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EDITORIAL

Friends,

The 35th GST Council Meeting was held yesterday under the chairmanship of **Union Finance & Corporate Affairs Minister Nirmala Sitharaman**. The GST Council recommended the following changes related to law and procedure:

- New return system to be introduced in a phased manner (Detailed discussion in GST Section).
- Due Date of furnishing FORM GSTR-9, FORM GSTR-9A and reconciliation statement in FORM GSTR-9C, returns/reconciliation statements to be extended till 31.08.2019.
- Due date to furnish the declaration in FORM GST ITC-04, relating to job work, for the period July, 2017 to June, 2019 to be extended till 31.08.2019.
- Rule 138E of the CGST rules, that blocks e-way bills on non-filing of returns for two consecutive tax periods, shall be effective from 21.08.2019, instead of the earlier notified date of 21.06.2019.
- Due date for filing of intimation, in FORM GST CMP-02, for availing the option of payment of tax under notification No. 2/2019-Central Tax (Rate) dated 07.03.2019, extended from 30.04.2019 to 31.07.2019.
- The Council recommended that the issue related to GST concessions on electric vehicle, charger and hiring of electric vehicle shall be examined in detail by the Fitment Committee.
- Issue related to valuation of goods and services in a solar power generating system and wind turbine shall be placed before next Fitment Committee.
- Proposal for GST on lottery to be vetted by attorney general.
- The tenure of National Anti-Profiteering Authority has been extended by 2 years.
- For B2B transactions E invoicing system to be introduced in a phase-wise manner by GST Council for which Phase 1 is proposed to be voluntary and shall be rolled-out from January 2020.

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	Form	Description
29th June, 2019	Form 3CEK	Due date for e-filing of a statement by an eligible investment fund under section 9A in respect of its activities in financial year 2018-19.

INCOME TAX

CIRCULAR/ PRESS RELEASE

CLARIFICATION REGARDING NON AVAILABILITY OF SET OFF OF LOSSES AGAINST DEEMED INCOME UNDER SECTION 115BBE OF THE INCOME TAX ACT, 1961PRIOR TO THE ASSESSMENT YEAR 2017-18

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India **vide Circular No. 11/2019 dated 19.06.2019** has issued a clarification with respect to deduction of any expenditure or allowance or set off of any loss in computing the income under section 115BBE of the act when the total income includes any income referred in sections 68/69/69A/69B/69C/69D of the act.

Prior to Assessment Year 2017-18, some of the Assessing officers have allowed set off of losses against the additions made under section 68/69A/69B/69C/69D, in some cases, set off of losses against the additions made under Section 115BBE(1) of the Act have not been allowed.

The Circular No. 3/2017 dated 20.01.2017 contains Explanatory notes to the provisions of the Finance Act, 2016, regarding amendment made in section 115BBE(2) of the Act mentions that currently there is uncertainty on the issue of set-off of losses against income referred to in section 115BBE. It also further mentions that the pre-amended provision of section 115BBE of the Act did not convey the intention that losses shall not be allowed to be set-off against income referred to in section 115BBE of the Act and hence, the amendment was made vide the Finance Act, 2016.

Thus to remove this conflictions in views the Dept. clarified that since the term 'or set off of any loss' was specifically inserted only vide the Finance Act 2016, w.e.f. 01.04.2017, an assessee is entitled to claim set-off of loss against income determined under section 115BBE of the Act till the assessment year 2016-17.

CONSIDERATION OF SOME ISSUES IN ORDER TO IMPROVE QUALITY OF ASSESSMENT OF FIRMS

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India **vide Circular No. 12/2019 dated 19.06.2019** has recommended certain issues to be considered while making assessments in case of firms by the Assessing Officers as suggested by the C&AG after completion of its Performance Audit regarding 'Assessment of Firms' under the Income Tax Act, 1961 ('Act') in its Report No.7 of 2014 in order to effectively handle these cases.

EXTENSION OF DUE DATE FOR FILING OF TDS STATEMENT IN FORM 24Q

OUR COMMENTS: In order to redress the hardship of the deductors on account of revision of its format and consequent updating of the File Validation Utility for its online filing vide Notification No. 36/2019 dated 12.04.2019, the Central Board Of Direct Taxes (CBDT) vide press release dated 4.06.2019 has ordered the following:

- Extended the due date of filing of TDS statement in form 24Q for financial year 2018-19 from 31.05.2019 to 30.06.2019 and
- Extended the due date for issue of TDS certificate in form 16 for financial year 2018-19 from 15.06.2019 to 1.07.2019.

GST: CGST/IGST/SGST/UTGST

PRESS RELEASE

NEW GST RETURN AS RECOMMENDED IN THE 31ST GST COUNCIL MEETING : TRANSITION PLAN AS PER PRESS RELEASE DATED 11TH JUNE 2019

OUR COMMENTS: In order to ease the transition to the new return system which was recommended by the GST Council in its 31st meeting, a transition plan has been made.

- In May 2019 a prototype of the offline tool has already been shared on the common portal which has 3 main components :
  - Form GST RET-1 (Main Return)
  - Form GST ANX-1
  - Form GST ANX-2
- From July 2019 the users would be able to :
  - Upload invoices using the offline tool of Form GST ANX-1 on trial basis.
  - View and download invoices of inward supply using the offline tool of Form GST ANX- 2 on trial basis. The summary of the same would also be available to view online.
  - The reconciliation facility will also be available by downloading the purchase register in offline tool and comparing it with the downloaded invoices of inward supply in August, 2019.
- This new return system would be available for trial during the period July'19 to September'19 and this would have no impact on the tax liability or input tax credit. The existing return system should be complied with by filling GSTR-1 monthly/ quarterly and GSTR- 3B monthly.
- Large taxpayers (having aggregate annual turnover of previous year more than Rs 5 crores) shall compulsorily file form GST ANX- 1 monthly in place of GSTR- 1 from October'19 on a continuous basis.
- Small Taxpayers (having aggregate annual turnover upto Rs 5 crores) shall compulsorily file form GST ANX- 1 quarterly from period October'19 to December'19 due to be filled in January'2020 on a continuous basis.
- Form GST ANX- 2 may be viewed during this period.
- Large taxpayers would continue to file GSTR- 3B for the period October'19 to November'19 and would file form GST RET- 01 for December'19 by 20th January'2020 in place of GSTR- 3B.
- Small taxpayer would file form GST RET- 01 for the period October'19 to December'19 from 20th January' 2020 in place of GSTR- 3B.
- All taxpayer shall file form GST RET- 01 from January' 2020 in place of GSTR- 3B.
- For filing and processing the refund application for the period October'19 to December'19 a separate instructions shall be issued.

FEMA

NOTIFICATIONS/ CIRCULARS

EXIM BANK'S GOVERNMENT OF INDIA SUPPORTED LINE OF CREDIT OF TO THE GOVERNMENT OF THE REPUBLIC OF GHANA AND THE GOVERNMENT OF THE REPUBLIC OF MOZAMBIQUE VIDE RBI/2018-19/212 DATED 13.06.2019 AND RBI/2018-19/213 DATED 13.06.2019 RESPECTIVELY

<u>OUR COMMENTS:</u> The EXIM Bank of India entered into two agreements with the Government of the Republic of Ghana dated 5th April, 2019 and the Government of the Republic of Mozambique dated 31st December, 2018 which shall be effective from 3rd June, 2019.

As per the agreement the financing of export of eligible goods and services from India, would be allowed they are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank.

The supplier should supply at least 75% of the contract price from India and the balance 25% may be supplied by the seller from outside India.

Further, no commission is payable to the agency under the agreement. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange and Authorized Dealer Category- I banks may allow such remittance after realization of full eligible value of export subject to compliance with the extant instructions for payment of agency commission. The terms of the agreement is as under:-

Country	Purpose	Amount of LoC (USD)
The Republic Of Ghana	Strengthening of Agriculture Mechanization Services Centres	150 Million
The Republic Of Mozambique	Procurement of railway rolling stock including locomotives, coaches and wagons	95 Million

CUSTOMS

NOTIFICATIONS/CIRCULARS

APPLICABILITY OF ADDITIONAL CUSTOMS DUTY ON GOODS RE-IMPORTED UNDER CUSTOMS NOTIFICATION NO. 94/96-CUSTOMS DATED 16.12.1996 EXPORTED EARLIER FOR EXHIBITION PURPOSE/ CONSIGNMENT BASIS

OUR COMMENTS: The Central Board of Indirect Taxes & Customs have made the recommendations vide **circular no. 17/2019-Customs dated 19.06.2019** for clarifying the issue of availability of exemption from the additional duty of customs leviable **under Section 3 of Customs Tariff Act, 1975 under notification no. 94/96-Customs dated 16.12.1996** on the reimport of jewellery which had been earlier exported either for participation in exhibition or on consignment basis.

IGST REFUNDS- MECHANISM TO VERIFY THE IGST PAYMENTS FOR GOODS EXPORTED OUT OF INDIA IN CERTAIN CASES

OUR COMMENTS: The procedure for claiming IGST refunds is fully automated as provided under **Instruction 15/2017-Cus dated 09.10.2017**. It has come to the notice of the Board that instances of availment of IGST refund using fraudulent ITC claims by some exporters have been observed by various authorities. Exporters have availed ITC on the basis of ineligible documents or fraudulently and utilized that credit for payment of IGST on goods exported out of India. It has also been observed in several cases that there is huge variation between the FOB value declared in the Shipping Bill and the Taxable value declared in GST Return apparently to effect higher IGST pay out leading to encashment of credit.

In view of above, the Central Board of Indirect Taxes & Customs vide **circular no. 16/2019-Customs dated 17.06.2019** decided to verify the IGST payments through the respective GST field formations and modified the procedure specified in the instruction 15/2017-Cus dated 09.10.2017.

FORWARDING OF SAMPLES FOR TESTING TO THE OUTSIDE LABORATORIES

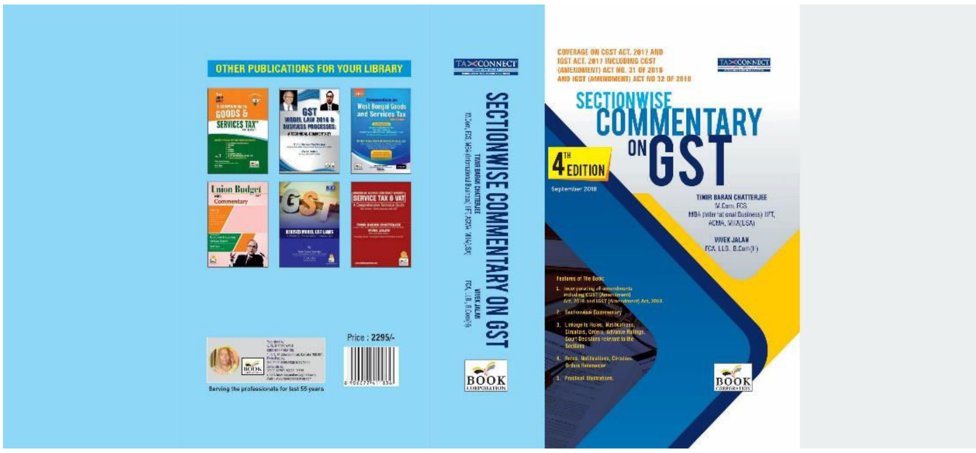
OUR COMMENTS: The Central Board of Indirect Taxes & Customs vide **circular no. 15/2019-Customs dated 7.06.2019** clarified that the Revenue Laboratories have now acquired testing facilities for some of the samples listed in the Annexure of the **circular no. 43/2017-Customs dated 16.11.2017** following the up-gradation and induction of more sophisticated equipment. These items are listed in Annexure I annexed with this Circular along with the items provided in Annexure II of this Circular.

SIMPLIFIED AUTO- REGISTRATION OF BENEFICIARIES (IEC HOLDERS) ON ICEGATE FOR eSANCHIT AND OTHER BENEFITS

OUR COMMENTS: The Central Board of Indirect Taxes & Customs vide **circular no. 14/2019-Customs dated 3.06.2019** has clarified the introduction of simplified auto registration for IEC holders based on email ids already provided by them for registration under GST thereby removing the requirement of the digital signatures except in case the IEC holders intends to file any declarations (BE, SB, eSeal manifest etc.) with customs. Detailed advisory for the same has also been placed on the ICEGATE web portal. Further, the communication of the IRNs pertaining to LPCOs uploaded by PGAs will also be made to the beneficiaries through the email ids used for ICEGATE registration.

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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