# TAX CONNECT

**Knowledge Partner:**

**The Bengal Chamber of Commerce & Industry**

INCOME TAX


CUSTOMS


## TAX CONNECT

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# EDITORIAL

**Friends,**

**GST Council held its 32nd meeting on 10th January 2019 at Delhi, chaired by the Finance Miniter Shri Arun Jaitley.**

The following are some of the key decisions taken by the committee:

- The **basic exemption limit for suppliers of goods will be doubled** from Rs 20 lakhs to Rs 40 lakhs. However, this limit remains Rs 20 lakhs for suppliers of services.
- For the **special category States, the limit for registration is doubled** from Rs 10 lakhs to Rs 20 lakhs for supply of goods and such States have been given an option to either choose Rs 40 lakhs or Rs 20 lakhs threshold limit in a week's time.
- Suppliers of services rendering either independent services or providing a mixed supply of goods & services with a turnover of up to Rs 50 lakhs p.a in the preceding financial year, can join the **New Composition scheme**. The Tax rate is fixed at 6% (3% CGST +3% SGST).
- Increase in the limit to opt into **existing Composition scheme** will be increased up to Rs 1.5 crore effective from 1st April 2019.
- **Tax to be paid Quarterly and GST Returns to be filed annually.**
- Further reductions in the GST rates would be considered only when revenues move up.
- No GST rate cut on sale of under construction flats. Instead, a 7 member group of ministers is formed to study the implications of reducing the rates from 12% to 5% on supply of such under construction properties.
- No GST rate cuts on the Private lottery distributions. A Group of ministers will be formed with representatives from developing and selling states.
- The last date for passing the examination for GST Practitioners to be extended till 31.12.2019 for those GST Practitioners who have enrolled under rule 83(1)(b) i.e. who were sales tax practitioner or tax return preparer under the existing law for a period of not less than five years

Just to reiterate that we remain available over telecom or e-mail.

**Truly Yours**

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# SYNOPSIS

# TAX CALENDAR

| Due date | Form | Description |
|---|---|---|
| 13th January 2019 | GSTR-6 | Return for the month of December, 2018 applicable for input service distributors (ISD) |
| 14th January 2019 | Form 16B | Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of November, 2018 |
| 14th January 2019 | Form 16C | Due date for issue of TDS Certificate for tax deducted under section 194-IB in the month of November, 2018 |
| 15th January 2019 | Form 24G | Due date for furnishing of Form 24G by an office of the Government where TDS for the month of December, 2018 has been paid without the production of a challan. |
| 15th January 2019 | Form 27EQ | Quarterly statement of TCS deposited for the quarter ending December 31, 2018 |
| 15th January 2019 | Form 15CC | Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) In Form No. 15CC for quarter ending December, 2018 |
| 15th January 2019 | Form 15G/15H | Due date for furnishing of Form 15G/15H declarations received during the quarter ending December, 2018 |
| 15th January 2019 | PF PAYMENT | PF payment for the month of December, 2018 |
| 18th January 2019 | GSTR-4 | Summary Return of outward and inward supplies by Composition Scheme Dealer for the 3rd quarter, 2018-19. |

NOTIFICATIONS/CIRCULARS

## CLARIFICATION ON GST ON SERVICES OF BUSINESS FACILITATOR (BF) OR A BUSINESS CORRESPONDENT (BC) TO BANKING COMPANY

<u>**OUR COMMENTS**</u>: The Dept. of Revenue, Ministry of Finance, Government of India vide **Circular No. 86/05/2019- GST dated 01.01.2019** has clarified on the following issues:

(i) **What is the value to be adopted for the purpose of computing GST on services provided by BF/BC to a banking company?**

**Clarification:** As per RBI's **Circular No. DBOD.No.BL.BC. 58/22.01.001/2005-2006 dated 25.01.2006 and subsequent guidelines**, banks may pay reasonable commission/fee to the BC, the rate and quantum of which may be reviewed periodically. The agreement of banks with the BC specifically prohibits them from directly charging any fee to the customers for the services. On the other hand, banks (and not BCs) are permitted to collect reasonable service charges from the customers for such service in a transparent manner. The arrangements of banks with the BCs specify that the transactions are reflected in the bank's books by end of the day or the next working day, and all agreements/ contracts with the customer shall clearly specify that the bank is responsible to the customer for acts of omission and commission of the Business Facilitator/Correspondent.

Hence, banking company is the service provider in the two models as per RBI guidelines. **The banking company is liable to pay GST on the entire value of service charge or fee charged to customers whether or not received via business facilitator or the business correspondent.**

**(ii) What is the scope of services provided by BF/BC to a banking company with respect to accounts in its rural area branch that are eligible for existing GST exemption?**

**Clarification:** This clarification has been requested as the exemption from tax on services provided by BF/BC is dependent on the meaning of the expression "accounts in its rural area branch".

It is clarified that for the purpose of availing exemption from GST under Sl. No. 39 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, the conditions that the services provided by a BF/BC to a banking company in their respective individual capacities should fall under the Heading 9971 and that such services should be with respect to accounts in a branch located in the rural area of the banking company shall be satisfied.

The procedure for classification of branch of a bank as located in rural area and the services which can be provided by BF/BC, is governed by the RBI guidelines. Therefore, classification adopted by the bank in terms of RBI guidelines in this regard should be accepted.

# INCOME TAX

## NOTIFICATIONS/CIRCULARS

### PROCEDURE, FORMATS AND STANDARDS OF ISSUE OF PAN

**OUR COMMENTS**: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 07/2018 - Income Tax dated 27.12.2018** has laid down the procedure, formats and standards for issue of permanent account number. Please refer the notification for details.

### PROCEDURE, FORMAT AND STANDARDS FOR THE PURPOSE OF ELECTRONIC FILING OF FORM NO. 13 AND GENERATION OF CERTIFICATE UNDER SECTION 197(1) /SECTION 206C(9) THROUGH TRACES

**OUR COMMENTS**: The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 08/2018 - Income Tax dated 31.12.2018** has laid down the procedure, format and standards for filing an application for grant of certificate for deduction of Income-tax at any lower rate or no deduction of Income-tax under sub-section (1) of Section 197/collection of the tax at any lower rate under sub-section (9) of Section 206C of the Income-tax Act, 1961 through TRACES. Please refer the notification for details.

### INCOME-TAX DEDUCTION FROM SALARIES DURING THE FINANCIAL YEAR 2018-19 U/S 192

**OUR COMMENTS**: The Dept. of Revenue, Ministry of Finance, Government of India vide **Circular No : 01/2019 dated 01.01.2019** has provided the rates of deduction of income-tax from the payment of income chargeable under the head "Salaries" during the financial year 2018-19 and explains certain related provisions of the Act and Income-tax Rules, 1962.

| | Slab | Normal rate | Resident individual of 60-80 yrs | Resident individual of 80 yrs or more |
|---|---|---|---|---|
| 1. | Income </= Rs.2,50,000 | **Nil** | **Nil upto Rs. 3,00,000** | **Nil upto Rs. 5,00,000** |
| **2.** | Income Rs. 2,50,001 to Rs. 5,00,000 | 5% | 5% of the amount by which the total income exceeds Rs. 3,00,000 | |
| **3.** | Income Rs. 5,00,001 to Rs. 10,00,000 | Rs.12,500 + 20 % of the amount by which the total income exceeds Rs. 5,00,000 | Rs.10,000 + 20 % of the amount by which the total income exceeds Rs. 5,00,000 | 20 % of the amount by which the total income exceeds Rs. 5,00,000 |
| **4.** | Income > Rs. 10,00,000 | Rs.1,12,500 + 30% of the amount by which the total income exceeds Rs. 10,00,000 | Rs.1,10,00 + 30% of the amount by which the total income exceeds Rs. 10,00,000 | Rs.1,00,000 + 30 % of the amount by which the total income exceeds Rs. 10,00,000 |

# 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. 02/2019-Customs (N.T.) dated 03.01.2019 & in supersession of Notification No. 99/2018-Customs (N.T.) dated 20.12.2018** 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. **04.01.2019** 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 | 50.05 | 47.80 |
| 2. | Bahrain Dinar | 192.85 | 180.85 |
| 3. | Canadian Dollar | 52.60 | 50.65 |
| 4. | Chinese Yuan | 10.40 | 10.10 |
| 5. | Danish Kroner | 10.90 | 10.50 |
| 6. | EURO | 81.55 | 78.60 |
| 7. | Hong Kong Dollar | 9.15 | 8.80 |
| 8. | Kuwait Dinar | 239.75 | 224.45 |
| 9. | New Zealand Dollar | 47.90 | 45.75 |
| 10. | Norwegian Kroner | 8.20 | 7.90 |
| 11. | Pound Sterling | 89.95 | 86.75 |
| 12. | Qatari Riyal | 19.95 | 18.70 |
| 13. | South Arabian Riyal | 19.40 | 18.15 |
| 14. | Singapore Dollar | 52.50 | 50.60 |
| 15. | South African Rand | 5.00 | 4.70 |
| 16. | Swedish Kroner | 7.95 | 7.65 |
| 17. | Swiss Franc | 72.70 | 69.90 |
| 18. | Turkish Lira | 13.35 | 12.55 |
| 19. | UAE Dirham | 19.80 | 18.55 |
| 20. | US Dollar | 71.25 | 69.55 |

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 | 66.90 | 64.45 |
| 2. | Korean Won | 6.45 | 6.05 |

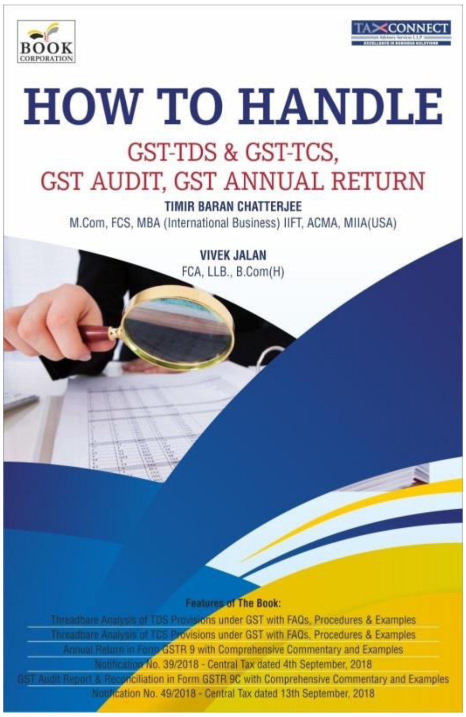
### EXEMPTION TO TEMPORARY IMPORTATION OF PRIVATE ROAD VEHICLES FROM IGST AND COMPENSATION CESS

**OUR COMMENTS:** The Dept. of Revenue, Ministry of Finance, Government of India vide **Notification No. 86/2018-CUSTOMS (N.T.) dated 31.12.2018** hereby provides exemption to temporary importation of private road vehicles from IGST and compensation cess.

Please refer the notification for details.

# 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**

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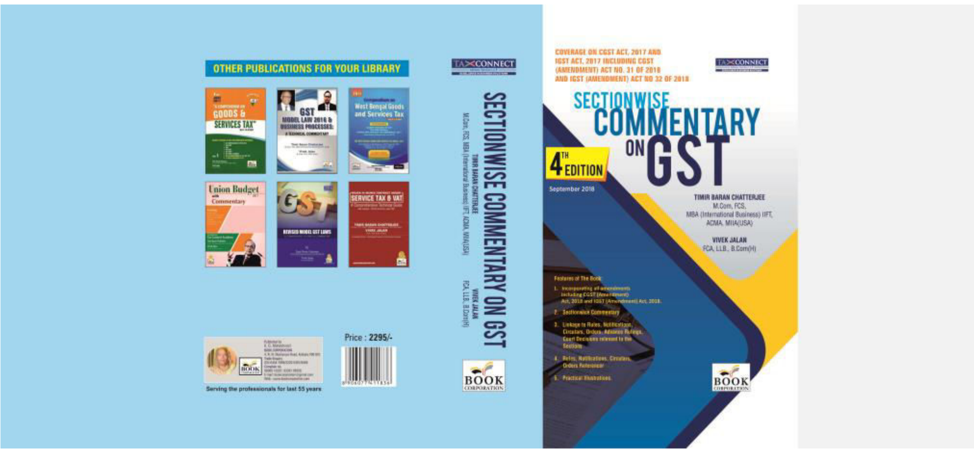
# IN STANDS

**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**

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