TAX CONNECT
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TAX CONNECT

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INCOME TAX

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EDITORIAL

Friends,

Foreign Trade is an important indicator of the health of the economy. The Foreign Exchange Reserves of India is on an all time high of $425 Billion, up by around $500 Million. However the critical factor still remains that the county still suffers from a trade Deficit. The figures for 2017- 18 are out and are as follows –

India's foreign Trade for April –March 2017-18			
	Merchandise (P)	**Services* (P)**	**Total**
	Values in USD billions	**Values in USD billions**	**Values in USD billions**
Exports	302.84	175.31	478.15
Import	459.67	105.65	565.32
Trade Balance	-156.83	69.66	-87.17

Hence, Merchandice exports still suffers from a negative trade balance and it has shown a rise of 50% YOY.

The major reason for this is that YOY while exports registered a growth of around 10%, imports grew by 20%. The break up of Exports & Imports are as under –

Items	**Exports %**	**Imports%**
Engineering Goods	3%	
Organic & Inorganic Chemicals	32%	
Drugs & Pharmaceuticals	8%	
Cotton, yarn, fabs, handloom Products	14%	
Rice	21%	
Others	22%	
Petroleum & Crude Products		14%
Electronic Goods		3%
Machinery, Electrical & Non Electrical		33%
Pears, precious & semi precious stones		1%
Coal, Coke & Briquettes, etc		45%
Others		4%
Total	**100%**	**100%**

The Govt certainly needs to look into the aspect, especially to propel the export of Mechandise, which have taken a hit somewhat on account of GST Implementation.

<u>Advance Ruling in GST On recovery of canteen expenses from employees</u>

The GST Law is evolving and on a daily basis new issues are getting addressed. The Courts have not come in picture still in a big way but The Authority of Advance Ruling has started actions. In a major decision which shall effect all corporates, The Authority for Advance Ruling Thiruvannathapuram has ruled that recovery of canteen expenses from employees is a "Supply" and chargeable to GST.

EDITORIAL

It is pertinent to note that Tax Connect has from the start been of the view that the same is chargeable to GST.

However still one has to structure the transaction as follows –

1. The valuation of the supply has to be determined in terms of the valuation rules.
2. The ITC on Food and Beverages is blocked u/s 17(5) of The CGST Act. Now if the same has to availed, the ITC Rules including the rules of reversal have to be followed.

Advance Ruling on Leviability of GST on High Seas Sale :

Another major decision by The **AUTHORITY FOR ADVANCE RULING – KERALA on High Seas Sales is as follows –**

Case – Is GST Applicable on supply from one country to another country without bringing the goods into India as follows -

i. Goods sold to the company in USA, where goods sold are shipped directly from China to USA without entering India. On the sale of goods to the company in USA, where goods sold are shipped directly from China to USA without entering India - goods procured from China not against specific export order

ii. sale of goods from Netherlands warehouse to their end customers in and around Netherlands, without entering India.

Decision - the integrated tax on goods imported into India shall be levied and collected at the point when duties of customs are levied on the said goods under Section 12 of the Customs Act, 1962 i.e.-on the date determined as per provisions of Section 15 of the Customs Act, 1962.

Circular 33/2017-Customs dated 01.08.2017 has clarified that IGST on high sea sale (s) transactions of imported goods, whether one or multiple, shall be levied and collected only at the time of importation i.e. when the import declarations are filed before the Customs authorities for the customs clearance purposes for the first time. Further, value addition accruing in each such high sea sale shall form part of the value on which IGST is collected at the time of clearance - The clarification given by the CBEC in the above Circular regarding the leviability of IGST and the point of collection thereof in respect of high sea sales of imported goods is, mutatis mutandis, applicable in the case of the applicant.

It was thus ruled out that: - The goods are liable to IGST when they are imported into India and the IGST is payable at the time of importation of goods into India –

- The applicant is neither liable to GST on the sale of goods procured from China and directly supplied to USA nor on the sale of goods stored in the warehouse in Netherlands, after being procured from China, to customers, in and around Netherlands, as the goods are not imported into India at any point.

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 15TH APRIL, 2018 to 21ST APRIL, 2018	Description
20th April 2018	GSTR 3B	Monthly return for March 2018

GST: CGST

NOTIFICATIONS/CIRCULARS

IT GRIEVANCE REDRESSAL MECHANISM TO ADDRESS THE GRIEVANCES OF TAXPAYERS

OUR COMMENTS: The Department of Revenue, Ministryof Finance, Government of India, vide **Circular No. 39/13/2018-GST dated 03rdApril 2018** hereby notifies regarding setting up of an IT Grievance Redressal Mechanism to address the grievances of taxpayers due to technical glitches on GST Portal.

It has been notified that an IT-Grievance Redressal Mechanism is to address the difficulties faced by a section of taxpayers owing to technical glitches on the GST portal and the relief that needs to be given to them. The relief could be in the nature of allowing filing of any Form or Return prescribed in law or amending any Form or Return already filed.

In case of an IT related glitch has been identified as the reason for failure of a class of taxpayer in filing of a return or a form within the time limit prescribed in the law and there are collateral evidences available to establish that the taxpayer has made bonafide attempt to comply with the process of filing of form or return, GST Council has delegated powers to the IT Grievance Redressal Committee to approve and recommend to the GSTN the steps to be taken to redress the grievance and the procedure to be followed for implementation of the decision.

IT-Grievance Redressal Committee

Any issue which needs to be addressed through this mechanism shall be identified by GSTN and the method of resolution approved by the GST Implementation Committee (GIC) which shall act as the IT Grievance Redressal Committee. In GIC meetings convened to address IT issues or IT glitches, the CEO, GSTN and the DG (Systems), CBEC shall participate in these meetings as special invitees.

Nodal officers and identification of issues

GSTN, Central and State government would appoint nodal officers in requisite number to address the problem a taxpayer faces due to glitches, if any, in the Common Portal. This would be publicized adequately.

Taxpayers shall make an application to the field officers or the nodal officers where there was a demonstrable glitch on the Common Portal in relation to an identified issue, due to which the due process as envisaged in law could not be completed on the Common Portal.

Such an application shall enclose evidences as may be needed for an identified issue to establish bonafide attempt on the part of the taxpayer to comply with the due process of law.

These applications shall be collated by the nodal officer and forwarded to GSTN who would on receipt of application examine the same. GSTN shall after verifying its electronic records and the applications received, identify the issue involved where a large section of tax payers are affected. GSTN shall forward the same to the IT Grievance Redressal Committee with suggested solutions for resolution of the problem.

A large number of taxpayers could not complete the process of TRAN-1 filing either at the stage of original or revised filing as they could not digitally authenticate the TRAN-1s due to IT related glitches. As a result, a large number of such TRAN-1s are stuck in the system. GSTN shall identify such taxpayers who could not file TRAN-1 on the basis of electronic audit trail. It has been decided that all such taxpayers, who tried but were not able to complete TRAN-1 procedure (original or revised) of filing them on or before 27.12.2017 due to IT-glitch, shall be provided the facility to complete TRAN-1 filing. It is clarified that the last date for filing of TRAN 1 is not being extended in general and only these identified taxpayers shall be allowed to complete the process of filing TRAN-1.

GST: IGST

ANALYSIS

GST COMPLIANCES REQUIRING ATTENTION

31st March, 2018 marks the end of Financial Year 2017-18, first fiscal year of GST and last year of service tax. This is also the transitional year for migration and as such crucial for taxpayers to migrate balances and tax credits fully but accurately. This calls for due diligence and careful closing of financial books of accounts.

Annual Reconciliation of Books and GST returns

For this, assessees are required to reconcile the sale ledger/ GST liability / cash ledger/ credit ledger as per books of accounts and as per GST returns. Further, in case there is any difference, then company is required to take the effect of the same in March, 2018, GSTR 3B and GSTR 1.

New Invoice Series

A registered person may develop the new series of all documents to be issued or may continue the same bill book (but however to be serially numbered) like Tax invoice. Export invoice, Bill of supply, Receipt voucher, Payment voucher, Refund voucher, Debit note, Credit note, Deliverychallans for new Financial Year 2018-19.

- A new bill book is suggested to be maintained for every new Financial Year. However, there is no restriction if the registered person continue the same bill book though to be serially numbered.
- This bill book has to be unique (using mixture of alphabets, numbers, hyphen, etc.) and consecutively numbered. In case of electronic billing, bills are generated through system.
- The maximum digits allowed are 16, including special characters, if any. (For e.g., 01/2018, UP/01/2018, RCPT/01/2018-19 etc.)

Application / Renewal of LUT

Exporters making zero rates supplies have to furnish an LUT to the jurisdictional commissioner. An LUT is valid for one financial year. Therefore, LUT tendered in FY 2017-18 was valid until 31st March, 2018 only. Exporters who wish to continue to export under LUT need to submit a fresh LUT for FY 2018-19 to have this facility renewed.

Use of E-way Bills

1st April has become a land mark date in the GST journey, as it marks the advent of e-way bills in the country under the GST regime, a tool to check tax evasion and bring in operational efficiency so far as taxpayers and logistics management is concerned.Date of Introduction of e-way bills is 1st April, 2018 for inter-state movement of goods.

Compliance with new Dates

Now that most of the dates for various returns have been further extended from April to June 2018, compliance burden under GST hangs on and it is becoming increasingly difficult for taxpayers to keep track and comply with.

Particulars	Period	Due date
GSTR-1	Feb 2018	10.04.2018
GSTR 4	Jan – Mar 2018	18.04.2018
FORM 3B	March 2018	20.04.2018
GSTR 5	March 2018	20.04.2018
GSTR 5A	March 2018	20.04.2018
GSTR 1	Jan – Mar 2018	30.04.2018
TRAN 1		30.04.2018

Accounting Standard on Revenue

With effect from 1.4.2018, a new Accounting Standard Ind AS 115 on revenue recognition comes into force whereby companies will measure, recognize and disclose revenues in their financial statements. This provides for additional disclosures and enhanced transparency. This calls for comprehensive understanding of new revenue recognition standard.

GST: SGST/UTGST

NOTIFICATIONS/CIRCULARS

EXTENSION OF TIME LIMIT FOR FILING THE DETAILS OF OUTWARD SUPPLIES IN FORM GSTR-1

OUR COMMENTS: The Commercial Taxes Department, Government of Telanganavide**Notification No.05/2018, dated 02nd April 2018** hereby notifies regarding extension of time limit for filing FORM GSTR-1.

It is further notified that the extension of the time limit for furnishing the details of outward supplies in FORM GSTR-1 under Section 37(1) of the Act for the months as specified under by such class of registered persons having aggregate turnover of more than 1.5 crore rupees in the preceding financial year or the current financial year, till the time period as specified below :-

Month	Last date for filing of return in FORM GSTR-1
April, 2018	31st May, 2018
May, 2018	10th June, 2018
June, 2018	10th July, 2018

For further information kindly refer the above mentioned notification.

EXTENSION OF THE TIME LIMIT FOR FURNISHING THE RETURN BY AN INPUT SERVICE DISTRIBUTOR IN FORM GSTR-6

OUR COMMENTS: The Commercial Taxes Department, Government of Telanganavide**Notification No. 06/2018, dated 02nd April 2018** hereby makes amendment in the **Notification No. 02/2018-State Tax, dated 29th January, 2018**regarding extension of time limit for filing FORM GSTR-6.

It is hereby stated that extension of the time limit for furnishing the return by an Input Service Distributor in FORM GSTR-6 under Section 39(4) of the Act for the months of July, 2017 to April, 2018, till the 31st May, 2018.

EXTENSION OF DATE FOR SUBMITTING THE STATEMENT IN FORM GST TRAN-2

OUR COMMENTS: The Commercial Taxes Department, Government of Telanganavide**Notification No. 07/2018, dated 02nd April 2018** hereby notifiesregarding extension of date for submitting the statement in FORM GST TRAN-2.

It is hereby stated that extention of the period for furnishing the statement in FORM GST TRAN-2 under sub-clause (iii) of clause (b) of sub-rule (4) of Rule 117 of the Telangana Goods and Services Tax Rules, 2017 till the 30thJune, 2018.

For further information kindly refer the above mentioned notification.

RE-CONSTITUTES THE GOA AUTHORITY FOR ADVANCE RULING

OUR COMMENTS: The Commercial Taxes Department, Government of Goa vide**Notification No.38/1/2017-Fin(R&C)(53), dated 03rd April 2018** hereby makes amendment in the **Notification No. 38/1/2017-Fin(R&C)(35) dated 5th January, 2018**regarding re-constitution of the Goa Authority for Advance Ruling.

For further information kindly refer the above mentioned notification.

INCOME TAX

NOTIFICATIONS/CIRCULARS

PROCEDURE FOR SUBMISSION OF FORM NO. 60

OUR COMMENTS: The Department of Revenue, Ministryof Finance, Government of India, vide **Notification No.1 of 2018 dated 05th April 2018** hereby notified regarding procedure for submission of Form No. 60 by any person who does not have a Permanent Account Number and who enters into any transaction specified in Rule 114B of the Income-tax Rules, 1962.

It is stated that any person who does not have a Permanent Account Number and who enters into any transaction specified in this rule, shall make a declaration in Form No. 60 giving therein the particulars of such transaction either in paper form or electronically under the electronic verification code and shall furnish a statement in Form 61 containing particulars of declarations received in Form 60 to the Director of Income-tax or the Joint Director of Income-tax through online transmission of electronic data to a server designated for this purpose and obtain an acknowledgement number.

For further information kindly refer the above mentioned notification.

PROCEDURE FOR REGISTRATION AND SUBMISSION OF FORM NO. 61

OUR COMMENTS: The Department of Revenue, Ministryof Finance, Government of India, vide **Notification No.2 of 2018 dated 05th April 2018** hereby notified regarding procedure for registration and submission of Form No. 61 as per Rule 114D of Income-tax Rules, 1962.

It is further notified that every person referred to in clauses (a) to (k) of rule 114C(1) and rule 114C(2) and who is required to get his accounts audited under section 44AB of the Income Tax Act,1961 and has received any declaration in Form No. 60, in relation to a transaction specified in rule114B, shall furnish a statement in Form No. 61.

It is further stated that the statement in Form No. 61 shall be furnished through online transmission of electronic data to a server designated for this purpose and in accordance with the data structure specified in this regard by the Principal Director General of Income-tax.

The statement shall be furnished:

- Where the declarations are received till 30th September, by the 31st October of that year; and
- Where the declarations are received till 31st March, by the 30th April of the financial year immediately following the financial year in which the form is received

Moreover the Principal Director General of Income-tax hereby lays down the following procedure:

- Already registered reporting persons/entities on e-filing portal
- New Registration, Generation of Income Tax Department Reporting Entity Identification Number (ITDREIN)
- Submission of Form No. 61
- Submission of correction statement
- Deletion of Submitted Reports in a statement.
- Modification/ changes in the schema I data structure of Form No. 61
- Security, archival and retrieval policies.

This notification shall come into effect from 09thApril, 2018.

For further information kindly refer the above mentioned notification.

CUSTOM

NOTIFICATIONS/CIRCULARS

PRE-NOTICE CONSULTATION REGULATIONS, 2018

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministryof Finance, Government of India vide **Notification No.29/2018- Customs (N.T.), dated 2nd April, 2018** hereby notifiesregarding pre-notice consultation regulations, 2018.

It is further notified that pre-notice consultation shall be made in the following manner:-

- Before the notice is issued, the proper officer shall inform, in writing, the person chargeable with duty or interest of the intention to issue the notice specifying the grounds known to the proper officer on which such notice is proposed to be issued and the process of pre-notice consultation shall be initiated as far as possible atleast two months before the expiry of the time limit mentioned in section 28(3) of the Act.

- The person chargeable with duty or interest may, within fifteen days from the date of communication referred to in sub regulation (1), make his submissions in writing on the grounds so communicated:

  - Provided that if no response is received, from the person to whom the grounds on which notice is proposed to be issued, is received within the specified time, the proper officer shall proceed to issue the notice to the said person without any further communication:
  - Provided further that while making the submissions, the person chargeable with duty or interest shall clearly indicate whether he desires to be heard in person by the proper officer

- The proper officer, may if requested, hear the person within ten days of receipt of the submissions referred to in sub-regulation (2) and subject to the provisions of section 28, decide whether any notice is required to be issued or not:

  - Provided that no adjournment for any reason shall be granted in respect of the hearing allowed under this regulation.

- Where the proper officer, after consultation, decides not to proceed with the notice with reference to the grounds communicated under sub-regulation (1), he shall, by a simple letter, intimate the same to the person concerned.

- The consultation process provided in these regulations shall be concluded within sixty days from the date of communication of grounds as provided in sub-regulation(1).

- Where the proposed show cause notice is in respect of a person to whom a notice on the same issue but for a different period or documents has been issued after pre-notice consultation, the proper officer may proceed to issue the show cause notice for subsequent periods without any further consultation.

For further information kindly refer the above mentioned notification.

INCREASING TARIFF RATE OF BCD ON POPULATED, LOADED OR STUFFED PRINTED CIRCUIT BOARDS

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 29/2018- Customs (N.T.), dated 2nd April, 2018** hereby notifies regarding increasing tariff rate of BCD on populated, loaded or stuffed printed circuit boards.

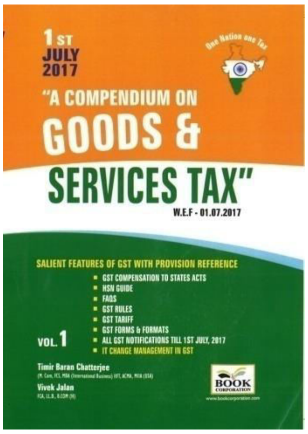
It is further notified that the import duty leviable on populated, loaded or stuffed printed circuit boards, falling under the First Schedule of the Customs Tariff Act, 1975 should be increased to 10%.

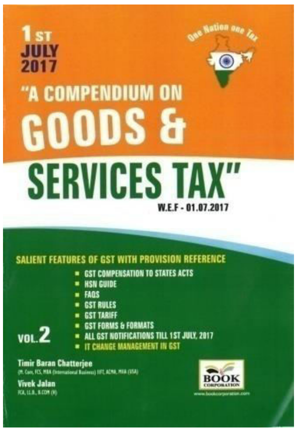
For further information kindly refer the above mentioned notification.

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.

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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.

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