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INCOME TAX

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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,

E Waybill System Kicks off from tomorrow. Since it is totally new in concept and application, it is likely that some of you may face problem for its implementation in the initial stage. To take care of the above, and as a matter of providing services to our esteemed members, Tax Connect Advisory Services LLP has set up a separate cell (24 X 7) to take calls and answer all queries on E-Waybill. You may contact our following executives:

- Jitendra - 7003473033
- Rohit - 9800224546
- Jayant - 8961236082

If there is any legal or technical issue which needs to be taken up with the Central or State GST Authority, you may also let us know.

Further, Revising/ Rectifying errors w.r.t. Exports under GST sometimes gets overwhelming. We are herby discussing some issues regarding the same as follows –

1. Also any error/omission made in entering the export details in table 3.1(b) if GSTR 3B return of previous period can be made good by way of suitable adjustment entries in Table 3.1(b) of subsequent GSTR 3B return in the light of Circular No. 26/26/2017 GST dated. 29/12/2017 issued by CBEC.
2. If IGST paid on exports has been declared as ZERO in Table 3.1(b), whereas IGST shown to have been paid under Table 6A of GSTR 1 for that tax period, the correct amount can be declared and offset while filing GSTR 3B of subsequent Tax period.
3. If IGST Paid on exports declared in Table 3.1(b) is lesser than the total IGST shown to have been paid under Table 6A and Table 6B of GSTR 1, differential amount of IGST can be paid through GSTR 3B of the subsequent tax period.
4. In case the exporters failed to enter export invoice details in Table 6A of Form GSTR1, filed for the relevant tax period, they can enter such invoice details in Table 6A, while filing Form GSTR 1 of the subsequent tax period.

The following validation are done by the GST system before transmitting the return data to ICEGATE for refund of IGST paid on export of goods without payment of Tax:

1. GSTR-1 & GSTR 3B of the corresponding return period is filed
2. Export invoices are filled under Table 6A of GSTR1
3. Shipping Bill Number, Shipping Bill Date and Port Code details have been provided in the Invoices data provided under Table 6A of GSTR-1
4. IGST amount paid through TAble 3.1(b) of GSTR 3B must be either EQUAL to or GREATER than, the total IGST amount shown to have been paid under Table 6A and Table 6B of GSTR-1 of corresponding return period.
5. Port Code is valid as per format prescribed by ICEGATE.

If the above conditions are not met, the data will not be sent to ICEGATE due to validation failure.

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 01st APRIL, 2018 to 07TH APRIL, 2018	Description
31st March 2018	Income Tax	Due date of filing return in respect of previous year in case of assessees who have failed to file return on due dates

GST: CGST

NOTIFICATIONS/CIRCULARS

CENTRAL GOODS AND SERVICES TAX (THIRD AMENDMENT) RULES, 2018

OUR COMMENTS: The Department of Revenue, Ministryof Finance, Government of India, vide **Notification No. 14/2018 - Central Tax dated 23rd March 2018 hereby** makes amendment in Central Goods and Services Tax Rules, 2018.

It is further notified that amendments are made in Rule 45, 124, 125, 127, 129, 133, 134, 137, 138D of Central Goods and Services Tax 2018.

For further information kindly refer the above mentioned notification.

E-WAY BILL RULES SHALL COME INTO FORCE

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 15/2018 - Central Tax dated 23rd March 2018** hereby notifies regarding the date from which E-Way Bill rules shall come into force.

It is further notified that with the amendment in the **Notification No. 12/2018 - Central Tax, dated 7th March, 2018** it is stated that E-Way Bill rules shall come into force from 1st April 2018.

For further information kindly refer the above mentioned notification.

DUE DATES FOR FILING FORM GSTR-3B FOR THE MONTHS OF APRIL TO JUNE, 2018

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 16/2018 - Central Tax dated 23rd March 2018** hereby notifies regarding the due dates for filing FORM GSTR-3B for the months of April to June, 2018.

It is further notified that in reference to section 168(5) of the Central Goods and Services Tax Act, 2017 the Commissioner, on the recommendations of the Council, hereby specifies that the return in FORM GSTR-3B for the month (April to June) shall be furnished electronically through the common portal, on or before the last date as specified in the following table as given below :-

Sl. No	Month	Last date for filing of return in FORM GSTR-3B
1.	April, 2018	20th May, 2018
2.	May, 2018	20th June, 2018
3.	June, 2018	20th July, 2018

Payment of taxes for discharge of tax liability as per FORM GSTR-3B

Every registered person furnishing the return in FORM GSTR-3B shall, subject to the provisions of section 49 of the Act, discharge his liability towards tax, interest, penalty, fees or any other amount payable under the Act by debiting the electronic cash ledger or electronic credit ledger, as the case may be, not later than the last date, as mentioned above in the Table, on which he is required to furnish the said return.

For further information kindly refer the above mentioned notification.

GST: IGST

ANALYSIS

EXEMPTION IN PAYMENT OF TAX UNDER REVERSE CHARGE BASIS

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, vide **Notification No. 11/2018 - Integrated Tax (Rate)dated 23rd March 2018** hereby notifies regarding exemption in payment of tax under reverse charge basis.

It is further notified that in reference to section 6(1) of the Integrated Goods and Services Tax Act, 2017, the Central Government, on the recommendations of the Council, hereby makes amendment in the **Notification No. 32/2017-Integrated Tax (Rate), dated 13th October, 2017**in regards toexemption of payment of tax under reverse charge basis in terms of section 5(4) of the IGST Act, 2017 till 30thJune, 2018.

For further information kindly refer the above mentioned notification.

ANTI-PROFITEERING IN GOODS AND SERVICE TAX

Goods and Service Tax is implemented in India from 1st July 2017 and the major feature or the advantage of GST is the availability of seamless credit of taxes across the supply chain and rationalization of the tax rates. To ensure that the trade and industry passes the same to the end consumer, the Government has introduced the Anti-Profiteering provision wide section 171 of the CGST Act 2017. As per Section 171 (1) "Any reduction in the 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".

In the erstwhile tax regime, input tax credit was not available for all the taxpayers for all the taxes like Central Excise taxes input tax credit was not available to a distributor or a retail trader and similarly Service Tax input credit was not available to the VAT taxpayers. This has resulted in an increase in the prices being paid by the end consumer. Higher prices mean, lower purchasing power to the common man and inflationary pressure. In GST, the taxpayers can take input tax credit on all their inward supplies which are used in the course or for the furtherance of business for the taxes under GST. This translates into a lower cost of production of goods or services means the prices of the goods and services are supposed to be coming down.

It is also based on the experience of the VAT, where the input tax benefit was not passed to the end consumer and it is clearly stated in one of the reports given by CAG.

Some of the taxes which are subsumed in GST, as a result of this, the prices have to be reduced. Apart from the above taxes, as part of the transitional provisions, the taxpayers who are not registered under erstwhile taxes and having duty paid documents are also eligible to take input tax credit. The provisions are given in Section 140(3) of the CGST Act 2017.

Profit is the reward for the risk undertaken by the entrepreneur and it is legitimate but antiprofiteering is unjust enrichment of customers benefits. Anti-profiteering is not a new concept in India or across the globe, it is time-tested and implemented across the globe at one point in time and in India also we had similar provisions in the state of West Bengal. We have taken a clue from various countries which have implemented GST / VAT Across the globe and based on that Anti-profiteering provisions are given in the law. There are various models followed governments across the globe and the two major ones are:-

- Net Profit Method – implemented and followed in Malaysia, in this model the net profit percentage is frozen pre-rollout of GST and the same is maintained post-rollout. This ensured that the input tax credit benefit is passed on to the end consumer.
- Unit Price Method – implemented and followed in Australia and in this, the unit profit per unit is pre-determined and the same is maintained post-rollout. Also, there was a mechanism to show the MRP of the product Per GST rollout and post GST rollout. This helped the price control very effectively.

Indians are also not new to the anti-profiteering is not new, we had a similar provision in the West Bengal known as "The West Bengal Anit-profiteering Act, 1958". As per this act, any dealer who makes profiteering by way of selling the notified goods at a higher price can be punished with rigorous imprisonment up to two years or fine or both. There is also a provision in this act which prosecutes the buyers also.

GST: SGST/UTGST

NOTIFICATIONS/CIRCULARS

ENSURING RATES OF VARIOUS SERVICES

OUR COMMENTS: The Commercial Taxes Department, Government of Uttar Pradesh vide**Notification No.KA.NI.-2-405/XI-9(42)/17-U.P.ACT-1-2017-ORDER-(118)-2018, dated 12th March 2018** hereby makes amendment in **Notification No.-KA.NI.-2-842/XI-9(42)/17-U.P.Act-1-2017-Order-(09)-2017, dated 30th June 2017** regarding rates of various services.

For further information kindly refer the above mentioned notification.

UTTAR PRADESH GOODS AND SERVICES TAX (FOURTEENTH AMENDMENT) RULES, 2018

OUR COMMENTS: The Commercial Taxes Department, Government of Uttar Pradesh vide**Notification No.KA.NI.-487/XI-9(42)/17-U.P.GST RULES-2017-ORDER-(120)-2018, dated 26th March 2018** hereby makes amendment in Uttar Pradesh Goods and Services Tax Rules, 2018.

It is further notified that amendments are made in Rule 117, 138, 138A, 138B, 138C, 138D of Uttar Pradesh Goods and Services Tax 2018 & FORM GST EWB-01, 02, 03, 04, FORM GST INV-1.

For further information kindly refer the above mentioned notification.

PUDUCHERRY GOODS AND SERVICES TAX (SECOND AMENDMENT) RULES, 2018

OUR COMMENTS: The Commercial Taxes Department, Government of Puducherryvide**Notification No.G.O. MS. NO. 18, dated 15th March 2018** hereby makes amendment in Puducherry Goods and Services Tax Rules, 2018.

It is further notified that amendments are made in Rule 117, 138, 138A, 138B, 138C, 138D of Uttar Pradesh Goods and Services Tax 2018 & FORM GST EWB-01, 02, 03, 04, FORM GST INV-1.

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

OUR COMMENTS: The Commercial Taxes Department, Government of Puducherryvide**Notification No.G.O. MS. NO.19 , dated 15thMarch 2018** hereby makes amendment in the **Notification No. G.O. Ms. No. 11, dated 23rd January, 2018** regarding reduction of late fee in case of delayed filing of FORM GSTR-5A.

For further information kindly refer the above mentioned notification.

TRIPURA GOODS AND SERVICES TAX (SECOND AMENDMENT) RULES, 2018

OUR COMMENTS: The Commercial Taxes Department, Government of Tripura vide**Notification No.F.1-11(91)-TAX/GST/2018(PART), dated 21st March 2018** hereby makes amendment in Tripura Goods and Services Tax Rules, 2018.

It is further notified that amendments are made in Rule 117, 138, 138A, 138B, 138C, 138D of Uttar Pradesh Goods and Services Tax 2018 & FORM GST EWB-01, 02, 03, 04, FORM GST INV-1.

For further information kindly refer the above mentioned notification.

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

OUR COMMENTS: The Commercial Taxes Department, Government of Tripuravide**Notification No.F.1-11(91)-TAX/GST/2018(PART) , dated 22ndMarch 2018** hereby makes amendment in the **Notification No. F.1-11(91)-TAX/GST/2018, dated 22ndFebruary, 2018** regarding reduction of late fee in case of delayed filing of FORM GSTR-5A.

For further information kindly refer the above mentioned notification.

NOTIFICATIONS/CIRCULARS

BUSINESS HEAD FOR ACTIVITY OF LETTING OUT PROPERTIES TO TAX REAL INCOME IS MOST APPROPRIATE.

At present in large number of cases rental income from landed property are assessed under head 'income from house property', in some situations such income is assessed under head 'business or profession' or 'other sources' .

The income is assessed in manner which provide computation of income in a notional manner. For example, even if property is vacant, notional rent can be taxable, repairs expenses are incurred on certain intervals, however standard deduction is allowed every year. There may not be any or significant expenses, on account of collection of rent and repair yet 30% standard deduction is allowed every year whereas in some year there can be higher expenses and in other years can be nominal expenses.

<u>Depreciation</u>: The building suffers wear and tear due to lapse of time and use both. However, depreciation is not allowed when income is assessed under head house property. Depreciation may be allowed, subject to fulfilment of conditions if income is assessed under heads business or profession or other sources.

Depreciation allowance is an essential allowance for computing real income. However, in case of rental income real income is not computed due to non-allowance of depreciation.

<u>Wear and tear replacement and renewals</u>: Whether the building be used by owner or by tenants, it suffer wear and tear. Depending on use wear and tear will take place. For example in case of factory building wear and tear will be more than in case of residential building. In case of personal use by owner were and tear will be less whereas in case of use by tenant it is likely to suffer more wear and tear. In present days of stylish and fashionable furnishing many items in a property require renewal and replacement frequently.Therefore, provisioning of depreciation to ensure replacement is necessary.

<u>Adventure in nature of commerce</u>: Now-a-days it is not simple case of letting out property and getting rent. Increased investment options itself make activity of landlord-ship as a highly complex aspect of commerce and investing. Purchasing land or obtaining leasehold land, constructing building, or even purchasing a ready to move in building and letting out is an adventure in nature of commerce. There are several risks involved in this activity. The activity is also a systematic activity involving:

- Decision making for investment in landed property.
- Selection of property- type, location, size, investment etc.
- Purchasing property and financing from own and borrowed funds.
- Selection of money lenders and negotiations.
- Selection of tenant.
- Enetring into agreement with due care and caution.
- Entering into agreements with service providers in property and in relation to property like owners association, service for up-keep, maintenance, insurance etc.
- Up-keep, repair and maintenance of property,
- Municipal tax, GST and other tax and levies management is also an important and skilled activity for which even experts are required.
- Statutory compliances related to buildings.

<u>Risks in letting out of properties</u>: Several type of commercial, financial and legal risks are involved in activity of owning and letting out properties. Some of important risks involved are:

- Fall in price of property.
- Fall in rate of rent.
- Property remaining vacant.
- Risk of tenant being in trouble and disputes causing delay in rent realization and delay in getting vacant property.
- Competition amongst landlords,
- Increase in rate of interest and other yields in other investment,
- Risk of delay in getting property vacant than expected,
- Risk of rent being freeze due to rent law or disputes,
- Risk of disputes with tenant.
- Risk to property.

CUSTOM

NOTIFICATIONS/CIRCULARS

REDUCTION OF BCD ON OPENCELL OF LCD/LED TV PANELS

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministryof Finance, Government of India vide **Notification No. 32/2018-Customs, dated 23rdMarch, 2018** hereby notifies regarding reduction in BCD of Opencell of LCD/LED TV panels.

It is further notified that in reference to section 25(1) of the Customs Act, 1962 and section 3(12)of the Customs Tariff Act, 1975, the Central Government, hereby makes amendments in the Notification No. 50/2017-Customs, dated 30th June, 2017, in respect to reduction in BCD of Opencell of LCD/LED TV panels from 10% to 5%.

For further information kindly refer the above mentioned notification.

EXTENTION OF EXEMPTION FROM IGST AND COMPENSATION CESS TO EOUS ON IMPORTS

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 33/2018-Customs, dated 23rd March, 2018** hereby notifies regarding extention of exemption from IGST and compensation cess to EOUs on imports.

It is further notified that in reference to section 25(1) of the Customs Act, 1962, the Central Government hereby makes amendments in the **Notification No. 52/2003-Customs, dated 31st March, 2003** in respect to extention of exemption from IGST and compensation cess to EOUs on imports till 1st October, 2018.

EXEMPTION TO SPECIFIC GOODS WHEN IMPORTED INTO INDIA FROM JAPAN

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 34/2018-Customs, dated 27th March, 2018** hereby makes amendments in the **Notification No. 69/2011-Customs, dated 29th July, 2011** regarding exemption to specific goods when imported into India from Japan.

For further information kindly refer the above mentioned notification.

PROVISIONAL ASSESSMENT FOR IMPORTS OF 'JUTE PRODUCTS'

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministryof Finance, Government of India vide **Notification No.16/2018-Customs (ADD), dated 23rdMarch, 2018** hereby notifies regarding provisional assessment for imports of 'Jute Products' namely, Jute Yarn/Twine (multiple folded/cabled and single), Hessian fabric, and Jute sacking bags exported by M/s. Natural Jute Mill [Bangladesh] and M/s Kreation Global, LLC,USA [Bangladesh].

It is further notified that in the matter of import of 'Jute Products' namely, Jute Yarn/Twine, Hessian fabric, and Jute sacking bags falling under the First Schedule of the Customs Tariff Act, 1975 originating in, or exported from Bangladesh and Nepal and imported into India, the designated authority, vide its final findings in Notification No. 14/19/2015-DGAD, dated 20th October, 2016, had come to the conclusion that-

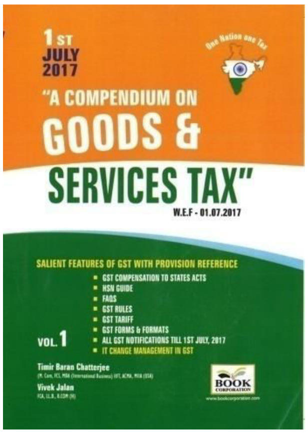
- there is dumping of subject goods from the subject countries;
- imports from subject countries are undercutting and suppressing the prices of the domestic industry;
- performance of domestic industry has deteriorated in the terms of profitability return on investments and cash flow;
- injury to domestic industry has been caused by dumped imports;

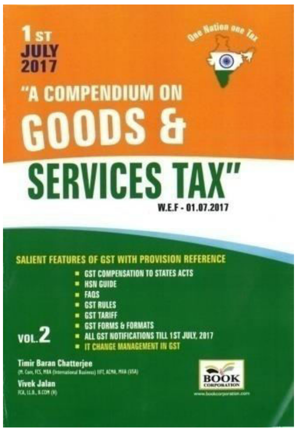
and had recommended continued imposition of definitive anti-dumping duty on imports of the subject goods originating in, or exported from, the subject countries;

For further information kindly 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.

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
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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.

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
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Website :www.bookcorporation.com