TAXCONNECT
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EDITORIAL

Friends,

During the Independence Day speech, our Prime Minister Narendra Modi Ji appraised the **65% expansion of indirect tax base in the country** in a year since the roll-out of GST on July 1, 2017. The expected increase in GST revenue, may encourage the Government to further reduce the GST rates.

On India touching the **100th position in the World Bank Ease of Doing Business** ranking, the PM also mentioned that "From being a part of the Fragile Five group, we have become a multi-trillion destination".

On the other hand, exports by small businesses got adversely affected due delay in refund of upfront GST and input credit putting pressure on their working capital.

Also, **due dates have been specified for Forms GSTR 1 and GSTR 3B for the months from July 2018 to March 2019.**

Further, the Telangana government' noted some serious GST violations and conducted raid in Hyderabad on 16th August as a result of which 62 cases have been booked. The benefit of reduced GST rates on various goods was not reaching consumers as some traders and showrooms were selling the products at same old prices.

In **Income Tax,** Madhya Pradesh Real Estate Regulatory Authority has been notified for the purpose of section 10(46) for specified income arising to the Board.

In Customs, exchange rates have been revised with effect from 17.08.2018.

Also, 15% customs duty has been notified on screw or Sim socket/other mechanical items (metal) for cellular mobile phone
And, ad-valorem component of BCD has been increased from 10% to 20% on 328 tariff lines of carpets, apparels and other textile products.

Please refer to the bulletin further for details.

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 FOR THE MONTH OF July 2018	Description
20th August 2018	GSTR 3B	Details of Outward Supplies and inward supplies and payment of Tax - Monthly Return for the month of July 2018

GST: CGST/IGST/SGST/UTGST

NOTIFICATIONS/CIRCULARS

DUE DATES FOR FORM GSTR-1 FOR TAXPAYERS WITH AGGREGATE TURNOVER OF MORE THAN RS 1.5 CRORES FOR JULY, 2018 TO MARCH, 2019

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India **Notification No. 32 /2018 – Central Tax dated 10th August,**2018 has extended the time limit for furnishing the details of outward supplies in FORM GSTR-1 by registered persons having aggregate turnover of more than Rs. 1.5 crore in the preceding FY or the current FY, from July, 2018 to March, 2019 till the 11th day of the month succeeding such month.

DUE DATES FOR QUARTERLY FORM GSTR-1 FOR TAXPAYERS WITH AGGREGATE TURNOVER OF MORE THAN RS 1.5 CRORES FOR JULY, 2018 TO MARCH, 2019

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India **Notification No. 33 /2018 – Central Tax dated 10th August,**2018 has prescribed the time limit for furnishing the details of outward supplies of goods or services or both in FORM GSTR-1 by registered persons having aggregate turnover of more than Rs. 1.5 crore in the preceding FY or the current FY, from July, 2018 to March, 2019 as follows:

July - September, 2018 - 31st October, 2018

October - December, 2018 - 31st January, 2019

January - March, 2019 - 30th April, 2019

DUE DATES FOR GSTR-3B FOR THE MONTHS FROM JULY, 2018 TO MARCH, 2019

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India **Notification No. 34 /2018 – Central Tax dated 10th August,**2018 has specified that the return in FORM GSTR-3B for the months from July, 2018 to March, 2019 shall be furnished electronically through the common portal, on or before the 20th day of the month succeeding such month.

Tax, interest, penalty, fees or any other amount payable shall be paid by debiting the electronic cash ledger or electronic credit ledger not later than the last date specified above on which the return is required to be furnished.

GST: CGST/IGST/SGST/UTGST

ANALYSIS

CLARIFICATION REGARDING APPLICABILITY OF GST ON VARIOUS GOODS AND SERVICES

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India **Circular No.52/26/2018-GST dated 9th August,** 2018 has clarified with respect to application of GST on following goods and services:

Fortified Toned Milk:

As per HSN Explanatory Notes, milk enriched with vitamins and minerals is classifiable under HSN code 0401. Thus toned milk fortified (with vitamins 'A' and 'D') attracts **NIL rate of GST under HSN code 0401.**

Refined beet and cane sugar:

In S. No. 91 of schedule I 5% GST rate has been prescribed on all kinds of beet and cane sugar falling under heading 1701.

S. No. 32 A of the Schedule prescribes 12% GST rate on "All goods, falling under tariff items 1701 91 and 1701 99 including refined sugar containing added flavouring or colouring matter, sugar cubes (other than those which attract 5% or Nil GST)".

As all kinds of beet and cane sugar falling under heading 1701 are covered by the said entry at S. No. 91 of Schedule I, these would get excluded from S. No. 32 A of Schedule II, and thus would attract GST @ 5%.

Treated (modified) tamarind kernel powder and plain (unmodified) tamarind kernel powder

There are two grades of Tamarind Kernel Powder (TKP):- Plain (unmodified) form (hot, water soluble) and Chemically treated (modified) form (cold, water soluble).

As per S. No. 76 A of schedule I, 5% GST rate was prescribed on Tamarind Kernel powder falling under chapter 13 which does not specifically mention the word "modified".

However, as both plain and modified tamarind kernel powder fall under chapter 13, it is clarified that both attract 5% GST.

Supply of safe drinking water for public purpose:

In S. No. 99 of notification No. 2/2017-Central Tax (Rate) dated 28.06.2017, water [other than aerated, mineral, purified, distilled, medicinal, ionic, battery, de-mineralized and water sold in sealed container] falling under HS code 2201 attracts NIL rate of GST.

Therefore, supply of drinking water for public purposes, if it is not supplied in a sealed container, is exempt from GST.

Human Blood Plasma:

Plasma is the clear, straw coloured liquid portion of blood that remains after red blood cells, white blood cells, platelets and other cellular components have been removed. As per the explanatory notes to HSN, plasma would fall under HS code 3002.

Normal human plasma is specifically mentioned at S. No. 186 of List I under S. No. 180 of Schedule I of the notification No. 1/2017-Central Tax (Rate) dated 28th June, 2017, and attracts 5% GST. Other items falling under HS Code 3002 (including plasma products) would attract 12% GST under S. No. 61 of Schedule II of the said notification, not specifically covered in the said List I.

Thus, a harmonious reading of the two entries would mean that normal human plasma would attract 5% GST rate under List I (S. No. 186), whereas plasma products would attract 12% GST rate, if otherwise not specifically covered under the said List.

Representations have been received seeking clarification regarding applicability of GST on various other goods. The clarifications issued by the Government shall be discussed in the upcoming issues.

INCOME TAX

NOTIFICATIONS/CIRCULARS

'INSOLVENCY AND BANKRUPTCY BOARD OF INDIA', NEW DELHIIN RESPECT OF THE SPECIFIED INCOME ARISING TO THAT BOARD

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 38/2018-Customs dated 10.08.2018 has** notified Insolvency and Bankruptcy Board of India', New Delhi in respect of the following specified income arising to that board:

(a) Grants-in-aid received from Central Government;

(b) Fees received under the Insolvency and Bankruptcy Code, 2016

(c) Fines collected under the Insolvency and Bankruptcy Code, 2016 and

(d) Interest income accrued on (a), (b) and (c) above.

subject to the conditions that the Board

(a) shall not engage in any commercial activity;

(b) activities and the nature of the specified income remain unchanged throughout the financial years; and

(c) shall file return as per 139(4C)(g) of the Income-tax Act, 1961.

It shall be deemed to have been applied for FY 2017-2018 and shall apply with till FY 2021-2022.

ADDITONAL BODY SPECIFIED FOR SECTION 10(46) OF THE INCOME-TAX ACT, 1961

OUR COMMENTS: The CBDT, Department of Revenue, Ministry of Finance, Government of India vide **Notification No. 39/2018 dated 10.08.2018** has notified Madhya Pradesh Real Estate Regulatory Authority, in respect of the specified income arising to that body.

The notifications shall be effective subject to the conditions that the board

a) shall not engage in any commercial activity;

b) activities and the nature of the specified income remain unchanged throughout the financial years; and

c) shall file return as per 139(4C)(g) of the Income-tax Act, 1961.

LAUNCH OF FUNCTIONALITY FOR DEMAND ANALYSIS IN INCOME TAX BUSINESS APPLICATION (ITBA)

OUR COMMENTS: The Directorate of Income Tax (Systems) vide **ITBA- Recovery -Demand Analysis Instruction No. – 3** has issued instruction to the concerned officers that demand analysis functionality in Recovery Module is now available in ITBA. All arrear and current demand that were available on AST as well as CPC-FAS system has been consolidated in CPC and made available to the AO in ITBA through the demand analysis screen.

In this functionality, the jurisdictional Assessing Officers (AO)/ AO Staff have the facility to analyse the demand and enter the details regarding recoverability status and dispute status of the demand.

It has also been provided to AO to initiate Dossier Report from this screen.

CUSTOMS

NOTIFICATIONS/CIRCULARS

REVISION OF EXCHANGE RATE OF FOREIGN CURRENCIES INTO RUPEE & VICE VERSA

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 74/2018-Customs (N.T.) dated 16.08.2018 & in supersession of Notification No. 67/2018-Customs (N.T.) dated 07.08.2018** has **revised the exchange rate of foreign currencies** specified in col.(2) of each of **Schedule I** and **Schedule II** annexed hereto, into Indian currency or vice versa, w.e.f. **17.08.2018** to be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SCHEDULE-I

Sl. No	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
1.	Australian Dollar	52.25	49.95
2.	Bahrain Dinar	192.40	180.40
3.	Canadian Dollar	54.60	52.60
4.	Chinese Yuan	10.30	10.00
5.	Danish Kroner	10.90	10.50
6.	EURO	81.40	78.40
7.	Hong Kong Dollar	9.10	8.80
8.	Kuwait Dinar	239.35	224.10
9.	New Zealand Dollar	47.45	45.30
10.	Norwegian Kroner	8.50	8.15
11.	Pound Sterling	91.00	87.60
12.	Qatari Riyal	19.80	18.70
13.	South Arabian Riyal	19.35	18.15
14.	Singapore Dollar	51.90	50.10
15.	South African Rand	5.00	4.70
16.	Swedish Kroner	7.80	7.50
17.	Swiss Franc	72.15	69.40
18.	UAE Dirham	19.75	18.50
19.	US Dollar	71.10	69.40

SCHEDULE-II

Sl. No	Foreign Currency	Rate of exchange of 100 units of foreign currency equv. to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
1.	Japanese Yen	64.60	62.20

15% CUSTOMS DUTY NOTIFIED ON SCREW OR SIM SOCKET/OTHER MECHANICAL ITEMS (METAL) FOR CELLULAR MOBILE PHONE

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 57/2018-Customs dated 07.08.2018 has** prescribed effective rate of customs duty on Screw or SIM socket/other mechanical items (metal) for cellular mobile phone as 15%. Please refer Corrigendum to this notification (No. F.No.354/123/2017-TRU(Pt.) - Dated: 13-8-2018 – Cus).

AD-VALOREM COMPONENT OF BCD INCREASES FROM 10% TO 20% ON 328 TARIFF LINES OF CARPETS, APPARELS AND OTHER TEXTILE PRODUCTS

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 58/2018-Customs dated 07.08.2018 has** increased Ad-valorem component of BCD from 10% to 20% on 328 tariff lines of carpets, apparels and other textile products.

STOP PRESS

SECTION WISE COMMENTARY ON GST UPDATED TILL 10th AUGUST 2018

(Including ALL Amendments by 29th GST Council Meeting on 04th August 2018)

ABOUT THE BOOK: This book provides an insight into the following:

1. Incorporating all amendments
2. Section wise commentary
3. Linkages to Rules, Notifications, Circulars, Orders, Advance Rulings, Court Decisions relevant to the Sections
4. Rules, Notifications, Circulars, Orders Referencer
5. Practical Illustrations

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