193rd Issue: 14th Oct 2018 - 20th Oct 2018

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Bangalore :New No 27/1, Old No 384 – 57th Cross Rajajinagar, 3rd Block, Bashyam Circle, Bangalore - 560010

Contact: +919331042424; +919831594980; +913340016761
Website : www.taxconnect.co.in
Email : tb.chatterjee@taxconnect.co.in;vivek.jalan@taxconnect.co.in; anindita.chatterjee@taxconnect.co.in

EDITORIAL

Friends,

As per Federation of Indian Export Organisations (FIEO), despite three fortnights organised by the government to clear the GST refunds of exporters, ITC refund worth Rs 15,000 crore and Rs 8,000 crore of IGST refunds are stuck with the government.

The government has been requested to organise another GST refund clearance fortnight.

Further, the refund process has improved in the last six months, but the actual refund can be claimed only after manufacturing of goods and exports with a lead time of about 3-9 months depending on the production cycle.

Also, ITC refund is partly electronic and partly manual which adds to the transaction time and cost.

Hence, it is suggested to develop a complete electronic data interchange for processing the ITC refund as done for IGST refund to avoid human intervention in the process.

In Income tax, the due date for filing of IT return and Audit reports for Assessment Year 2018-2019 has been further extended from 15th October, 2018 to 31st October, 2018.

In Customs, it has been decided that exporters shall not be allowed to avail IGST refund after initially claiming the benefit of higher drawback.

The relevant notifications and circulars have been discussed further in the bulletin.

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

Timir Baran Chatterjee
M.Com, FCS, MBA (International Business)-IIFT, ACMA

Vivek Jalan
FCA, LL.B, B. Com (H)

Anindita Chatterjee
CS, BA L.LB(BANGALORE)

SYNOPSIS

TAX CALENDAR

Due date	COMPLIANCES FROM 14th OCTOBER, 2018 to 20th OCTOBER, 2018	Description
15th October 2018	Form 24G	Due date for furnishing details by an office of the Government where TDS for the month of September, 2018 has been paid without the production of a challan
15th October 2018	Form No. 16B	Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of August, 2018
15th October 2018	Form 16C	TDS Certificate for tax deducted under section 194-IB in the month of August, 2018
15th October 2018	Form 15CC	Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) for quarter ending September, 2018
15th October 2018	Form 27EQ	Quarterly statement of TCS deposited for the quarter ending September 30, 2018
15th October 2018	Form 15G/15H	Upload declarations received from recipients in during the quarter ending September, 2018
18th October 2018	GSTR 4	Details of Inward and Outward Supply by Composition Scheme Dealer for the quarter ending September 30, 2018
20th October 2018	GSTR 3B	Summary of Outward Supplies, ITC claimed & net tax payable for the month of September 2018
20th October 2018	GSTR 5	Summary of Outward Taxable Supplies and tax payable by non-resident taxable person for the month of September 2018
20th October 2018	GSTR 5A	Summary of Outward Taxable Supplies and tax payable by OIDAR for the month of September 2018

ARTICLE

SIX KEY REASONS FOR INR'S DEPRECIATION AGAINST USD

-By Timir Baran Chatterjee

1.Crude oil boiling

A steep rise has been observed in the crude oil prices from late-June 2017 till date and it is keep on increasing and it is hovering in the range of $ 85/barrel. .Since mid-February 2018, crude oil prices have mostly risen with Brent crude oil topping a level of $80 per barrel in May and now $85/barrel.

The hike in Crude price has impacted heavily in the Country's Trade Deficit and Current Account. India's Foreign Exchange Reserve which was around $ 228 billion in April'18 is now reduced to $ 200 billion.

Crude Price during 2018 is as under:

Jan 2018	66.23	8.24 %
Feb 2018	63.46	-4.18 %
Mar 2018	64.17	1.12 %
Apr 2018	68.79	7.20 %
May 2018	73.43	6.75 %
Jun 2018	71.98	-1.97 %
Jul 2018	72.67	0.96 %
Aug 2018	71.08	-2.19 %
Sep 2018	75.36	6.02 %

2.Crude oil import bill to rise?

The United States has told all countries including which includes India, to restrict crude oil imports from Iran by 4 November. According to a PTI report, the countries carrying out any transaction with Tehran (capital of Iran) beyond the said timeline are likely to face sanctions as would be "zero" waivers to any country. Iran is a major exporter of crude oil to India after Saudi Arabia and Iraq. According to a Bloomberg report, Iran's oil exports to India surpassed that of Saudi Arabia's and the country emerged as the second-biggest oil supplier to India in the month of May. India's crude oil imports from Iran surged 35% in May to 7.71 lakh barrels a day, Apart from the above India gets 2 months credit facility in respect of import of crude from Iran.

India, which imports over 80% of its oil, is attracted to Iran's crude largely due to geographic proximity that can save on shipping costs, as well as the favourable financial terms offered by Iran, including the longest credit period among all of India's suppliers, a Bloomberg report said. Iran has supplied about 18.4 million tonnes of crude oil from April 2017 to January 2018.

3.Trade war between US and China

For more than three months now, US and China have been involved in heated up trade war as these countries are imposing import tariffs on goods from either of these countries. Both the nations have triggered a trade war situation which is not adaptable for countries like India. Initially, US President Donald Trump imposed tariffs on a number of Chinese goods worth billions following which, in a retaliatory manner, China too imposed tariffs on American products and raised duties on several goods.
Trade war is leading the markets into period of risk off where prices of all assets are moving lower. US Dollar and Japanese Yen are emerging as beneficiary from trade war. Indian Rupee is already under pressure from high crude oil prices and ongoing trade war could spark another bout of capital outflows,

4.Fiscal deficit blues

On the back of ballooning crude oil prices, crude oil imports from Iran and renewed trade war tensions, it is felt that these all may hurt India's fiscal deficit over the upcoming quarters as India is a net importer of crude oil and also heavily dependent on it. Weakness in Indian Rupee is expected to persist as it will be difficult to fund the widening current account deficit given the increased return in form of higher US Dollar rates offered by other emerging market debtors.

5.High Current Account Deficit and Trade Deficit

Trade Deficit

India's trade deficit widened sharply to USD 17.39 billion in August of 2018 from USD 12.72 billion in the same month a year earlier. It compares with market expectations of a US 17.25 billion gap. Imports surged 25.4 percent tDo USD 45.24 billion, with purchases rising mainly for gold (92.6 percent); **petroleum, crude and products (51.6 percent);** machinery (46.2 percent); coal, coke and briquettes (44.4 percent); and electronic goods (22.5 percent). Exports jumped 19.2 percent to USD 27.84 billion, boosted by sales of chemicals (39.9 percent); petroleum products (31.8 percent); gems and jewellery (24 percent); engineering goods (21.2 percent); and drugs and pharmaceuticals (18.2 percent). **Considering April to August, the trade deficit widened to USD 80.35 billion from USD 67.27 billion in the same period of the previous fiscal year. High Trade deficit causes high Current Account Deficit.**

Current Account Deficit

India's current account deficit widened slightly to USD 15.8 billion or 2.4 percent of the GDP in the second quarter of 2018 from USD 14.9 billion a year earlier (2.5 percent of the GDP). The goods deficit went up to USD 45.7 billion from USD 41.9 billion. On the other hand, the services surplus went up to USD 18.7 billion from USD 18.3 billion, the secondary income surplus increased to USD 17.1 billion from USD 14.5 billion and the primary income gap was steady at USD 5.8 billion.

Deficit in current account creates a huge perception issue in the minds of the Foreign

Institutions Investors and also India’s sovereign rating.

6.FPI outflows

FPIs (Foreign Portfolio Investors) have emerged as net sellers in the first two months of FY19 and have already sold-off around Rs 14,000 crore worth of equity and debt securities in this month so far. “So far foreign investors have pulled out over Rs 14,500 crore from Indian capital market this month. Adding pressure to Indian Rupee is strong month-end dollar demand from importers and banks. Recent stock market crash is mostly because of FII sells and outflows. Stock market crash mostly due to following reasons:

(a) High Crude Price
(b) High Trade and Current account deficit
(c) Due to (a) and (b) Huge cash outflow from Equity and Bond Market. Money outflow from Bond Market is approx Rs 44000 crores

Summary

Indian Rupee is under sever stress due to cumulative impact of all the six factors as stated above.

GST: CGST/IGST/SGST/UTGST

NOTIFICATIONS/CIRCULARS

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

<u>OUR COMMENTS:</u>The Department of Revenue, Ministry of Finance, Government of India vide **NOTIFICATION No. 53/2018 – Central Tax dated 9th Oct 2018** has further amended CGST Rules, 2017, which may be called the Central Goods and Services Tax (Eleventh Amendment) Rules, 2018 and shall be effective from the 23rd October, 2017.

The amendment is with respect to Rule 96 - Refund of integrated tax paid on goods or services exported out of India.

Please refer the notification for details.

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

<u>OUR COMMENTS:</u>The Department of Revenue, Ministry of Finance, Government of India vide **NOTIFICATION No. 54/2018 – Central Tax dated 9th Oct 2018** has further amended CGST Rules, 2017, which may be called the Central Goods and Services Tax (Twelfth Amendment) Rules, 2018.

The amendment is with respect to:

Rule 96 - Refund of integrated tax paid on goods or services exported out of India and

Rule 89 - Application for refund of tax, interest, penalty, fees or any other amount

Please refer the notification for details.

NOTIFICATION OF THE CONSTITUTION OF THE AUTHORITY FOR ADVANCE RULING IN THE UNION TERRITORIES

<u>OUR COMMENTS:</u>The Department of Revenue, Ministry of Finance, Government of India vide **NOTIFICATION No. 14/2018-Union territory Tax** dated **8th Oct 2018** has notified the Constitution of the Authority for Advance Ruling in the Union territories.

Please refer the notification for details.

NOTIFICATION OF THE CONSTITUTION OF THE APELLATE AUTHORITY FOR ADVANCE RULING IN THE UNION TERRITORIES

<u>OUR COMMENTS:</u> The Department of Revenue, Ministry of Finance, Government of India vide **NOTIFICATION No. 15/2018-Union territory Tax** dated **8th Oct 2018** has notified the Constitution of the Appellate Authority for Advance Ruling in the Union territories.

Please refer the notification for details.

INCOME TAX

NOTIFICATIONS/CIRCULARS

DUE DATE FOR FILING OF IT RETURN AND AUDIT REPORT EXTENDED FROM 15.10.2018 TO 31.10.2018

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **F. No. 225/358/2018/ITA.II dated 08.10.2018** has partially modified of its order dated 24.09.2018 and has further extended the due date for filing of IT return and Audit reports for Assessment Year 2018-2019 from 15th October, 2018 to 31st October, 2018.

However, assessees shall be liable for interest as per provisions of section 234A of the Act, as specified in earlier order dated 24.09.2018.

VARIOUS BOARDS AND COMISSIONS SPECIFIED U/S 10(46)

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide the following notifications have specified various Boards and Commissions for the purpose of section 10(46) subject to specified conditions:

No. 61/2018 - Dated: 08-10-2018

Hyderabad Metropolitan Water Supply and Sewerage Board", Hyderabad, a board constituted by Government of Andhra Pradesh

No. 62/2018 - Dated: 08-10-2018

Karnataka State Unorganised Workers Social Security Board', Bengaluru, a board constituted by the Government of Karnataka

No. 63/2018 - Dated: 08-10-2018

Kerala State Electricity Regulatory Commission', Thiruvananthapuram, a commission established by the Government of Kerala

No. 64/2018 - Dated: 08-10-2018

Madhya Pradesh Electricity Regulatory Commission', Bhopal, a Commission constituted by the State Government of Madhya Pradesh

No. 65/2018 - Dated: 08-10-2018

'Real Estate Regulatory Authority, Punjab', an authority constituted by the Government of Punjab

No. 66/2018 - Dated: 08-10-2018

Uttaranchal Board of Technical Education, a board constituted by the State Act Uttaranchal Board of Technical Education Act, 2003

Please refer the above notifications for details.

TENURE OF SPECIFIEED PERSONS AS CHAIRMAN AND MEMBERS OF THE NATIONAL COMMITTEE FOR PROMOTION OF SOCIAL AND ECONOMIC WELFARE FOR A FURTHER PERIOD OF SIX MONTHS

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **NOTIFICATION No. 2/2018 dated 05.10.2018** has extended the tenure of specified persons as Chairman and members of the National Committee for Promotion of Social and Economic Welfare for a further period of six months w.e.f. 1st October, 2018.

Please refer the notification for details.

CUSTOMS

NOTIFICATIONS/CIRCULARS

EXPORTERS SHALL NOT BE ALLOWED TO AVAIL IGST REFUND AFTER INITIALLY CLAIMING THE BENEFIT OF HIGHER DRAWBACK

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India vide **Circular No. 37/2018-Customs dated 09.10.2018** has decided **that it would not be justified allowing exporters to avail IGST refund after initially claiming the benefit of higher drawback.**

In response to the representations received from exporters regarding cases where IGST refunds have not been granted because higher rate of drawback has been claimed or where higher rate and lower rate were identical, the issue has been examined extensively in this Ministry as under:

Notes and condition (11) of Notf.No.131/2016-Cus(NT) dated 31.10.2016 (as amended by Notf. No. 59/2017-Cus(NT) dated 29.6.2017), where all Industry Rates of Drawback had been notified and which were applicable for availing composite rates during period in question (i.e. 1.7.2017 to 30.9.2017), prescribed that

'The rates and caps of drawback specified in columns (4) and (5) of the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is -

(d) exported claiming refund of the integrated goods and services tax paid on such exports '.

Notes and Condition (12A) of Notfn.No.131/2016-Cus(NT) dated 31.10.2016 (as amended by Notfn.No.59/2017-Cus(NT) dated 29.6.2017 and 73/2017-Cus(NT) dated 26.7.2017) prescribed that

'The rates and caps of drawback specified in columns (4) and (5) of the said Schedule shall be applicable to export of a commodity or product if the exporter satisfies the following conditions, namely :-

(ii) If the goods are exported on payment of integrated goods and services tax, the exporter shall declare that no refund of integrated goods and services tax paid on export product shall be claimed;……;

As pe R**ules 12 and 13 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995,** the shipping bill itself is treated as claim for drawback in terms of the declarations made on the shipping bill.

The declarations required as per above are made electronically in the EDI System. When composite drawback rate was claimed (by declaring suffix A or C with Drawback serial number), exporter was required to tick DBK002 and DBK003 declarations in the shipping bills.

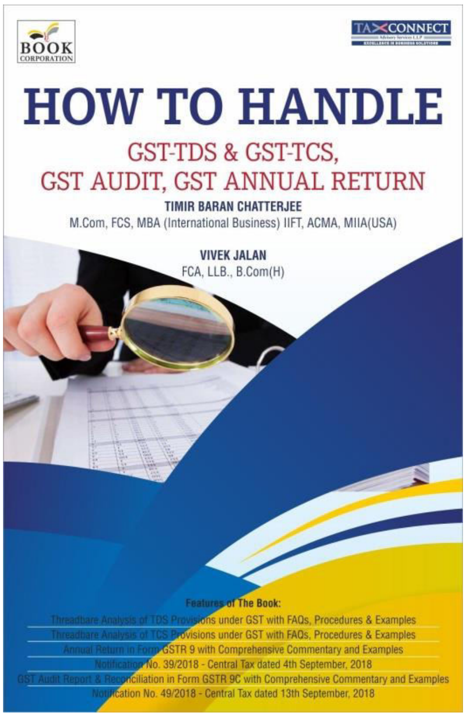
For period 1.7.2017 to 26.7.2017, a manual declaration was also required to be given as the changes made on 26.7.2017 were made applicable for exports made from 1.7.2017 onwards.

By declaring drawback serial number suffixed with A or C and by making above stated declarations, the exporters consciously relinquished their IGST/ITC claims.

Hence, exporters had availed the option to take drawback at higher rate in place of IGST refund out of their own volition. **So, it has been decided that it would not be justified allowing exporters to avail IGST refund after initially claiming the benefit of higher drawback. There is no justification for re-opening the issue at this stage.**

STOP PRESS

HOW TO HANDLE GST-TDS & GST-TCS, GST AUDIT, GST ANNUAL RETURN



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

1. Threadbare Analysis of TDS Provisions under GST with FAQs, Procedures & Examples
2. Threadbare Analysis of TCS Provisions under GST with FAQs, Procedures & Examples
3. Annual Return in Form GSTR 9 with Comprehensive Commentary and Examples
4. Notification No. 39/2018 – Central Tax dated 4th September, 2018
5. GST Audit Report & reconciliation in Form GSTR 9C with Comprehensive Commentary and Examples
6. Notification No. 49/2018 – Central Tax dated 13th September, 2018

Authors:

Timir Baran Chatterjee

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

Vivek Jalan
FCA, LL.B., B.Com (Hons.)

Published by:

BOOK CORPORATION
4, R. N. Mukherjee Road
Kolkata 700001
Phones: (033) 64547999
Cell : 9830010297, 9331018333
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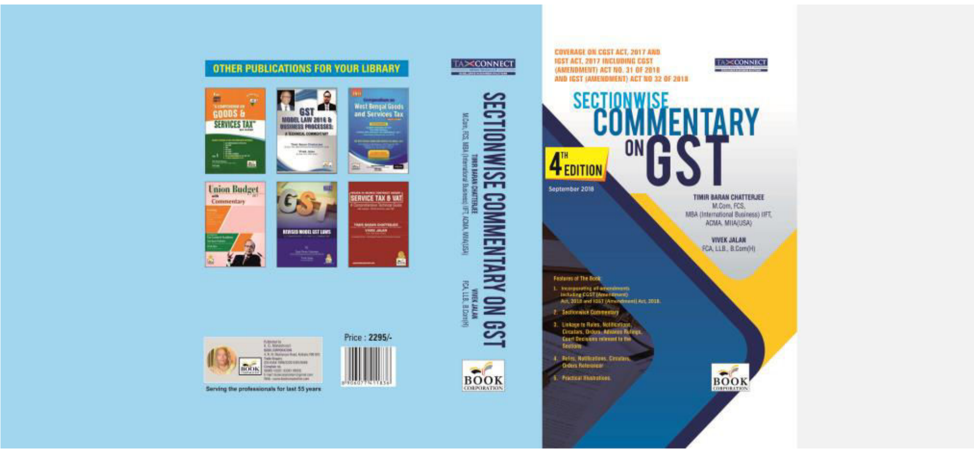
IN STANDS

SECTION WISE COMMENTARY ON GST UPDATED TILL DATE



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

Authors:

Timir Baran Chatterjee

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

Vivek Jalan
FCA, LL.B., B.Com (Hons.)

Published by:

BOOK CORPORATION
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