd February, 2018** hereby rescinds the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 7/2015–Customs, dated the 1st March, 2015 regarding exemption to high speed diesel oil from levy of additional duty of customs in excess of ₹ 6 per litre.

For further details reader may refer the above mentionednotification.

EXEMPTION TO PETROL FROM LEVY OF ADDITIONAL DUTY OF CUSTOMS

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 17/2018-Customs, dated 02nd February, 2018** hereby rescinds the notification of the Government of India in the Ministry of Finance (Department of Revenue), **No. 57/98-Customs**, dated the 1st August, 1998 regarding exemption of Petrol from the levy of additional duty of customs.

For further details reader may refer the above mentionednotification.

EXEMPTION TO HIGH SPEED DIESEL OIL FROM THE LEVY OF ADDITIONAL DUTY

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 18/2018-Customs, dated 02nd February, 2018** hereby rescinds the notification of the Government of India in the Ministry of Finance (Department of Revenue), **No. 59/99-Customs**, dated the 11thMay, 1999 regarding exemption of high speed disel oil from the levy of additional duty.

.

EXEMPTION OF ROAD CESS

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 19/2018-Customs, dated 02nd February, 2018** hereby exempt Additional Duty of Customs (Road Cess) levied under section 103 of the Finance (No.2) Act, 1998.

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 20/2018-Customs, dated 02nd February, 2018** hereby exempt Additional Duty of Customs (Road Cess) levied under section 116 of the Finance Act, 1999.

EXEMPTION OF MOTOR SPIRIT

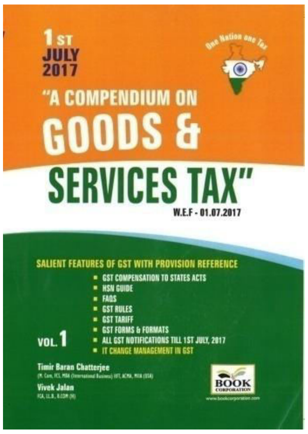
OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 21/2018-Customs, dated 02nd February, 2018**hereby exempts motor spirit commonly known as petrol and high speed diesel oil when imported into India, from so much of the additional duty of customs leviable thereon under of section 3(1) of the said Customs Tariff Act, as is equivalent to the additional duty of excise (Road and Infrastructure Cess) leviable on motor spirit commonly known as petrol and high speed diesel oil under the aforesaid clause 110of the Finance Bill, 2018.

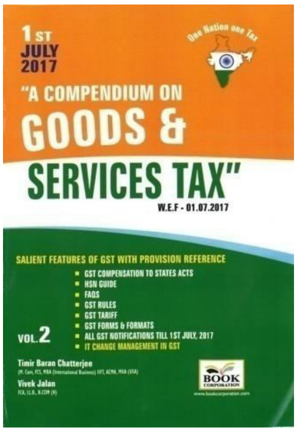
RATES OF BCD ON SPECIFIED PARTS OF CELLULAR MOBILE PHONES

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 22/2018-Customs, dated 02nd February, 2018** hereby amends **notification No. 57/2017-Customs** dated the 30th June, 2017 so as to prescribe effective rates of BCD on specified parts of cellular mobile phones and other electronic goods.

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.

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

VivekJalan
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

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:

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

VivekJalan
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