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EDITORIAL

Friends,

Various amendments have been made in the GST Acts on 30th August 2018. Let's look at some of the significant ones below:

- Earlier, one of the requirements for a service to qualify as **"export of services"** was that the payment for such service shall be received by the supplier of service in convertible foreign exchange. Now, as **per the amended definition of "export of services"** under section 2(6) of the IGST Act, such **payment may be received in Indian rupees wherever permitted by the Reserve Bank of India.**

  There are certain payments received in INR through Nostro/ Vostro Accounts for Goods/ Services supplied abroad. The payment for such transactions though such accounts are received in INR. Here is an explanation to highlight how a Nostro and a Vostro account works in the most simplified terms. Nostro in Latin literally means ours and Vostro means yours.

  Take a bank in India, Bank A for example. A gets a lot many remittances and trade related money sent home from Japan to India. However, A does not have a banking license in Japan.

  So A reaches out to a bank like Bank of Japan (say) and asks them to open a bank account in A's name, in Yen. On this, A can do all sorts of transactions as if they were themselves present in Japan and operating this account.

Another way to look at it is:

A's Yen Account in Bank of Japan is A's Nostro Account OR Bank of Japan has a Vostro account for Ain Yen with Bank of Japan

When the situation is reversed, if Bank of Japan has an account with A in India in INR, then for A this would be Bank of Japan's Vostro Account.

- Section 7 of the CGST Act has been amended to clarify the scope of supply; It Inserts a new sub-section (1A) in section 7 and omit clause (d) of sub-section (1). Now, first an activity has to be "supply" as per S &(1) only then it will be tested as per Sch II. The recent AAR whereby supply of canteen services by employer to employee is a supply and hence taxable as per Sch II, clause No 6 (b), will be tested now.

- Section 9 of the CGST Act has been amended to empower the Central Government **to notify classes of registered persons to pay the tax on reverse charge** basis in respect of receipt of supplies of certain specified categories of goods or services or both from unregistered suppliers

- Section 10 of the CGST Act has been amended so as to **enhance the limit of composition levy from one crore rupees to one crore and fifty lakh rupees**; Further Even if Composition dealers supply services of value not exceeding 10% of the turnover in the preceding financial year in a State/Union territory or Rs. 5 lakhs, whichever is higher, they are eligible for composition scheme.

- The objective to amend Section 17 of the Act is to specify the scope of input tax credit.
  1. S 17 (3) - No reversal will be required in cases falling under Sch III – including High seas sales, etc.

     Availment of ITC allowed on activities or transactions specified in Schedule III (other than sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building) by excluding it from

EDITORIAL

the ambit of 'exempt supply' on which ITC is blocked.

2. Sec 17 (5) (a), new (aa) & (b) – Blocked Credit Pruned –
   Motor Vehicles - input tax credit would now be available in respect of dumpers, work-trucks, fork-lift trucks and other special purpose motor vehicles, vessels and aircraft when these are used for personal purposes.
   ITC allowed for motor vehicles used for transportation of money for or by a banking company or a financial institution.
   ITC allowed in respect of food and beverages or both where the provision of such goods or services or both is obligatory for an employer to provide to its employees under any law for the time being in force.

- Section 22 of the Act is amended to enhance the exemption limit for registration in the special category States from ten lakh rupees to twenty lakh rupees;

- E-commerce operators who are not required to collect TCS u/s 52 would not be liable for registration.

- A Dealer may Issue One Credit note for multiple Invoices. A change has to be made in the GST Portal also. It may be noted here that this is a procedural matter which was causing great hardship to dealers where specific Credit notes were required to be made for each invoice. However a practice was followed by the dealers to tag the last invoice only with the credit note in addition to providing an annexure of all invoices linked thereto in the hard copy. Such procedure followed for removal of difficulties till date should also be considered leniently by the field officers.

- It is proposed to provide for allowing taxpayers to amend the returns. The draft forms are already out for public comments.

- A new section 43A is being introduced in order to enable the new return filing procedure as proposed by the Returns Committee and approved by GST Council.

- Sections 49A and 49B have been introduced. The Order for availing the set off of ITC has been rationalized dramatically. This would tremendously assist Trade and Industry. The Inter Utilization of ITC may be rationalized further. If this happens it would remove all grievances of Trade And Industry that GST was not one but 3 taxes.

Further, Due to flood disruption in Kerala, the due dates for GST returns for specified assesses in Kerala, Karnataka and Puducherry have been extended as follows:
GSTR 1 for July & Aug 2018 – 5th & 10th Oct respectively.
GSTR – 1 for Quarter July-Sep 2018 – 15th Nov 2018
GSTR 3B for July & Aug 2018 - 5th & 10th Oct respectively.

Also, the due date for income tax return for the assessees in Kerala has been extended to 15th September 2018.

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 FROM29th JULY, 2018 to 31st AUGUST, 2018	Description
7th September 2018	Income Tax Form: Challan Form ITNS 281	Monthly payment of TDS on all types of payments.

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GST: CGST/IGST/SGST/UTGST

NOTIFICATIONS/CIRCULARS

DUE DATES FOR FORM GSTR-1 EXTENDED FOR SPECIFIED TAXPAYERS WITH AGGREGATE TURNOVER OF MORE THAN RS 1.5 CRORES FOR JULY, 2018 AND AUGUST, 2018

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India **Notification No. 37 /2018 – Central Tax dated 24th August,**2018 has directed that the following registered persons having aggregate turnover of more than Rs. 1.5 crore in the preceding FY or the current FY shall furnish Form GSTR 1 electronically through the common portal, for the months of July 2018 and August 2018 **on or before 5th October 2018 and 10th October 2018 respectively:**

-registered persons in the State of Kerala;

-registered persons whose principal place of business is in Kodagu district in the State of Karnataka; and

-registered persons whose principal place of business is in Mahe in the Union territory of Puducherry

DUE DATES FOR QUARTERLY FORM GSTR-1 EXTENDED FOR SPECIFIED TAXPAYERS WITH AGGREGATE TURNOVER OF MORE THAN RS 1.5 CRORES FOR QUARTER FROM JULY, 2018 TO SEPTEMBER, 2018

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India **Notification No. 38 /2018 – Central Tax dated 24th August,**2018 has directed that the following registered persons having aggregate turnover of more than Rs. 1.5 crore in the preceding FY or the current FY shall furnish Form GSTR 1 electronically through the common portal, for the quarter from July, 2018 to September, 2018 **on or before 15th November, 2018:**

-registered persons in the State of Kerala;

-registered persons whose principal place of business is in Kodagu district in the State of Karnataka; and

-registered persons whose principal place of business is in Mahe in the Union territory of Puducherry

DUE DATES EXTENDED FOR SPECIFIED ASSESSEES FOR GSTR-3B FOR THE MONTHS JULY, 2018 AND AUGUST, 2018

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India **Notification No. 34 /2018 – Central Tax dated 10th August,**2018 has directed that the following registered persons shall furnish Form GSTR 3B electronically through the common portal for the months of July 2018 and August 2018 **on or before 5th October 2018 and 10th October 2018 respectively:**

-registered persons in the State of Kerala;

-registered persons whose principal place of business is in Kodagu district in the State of Karnataka; and

-registered persons whose principal place of business is in Mahe in the Union territory of Puducherry

CLARIFICATION REGARDING APPLICABILITY OF GST ON THE PETROLEUM GASES RETAINED FOR THE MANUFACTURE OF PETROCHEMICAL AND CHEMICAL PRODUCTS

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India **Circular No.53/27/2018-GST dated 9th August,** 2018 has clarified with respect to applicability of GST on petroleum gases, which are supplied by oil refineries on a continuous basis through dedicated pipelines, while a portion of the raw material is retained by these manufacturers (recipient of supply), and the remaining quantity is returned to the oil refineries.

The GST Council in its 28th meeting held on 21.7.2018 recommended that in such transactions, GST will be payable by the refinery on the value of net quantity of petroleum gases retained for the manufacture of petrochemical and chemical products.

Hence, it is clarified that, in the above cases,

- GST will be payable by the refinery only on the net quantity of petroleum gases retained by the recipient manufacturer for the manufacture of petrochemical and chemical products.
- The refinery would be liable to pay GST on such returned quantity of petroleum gases, when the same is supplied by it to any other person.
- This clarification would be applicable mutatis mutandis on other cases involving supply of goods, where feed stock is retained by the recipient and remaining residual material is returned back to the supplier. The net billing is done on the amount retained by the recipient.
- This clarification is issued in the context of the Goods and Service Tax (GST) law only and past issues, if any, will be dealt in accordance with the law prevailing at the material time.

NOTIFICATIONS/CIRCULARS

ADDITIONS IN THE LIST OF JUDGMENTS WHICH CAN BE CONTESTED ON MERITS NOTWITHSTANDING THE MONETARY LIMITS SPECIFIED IN CIRCULAR NO. 3 OF 2018 DATED 11.07.2018

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **F No 279/Misc. 142/2007-ITJ (Pt) dated 20.08.2018** has made the additions in the list of judgments which can be contested on merits notwithstanding the monetary limits specified in circular no. 3 of 2018 dated 11.07.2018:

- Where addition relates to undisclosed foreign income/ undisclosed foreign assets (including financial assets)/ undisclosed foreign bank account.

- Where addition is based on information received from external sources in the nature of law enforcement agencies such as CBI/ED/ DRI/ SFIO/ Directorate General of GST Intelligence (DGGI).

- Cases where prosecution has been filed by the Department and is pending in the Court."

CONDUCT OF ASSESSMENT PROCEEDINGS THROUGH 'E-PROCEEDING' FACILITY DURING 2018-19

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Instruction No. 3/2018 dated 20.08.2018** has directed that in all cases (subject to certain exceptions, as mentioned in the instruction) where assessment is required to be framed u/s 143(3) during the year 2018-19, assessment proceedings shall be conducted electronically through "E-Proceeding" facility. Personal hearing can be made in certain specified situations, the details of which have to be uploaded on ITBA subsequently.

In cases where "E-Proceeding" is not mandatory, the AO shall still generate departmental communications through ITBA and shall use the existing mode of communication only if it is not possible to serve the communication electronically in the "E-filing" account of the assessee.

EXTENSION OF DATE OF FILING INCOME TAX RETURN IN CASE OF ASSESSEES IN KERALA STATE TO 15.09.2018

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India F. No. 225/242/2018/ITA.ll **dated 28.08.2018** has issued order under Section 119 of the Income-tax Act, 1961 that in case of assessees in the State of Kerala, who are liable to file their Income-tax returns by 31st August, 2018, the due date specified under clause (c) of Explanation 2 to section 139(1) for furnishing return of income has been extended from 31st August, 2018 to 15th September, 2018.

CUSTOMS

NOTIFICATIONS/CIRCULARS

CHANGE IN TV OF EDIBLE OIL, BRASS, POPPY SEED, ARECA NUT, GOLD AND SLIVER

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 76/2018-CUSTOMS (N.T.) dated 31th August, 2018** hereby makes amendments in the **Notification No. 36/2001-Customs (N.T.), dated 3rd August, 2001**, regarding Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver.

For further information kindly refer the above mentioned notification.

PILOT IMPLEMENTATION OF PAPERLESS PROCESSING UNDER SWIFT-UPLOADING OF SUPPORTING DOCUMENTS (ESANCHIT) IN EXPORTS

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Circular No. 29/2018-Customs dated 30.08.2018 has** proposed to introduce a facility to upload digitally signed supporting documents on a pilot basis at Air Cargo complex, New Delhi and Chennai Customs House.

- The pilot will cover all types of exports under ICES.
- On successfull completion of the pilot, the facility will be extended to all ICES locations.
- The members of the trade may voluntarily use this facility to upload the supporting documents concerning Shipping Bills that may be filed on or after 01.09.2018. A review will be carried out after 15 days after which it will be introduced as a mandatory requirement.
- The procedure for eSANCHIT on the export side is similar to the one prescribed for eSANCHIT in imports vide Circular No. 40/2017 dated 13.10.2017.
- The objective of this is to reduce physical interface between Customs/regulatory agencies & the trade and to increase the speed of clearance in Exports.

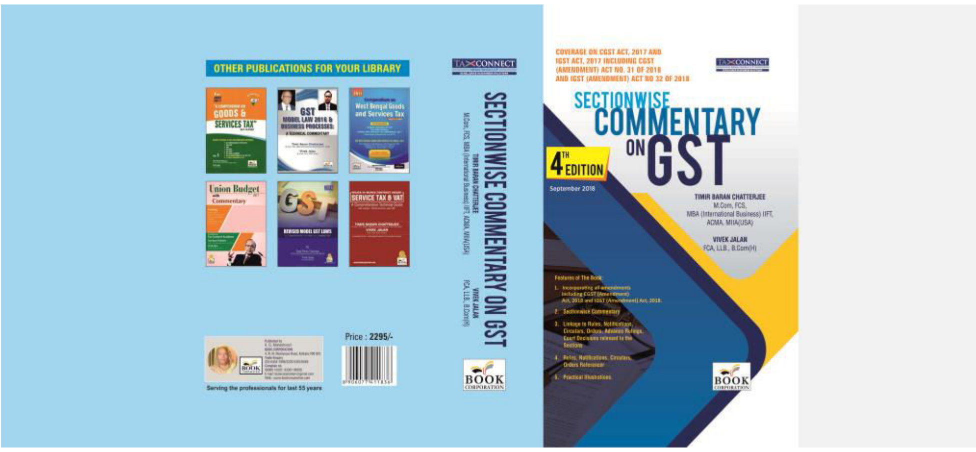
CLARIFICATION REGARDING BANK GUARANTEE REQUIREMENT FOR BOND EXECUTED BY EOUS

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Circular No. 27/2018-Customs dated 14.08.2018 has** reiterated that waiver of bank guarantee/ surety to EOUs would continue to be governed by various circular issued from time to time by CBIC with regard to B-17 bonds executed by EOUs and will not be guided by the Circular no. 48/2017-Customs dated 08.12.2017 which governs the general importers and not the EOUs.

IN STANDS

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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