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The Bengal Chamber of Commerce & Industry

INCOME TAX

CUSTOMS

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EDITORIAL

Friends,

The Dept. of Revenue, Ministry of Finance, Government of India **vide F. No. 225/157/2019/ITA.ll dated 23.07.2019** has extended the due date of filling the Income Tax Returns for the Assessment Year 2019-20 up to 31.08.2019 for all the taxpayers who are required to file the Income Tax Returns within 31.07.2019 due to various reasons one of which includes the extension of the due date for issue of Form 16 for the Assessment year 2019-20.

In case of incorrect reports in social media pertaining to difficulty in filing of Income Tax Returns, the Central Board of Direct Taxes has made clarifications on 16.07.2019 that no changes have been made in any of the Income-tax Return (ITR) forms except for the software utility update which is a dynamic process and is continuously taken up as per the feedback received from the users/filers to ease their experience in electronic filing of returns.

In Income Tax ITR-2 & ITR-5 utilities are modified to fix bugs identified while filling Schedule FA in ITR-2 (Java utility), Partners information is ITR-5 (Java utility) and Part A-General answer to Investment Fund query in ITR-5 (Excel utility). These bug fixes has no impact on XML schema which remains same and for those taxpayers where these schedules are not relevant. For those taxpayers who are entering data in these schedules, it is requested that they may download the latest version and regenerate the return XML by importing the already generated XML in Java Utility or import from previous version in case of excel utility.

According to the Minister of State for Finance Anurag Thakur, **the GST Council will consider reducing tax on electric vehicles**, which are seen as more environment-friendly, and the matter is pending before the Lok Sabha.

The Banning of Unregulated Deposit Scheme Bill, 2019 has been passed by the Lok Sabha on 24.07.2019.

As per the Global Innovation Index- 2019 launched by Union Minister of Commerce & Industry and Railways, Piyush Goyal India has improved up to around five places from 57th rank last year to 52nd rank in 2019.

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
30th July, 2019	Form 27D	Quarterly TCS certificate in respect of tax collected by any person for the quarter ending June 30, 2019
31st July, 2019	ITNS-280	Deposit of Income Tax - Self-assessment tax for the F.Y 2018-19
31st July, 2019	Form 24Q	Quarterly Statement of deduction of tax at source (TDS) on salary u/s 192 for the quarter ending June, 2019
31st July, 2019	Form 27Q	Quarterly Statement of deduction of tax at source (TDS) in respect of the deductee who is a non-resident not being a company or a foreign company or resident but not ordinarily resident for the quarter ending June, 2019
31st July, 2019	Form 26Q	Quarterly Statement of deduction of tax at source (TDS) in respect of all other deductee for the quarter ending June, 2019

INCOME TAX

NOTIFICATION/ CASE LAW

M/S NATIONAL CENTRE FOR CELL SCIENCE OF PUNE APPROVED AS THE SCIENTIFIC RESEARCH ASSOCIATION

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India **vide Notification No. 53/2019 dated 16.07.2019** has approved M/s National Centre for Cell Science of Pune as the Scientific Research Association from the Assessment Year 2019-20 onwards subject to certain terms and conditions.

AMENDMENT TO THE AGREEMENT BETWEEN THE GOVERNMENT OF INDIA AND THE GOVERNMENT OF OF CHINA FOR DTA AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES

OUR COMMENTS: The Dept. of Revenue, Ministry of Finance, Government of India **vide Notification No. 54/2019 dated 17.07.2019** has amended the agreement between the Government of the Republic of India and the Government of the People's Republic of China to avoid double taxation and to prevent fiscal evasion of taxes on income with effect from 5/07/2019. Further, it is requested to refer to the said notification for the detailed amendments.

M/S. THE JAYANAGAR CO-OPERATIVE SOCIETY LTD. VERSUS THE INCOME TAX OFFICER, WARD – 7 [2] [1] , BANGALORE

BRIEF: Whether the income earned from investments made in Banks to maintain the SLR is available for deduction under section 80P(2)(a)(i).

OUR COMMENTS: In the given case, the assessee claimed the benefit of deduction u/s 80P(2)(a)(i) on interest income earned and u/s 80P(2)(d) in respect of interest received from Co-operative institutions which the AO assessed under the head "Income from Other Sources" and not income from business. On appealing, the Hon'ble Supreme Court in [2010 (2) TMI 3 - SUPREME COURT] has held that the benefit of deduction u/s 80P(2)(a)(i) is only on income which is assessable under the head "Income from Business". Interest earned on investment of surplus funds not immediately required in short term deposits and securities by a Co-operative Society providing credit facilities to members or marketing agricultural produce to members is not business income but income from other sources and the society is not entitled to special deduction.

Therefore whether the source of funds were Assessee's own funds or out of liability was not subject matter of the decision of the Hon'ble Karnataka High Court in the decision cited by the learned DR.

To this extent the decision of the Hon'ble Karnataka High Court in the case of Tumukur Merchants Souharda Co-operative Ltd. ([2015 (2) TMI 995 - KARNATAKA HIGH COURT] still holds good. Hence, on this aspect, the issue should be restored back to the AO for a fresh decision after examining the facts in the light of these judgment of the Hon'ble Apex Court rendered in the case of The Totgars Co-operative Sale Society Ltd.(supra) and of Hon'ble Karnataka high Court rendered in the case of Tumukur Merchants Souharda Co-operative Ltd.(supra) - appeal allowed for statistical purposes.

GST: CGST/IGST/SGST/UTGST

NOTIFICATION/ CIRCULAR

SEEKS TO CARRY OUT CHANGES IN THE CGST RULES, 2017

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Notification No. 33/2019- Central Tax dated 18.07.2019** has introduced Central Goods and Services Tax (Fifth Amendment) Rules, 2019 thereby making amendments to the Central Goods and Services Tax Rules, 2017. Further, it is requested to refer to the said notification for the detailed amendments.

SEEKS TO EXTEND THE LAST DATE FOR FURNISHING FORM GST CMP-08

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Notification No. 34/2019- Central Tax dated 18.07.2019** has extended the due date to file form GST CMP 08 for the quarter April,2019 to June,2019 up to the date of 31st July, 2019.

CLARIFICATION ON DOUBTS RELATED TO SUPPLY OF INFORMATION TECHNOLOGY ENABLED SERVICES (ITES SERVICES)

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Circular No. 107/26/2019- GST dated 18.07.2019** has made clarifications regarding the issues related to supply of Information Technology enabled Services viz. call center, business process outsourcing services, etc. and “Intermediaries” to overseas entities under GST law and whether they qualify to be “export of services” or otherwise.

CLARIFICATION IN RESPECT OF GOODS SENT/TAKEN OUT OF INDIA FOR EXHIBITION OR ON CONSIGNMENT BASIS FOR EXPORT PROMOTION

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Circular No. 108/27/2019- GST dated 18.07.2019** has made clarifications regarding the issues related to procedure to be followed in respect of goods sent / taken out of India for exhibition or on consignment basis for export promotion. Such goods sent / taken out of India gets converted into exports, wholly or partly, only after a gap of certain period from the date they were physically sent/ taken out of India.

CORRIGENDUM ISSUED TO CIRCULAR NO. 45/19/2018-GST DATED 30TH MAY, 2018

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide F. No. CBEC/20/16/4/2018-GST dated 18.07.2019** has issued corrigendum in respect of the Circular No. 45/19/2018 dated 30.05.2018.

CLARIFICATIONS ON ISSUES RELATED TO GST ON MONTHLY SUBSCRIPTION/CONTRIBUTION CHARGED BY A RESIDENTIAL WELFARE ASSOCIATION FROM ITS MEMBERS

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Circular No. 109/28/2019-GST dated 22.07.2019** has made clarifications related to the issues regarding the GST payable on the amount charged by a Residential Welfare Association for providing services and goods for the common use of its members in a housing society or a residential complex.

FEMA

NOTIFICATION/ CIRCULAR

FOREIGN EXCHANGE MANAGEMENT (DEPOSIT)(AMENDMENT) REGULATIONS, 2019

OUR COMMENTS: The Reserve Bank of India **vide Notification No. FEMA 5 (R) 2 /2019-RB dated 16.07.2019** made certain amendments in the Foreign Management (Deposit) Regulations, 2016 thereby deleting regulation 6(3).

EXIM BANK'S GOVERNMENT OF INDIA SUPPORTED LINE OF CREDIT OF USD 10 MILLION (AS FIRST TRANCHE OUT OF USD 50 MILLION) TO THE GOVERNMENT OF REPUBLIC OF SEYCHELLES

OUR COMMENTS: The EXIM Bank of India entered into an agreement with the Government of Republic of Seychelles dated 25th June, 2018 which shall be effective from 24th June, 2019 and for which the terminal utilization period is 48 months after the scheduled completion date of the project and 72 months from execution of the LoC Agreement in case of supply contracts.

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 are as under: -

- **Purpose of the agreement-** For financing procurement of goods and projects as per specified needs of Republic of Seychelles.

- **Amount of LoC (USD)-** Supported Line of Credit (LoC) of USD 10 million as the first tranche out of the USD 50 million.

CUSTOMS

NOTIFICATION/ CIRCULAR

NOTIFICATION ON EXCHANGE RATE OF FOREIGN CURRENCIES

OUR COMMENTS: The Central Board of Indirect taxes and Customs **vide Notification No. 52/2019- Customs (N.T.) dated 18.07.2019** notified the rate of exchange of conversion of each of the foreign currencies.

EXTENSION OF LEVIATION OF ANTI-DUMPING DUTY ON IMPORTS OF "PURIFIED TEREPHTHALIC ACID" FROM KOREA RP AND THAILAND

OUR COMMENTS: The Central Board of Indirect taxes and Customs **vide Notification No. 28/2019- Customs (ADD) dated 24.07.2019** extended the leviation of anti-dumping duty on imports of Purified Terephthalic Acid from Korea RP and Thailand for a period of 5 years.

CLARIFICATIONS REGARDING REFUNDS OF IGST PAID ON IMPORT IN CASE OF RISKY EXPORTERS

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Circular No. 22/2019 dated 24.07.2019** has made clarifications related to issues of repeated opening of export containers for 100% examination related to risky exporters, under the new procedure laid down in Circular 16/2019-Customs dated 17.06.2019. Exporters have taken the plea that their cargo is getting delayed and they have to incur additional costs for carrying out re-packing.

CLARIFICATION REGARDING APPLICABILITY OF NOTIFICATION NO. 45/2017-CUSTOMS DATED 30.06.2017 ON GOODS WHICH WERE EXPORTED EARLIER FOR EXHIBITION PURPOSE/CONSIGNMENT BASIS

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Circular No. 21/2019 dated 24.07.2019** has made clarifications related to issues regarding applicability of Notification No. 45/2017-Customs on the re-import of goods which had been earlier exported either for participation in exhibition or on consignment basis.

EXPORT OF BOULDER STONE

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Instruction No. 11/2019 dated 22.07.2019** has made instructions against the complaint received from the state government of Meghalaya that illegally obtained boulder stones are being transported through Land Customs Stations in this Commissionerate and that the data regarding such goods exported through our LCSs cannot be reconciled with data held by them as both sets of data do not usually tally. The instruction received is that exports of boulder stones through any LCS in this Commissionerate, the officers should ensure that a copy of Transit Pass/Challan issued by the relevant State Government department (from the State of origin of the goods or state through which the goods are being exported) is submitted by the exporter prior to its export containing his sign and seal to prevent its misuse.

CUSTOMS

IMPLEMENTATION OF PGA ESANCHLT - PAPERLESS PROCESSING UNDER SWIFT - UPLOADING OF LICENCES/PERMITS/CERTIFICATES/OTHER AUTHORIZATIONS (LPCOS) BY PGAs

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Public Notice No. 25/2019 dated 19.07.2019** brought 16 new Participating Government Agencies (PGAs) on-board e-Sanchit platform who are required to upload the Licences/Permits/Certificates/Other Authorizations (LPCOs) issued by them during the last 15 days from 1.08.2019 and issued on a prior date in order to enable the beneficiaries i.e. importers/exporters/customs brokers to utilize the same since now they would not be allowed to upload the previously issued LPCOs. (Please refer to **Circular No. 19/2019 dated 16.07.2019**).

EXEMPTION FROM CHARGES FOR LATE FILING OF BILL OF ENTRY

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Public Notice No. 11/2019 dated 19.07.2019** decided to suspend the late filing charges due to the problem arising in uploading the Bills of Entry on the e-Sanchit portal within the time specified under section 46 of the Customs Act, 1962. (Please refer to **Public Notice No. 65/2019 dated 18.07.2019** and **Public Notice No. 60/2019 dated 16.07.2019**).

GUIDELINES FOR DISPOSAL OF MURIATE OF POTASH (MOP) SEIZED/CONFISCATED BY CUSTOMS

OUR COMMENTS: The Department of Fertilizers (DOF) and the Department of Agriculture Cooperation & Farmers Welfare (DAC) **vide F. No. 711/12/2011-Commr. (Inv.-Cus.) dated 19.07.2019** has issued guidelines for disposal of Muriate of Potash (MoP).

RECTIFICATION OF INVOICE MIS-MATCH, GSTIN MIS-MATCH, EGM/STUFFING ERRORS, MIS-MATCH IN SHIPPING BILL DETAILS AND FILING OF CLAIM FOR IGST REFUND

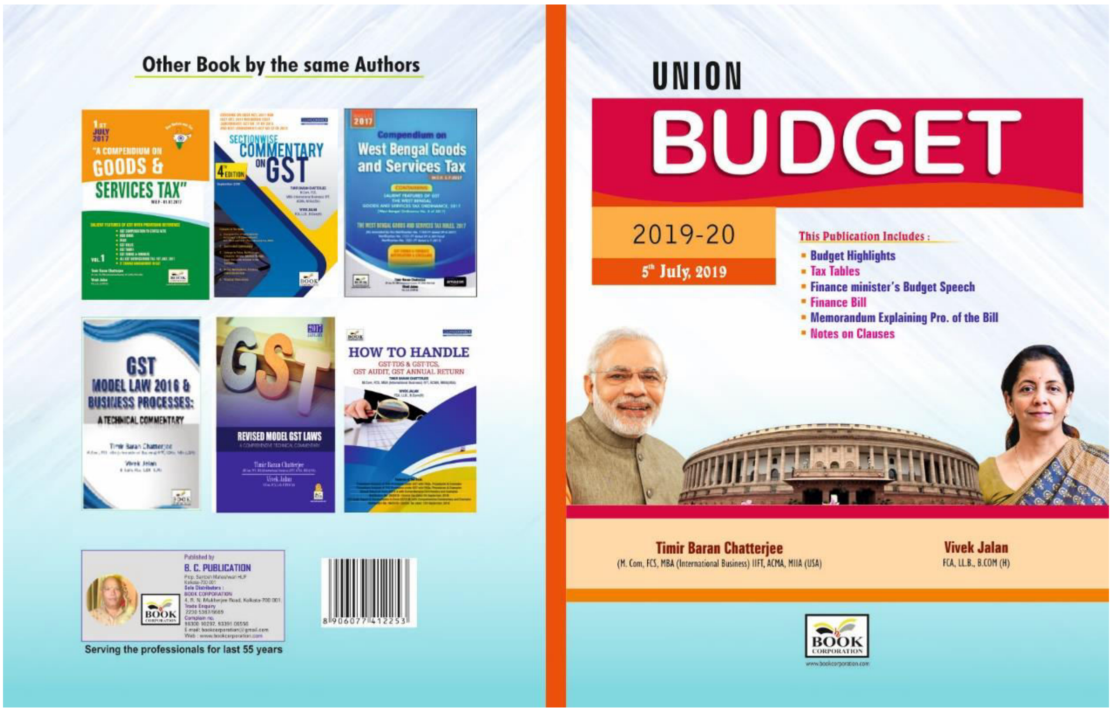
OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Public Notice No. 62/2019 dated 16.07.2019** requested the exporters to advise their respective Shipping Lines to file the EGM correctly before the departure of the Ship because the Shipping Bill generated in the IGST Temporary Scroll will not be migrated to final Scroll, unless, the Shipping Bill figures in the final Scroll of IGST, the Exporters will not be able to get IGST Refund credited to their Bank Accounts if there are errors in the EGM details.

PROCEDURE IN RESPECT OF 24X7 DIRECT PORT DELIVERY (DPD)/DIRECT PORT ENTRY (DPE) BY RAIL MOVEMENTS BETWEEN NSD & BALMER LAWRIE CFS

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Public Notice No. 61/2019 dated 16.07.2019** made amendments to the Public Notice No. 4/2019 dated 4.01.2019.

IN STANDS

UNION BUDGET 2019-20



ABOUT THE BOOK: This publication includes:

1. **Budget Highlights**
2. **Tax tables**
3. **Finance Minister's Budget Speech**
4. **Finance Bill**
5. **Memorandum Explaining Pro. Of the Bill**
6. **Notes on Clauses**

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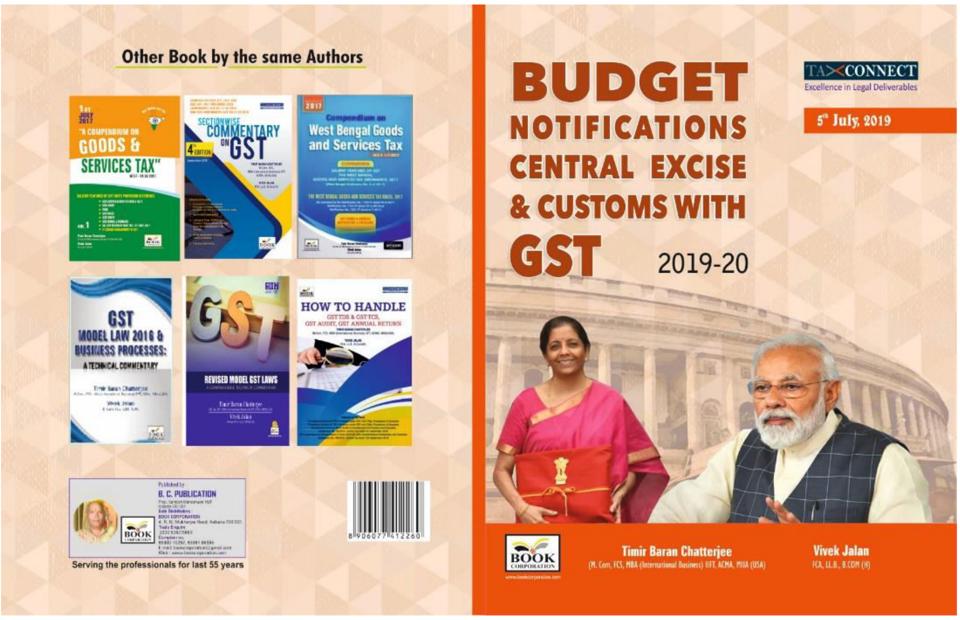
IN STANDS

BUDGET NOTIFICATIONS CENTRAL EXCISE & CUSTOMS WITH GST 2019-20



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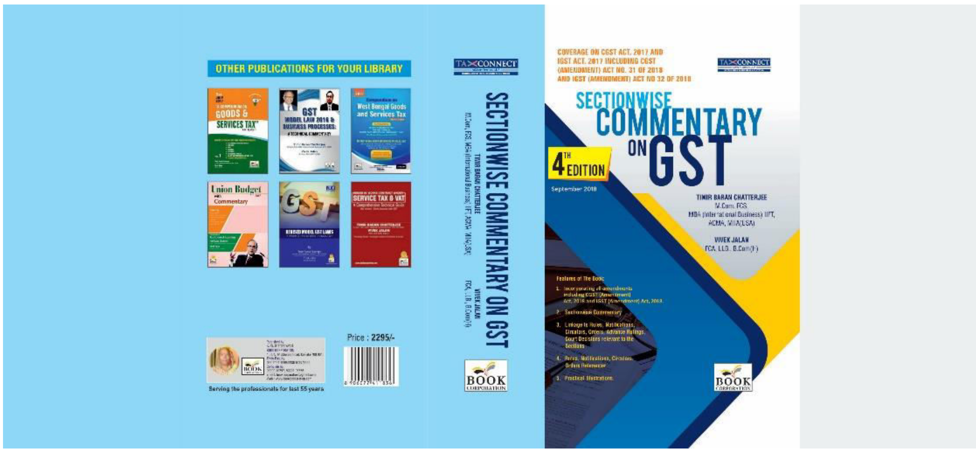
IN STANDS

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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