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EFFECT OF CORONAVIRUS

EFFECT ON ECONOMY

The significant impact of coronavirus will have impact on economy demand and output. There will be shortage of supply and mass buying in the month of April/May due to the coronavirus outbreak. Virtual lockdown and closure of offices across states will have impact on tax collections in March and April even as taxpayers demand extension of date of filing of returns from March 20 to some other date. Businesses across the board would operate at minimal level. Primarily, sectors such as travel, hotel and food will see a sharp fall in the business. **Panic buying, lockdowns** may drive world food inflation. World has ample grain, oilseed supplies - FAO, analysts. Panic buying by big importers may boost grain, oilseed prices. Drop in oil prices expected to hurt crude exporting nations. Millers uncertain about demand as consumption at restaurants drops.

HISTORY OF CORONAVIRUS

Coronavirus is a RNA Virus. It can be transmitted from one person to another. In December 2019, Wuhan city of China, 15 -16 cases of Pneumonia were identified to suffer from as they were related to Sea Food Market. Now it has become Pandemic, 11 March 2020 WHO Declared it as PANDEMIC and the entire world is concerned about COVID-19 Infection. It has infected various countries across the world specially China and Italy.

SYMPTOMS OF CORONAVIRUS

- It spreads by droplets – By cough, spitting, sneezing, close contact, touching etc.
- Pre-symptomatic stage people may transmit the virus unlike many viral diseases.
- Incubation period is 2 – 14 days Median 5 days.
- Common Cold or Flu Like symptoms.
- Mostly the disease is not fatal. However the mortality is about 2-3%.

PREVENTIVE MEASURES FROM CORONAVIRUS

- Isolation Home Isolation, or Hospital Isolation.
- Mask to be worn by patients and carriers not by everybody and Health care delivery workers.
- Mask is effective along with frequent hand washing with alcohol based sanitizer (>60% alcohol). Should be changed after 6 hours, while changing remove from behind.
- Mask N95 Respiratory face mask Because this mask filters very small at least 0.3 micron particles.
- These masks are capable of filtering all types of particles including bacteria and viruses.
- Avoid Gatherings in Public places.
- Hand Wash with Soap, Alcohol based sanitizer.
- Report to any health care centre with early symptom if anyone suspects.
- Eat fresh Fruits and Vegetables.

JANTA CURFEW

ON THRUSDAY AT 8 P.M. THE PRIME MINISTER OF INDIA MR. NARENDRA MODI has imposed Janta curfew on March 22 from 7 AM to 9 PM. With the number of coronavirus cases increasing in India, and Prime Minister Narendra Modi is addressing the nation on the issues related to COVID-19 and the efforts to combat it. Janta Curfew means curfew for the people, by the people and in the interest of the people. All countrymen should follow it for the safety of mankind.

We are circulating as attachment of our knowledge partners detailed document on coronavirus.

EDITORIAL

Friends,

The Income Tax Department has expressed shock over the Tamil Nadu State Marketing Corporation(TASMAC) having accepted demonetized currency notes worth ₹ 57.29 Crores from customers who purchased liquor at its shops between the Demonetization period. After assessment was done, the department found that it had collected ₹ 3490.21 crores and deposited the cash collections into the bank on daily basis during the entire demonetization period. It is unbelievable for the department to think that state government undertaking had exchanged the valuable goods purchased by the company legally, by transferring valid consideration, in exchange for invalid bank notes (illegal tender).

Direct tax collections for the financial year till February 2019 stood at ₹ 8.13 lakh crore, marginally short of ₹ 8.43 lakh crore for the same period last financial year. in order to maximize direct tax collection, the income tax department was taking several steps including monitoring of advance tax payments by top taxpayers, recovery of outstanding demand besides monitoring payment of tax deducted at source (TDS) by top taxpayers.

The Goods and Services Tax (GST) Council in the 39th meeting held on 14.03.2020 has increased GST on mobile phones to 18%. GST Rate on all types of matches (Handmade and other than handmade) has been rationalized to 12%. GST rate on Maintenance, Repair and overhaul (MRO) services in respect of aircraft has been reduced to 5% with full ITC and to change the place of supply for B2B MRO services to the location of the recipient. This would come with effect from 1st April 2020.

The Goods and Services Tax Council has said that interest on delayed payments of GST would be applicable only on the net cash tax liability after deduction of available input tax credits. This change will apply on a retrospective basis with effect from July 1, 2017, the date on which GST law came into force.

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
22nd March, 2020	GSTR-3B	Summary Return of outward and inward supplies for the month of February 2020 for taxpayers having aggregate turnover upto Rs. 5 crore and having principal place of business in the state of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep
24th March, 2020	GSTR-3B	Summary Return of outward and inward supplies for the month of February 2020 for taxpayers having aggregate turnover upto Rs. 5 crore and having principal place of business in the State of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi.

INCOME TAX

NOTIFICATIONS/CASE LAW

NEW RULES INSERTED FOR VIVAD SE VISHWAS

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, ***vide Notification No. 18/2020 - Dated: 18-03-2020 - IT*** has inserted new rules for Direct Tax Vivad se Vishwas Rules, 2020.

[For details please consider the said notification]

ELIGIBILITY OF NON-RESIDENT AS A FOREIGN INVESTORS U/S 115AD

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India, ***vide Notification No. 17/2020 - Dated: 13-03-2020 - IT*** has specified a Non-Resident being an Eligible Foreign investor for the purposes of transactions in securities made on a recognized stock exchange located in any IFSC where the consideration for such transaction is paid or payable in foreign currency.

[For details please consider the said notification]

M/S. CONNECTWELL INDUSTRIES PVT. LTD. VERSUS UNION OF INDIA THROUGH MINISTRY OF FINANCE & OTHERS-2020 [SUPREME COURT]

Brief: Sale of the property was pursuant to the order passed by the DRT with regard to the property over which a charge was already created prior to the issuance of notice under Rule 2 of Schedule II to the Act by Tax Recovery Officer.

OUR COMMENTS: In the present case, appellant filed the Writ Petition in the High Court for enforcing the attachment made under Income Tax Act, 1961 for recovery of the dues against the Tax Recovery Officer. The Supreme Court held that according to Rule 16(2), if an attachment has been made under Schedule II to the Act, any private transfer or delivery of the property shall be void as against all claims enforceable under the attachment. The property in dispute was mortgaged by loan defaulter to the Union Bank of India in 2000 and the DRT passed an order of recovery against the loan defaulter in 2002. The recovery certificate was issued immediately, pursuant to which an attachment order was passed prior to the date on which notice was issued by the Tax Recovery Officer under Rule 2 of Schedule II to the Act. Rule 2 of the Schedule II of the Act states that when a certificate has been drawn up by the Tax Recovery Officer for the recovery of arrears under this Schedule, the Tax Recovery Officer shall cause to be served upon the defaulter a notice requiring the defaulter to pay the amount specified in the certificate within fifteen days from the date of service of the notice and intimating that in default steps would be taken to realize the amount under this Schedule. It is true that the sale was conducted after the issuance of the notice as well as the attachment order passed by Tax Recovery Officer in 2003, but the fact remains that a charge over the property was created much prior to the notice issued by Tax Recovery Officer. The High Court held that Rule 16(2) is applicable to this case on the ground that the actual sale took place after the order of attachment was passed by Tax Recovery Officer. The High Court failed to take into account the fact that the sale of the property was pursuant to the order passed by the DRT with regard to the property over which a charge was already created prior to the issuance of notice. As the charge over the property was created much prior to the issuance of notice under Rule 2 of Schedule II to the Act by Tax Recovery Officer, we find force in the submissions made on behalf of the Appellant. The judgment of the High Court is set aside and the Appeal is allowed. The owner of the property is directed to issue a 'No Objection" certificate to the Appellant. Tax Recovery Officer is restrained from enforcing the attachment order.

[Decided in favour of the appellant]

GST: IGST/CGST/SGST

NOTIFICATION/CIRCULAR/CASE LAW

CENTRAL GOVERNMENT GIVES EXEMPTION TO FOREIGN AIRLINES COMPANIES TO FURNISH RECONCILIATION STATEMENT IN FORM GSTR-9C

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Notification No. 09/2020 dated 16.03.2020** has exempted foreign airlines companies to furnish reconciliation statement in Form GSTR-9C.

[For details please consider the said notification]

CLARIFICATION IN RESPECT OF APPEAL IN REGARD TO NON-CONSTITUTION OF APPELLATE TRIBUNAL

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Circular No. 132/2/2020 dated 18.03.2020** has issued a clarification in respect of appeal in regard to non-constitution of Appellate Tribunal.

[For details please consider the said notification]

M/S MAHAVIR MOTORS, M/S VISHWAKARMA AUTO VERSUS STATE OF HIMACHAL PRADESH AND OTHERS-2020 [HIMACHAL PRADESH HIGH COURT]

Brief: Any credit in FORM TRAN-1 which is admittedly due to the petitioners cannot be denied to them on account of procedural wrangles as well as on account of system failure and glitches in the system without their being any fault on the part of the petitioners.

OUR COMMENTS: In the present case, the petitioners were registered as Dealers of Goods under the Himachal Pradesh Value Added Tax Act, 2005 and also under the Central Sales tax Act, 1956. They had paid excise duty and the National Calamity Contingent Duty (NCCD) to the sellers of goods while effecting purchase of goods. They used to avail Input Tax Credit (ITC) of the Value Added Tax paid on purchases of goods and utilized the same towards payment of VAT payable on sale of goods upto 30.06.2017. The petitioners migrated to GST after the introduction of GST regime. They filed return as prescribed under H.P. Value Added Tax, 2005 and paid the due tax for the period upto June 2017. According to the petitioners, input tax credit was available to them on the stock of goods held by them on June 2017. They accordingly tried to upload their claim of input tax credit on the common portal through Transitional ITC/Stock Statement in Form TRAN-I, but were not successful the reason that on the portal, the due date for filing the Form GST TRAN-01 was reflected as 27.12.2017 instead of 31.12.2017. Petitioners cannot be denied their right to avail the transitional input tax credit of excise duty and NCCD paid by them. Therefore, he has prayed for allowing the petitioners to file the claim in Form GST TRAN-I electronically or to allow them to submit the said Form manually. In reference to case **M/s Jay Bee Industries versus Union of India and others – 2019** of various High Courts held that petitioners were permitted to file Form GST TRAN-I either electronically or manually by a specified date. Relying upon the judgments the High Court held that the present writ petition is disposed of by directing the respondents to allow the petitioner to file Form GST TRAN-I either electronically or manually on or before 31.03.2020. It is clarified that we have not expressed any opinion on the merit of the claim of the petitioners in respect of their entitlement to the claim input tax credit of excise duty and NCCD paid by them. Application shall also stand disposed off.

[Decided in favour of the petitioner]

CIRCULAR/CASE LAW

SETTLEMENT SYSTEM UNDER ASIAN CLEARING UNION (ACU) MECHANISM

OUR COMMENTS: The Reserve Bank of India **vide Circular No. RBI/2019-20/177 dated 17.03.2020** has passed a settlement system under Asian Clearing Union(ACU) Mechanism in which the Board of Directors of ACU have decided to permit Japanese Yen for settling payments among the ACU member countries.

[For details please consider the said circular]

M/S. LORD CHLORO ALKALI VERSUS SPECIAL DIRECTOR ENFORCEMENT DIRECTORATE -2017 [DELHI HIGH COURT]

Brief: Non-submission of relevant proof of import in relation to the remittance of foreign exchange for seven imports made by the appellant company is quashed.

OUR COMMENTS: In the present case, based upon information received from the RBI about non-submission of relevant proof of import in relation to the remittance of foreign exchange for seven imports made by the appellant company, the respondent department issued two letters to the appellant company to explain their position. When no reply was received from the appellant company, a SCN was issued to the appellant company. It was alleged by the respondent department that seven imports were made by the appellant company and foreign exchange was remitted for the said imports. However, the appellant failed to furnish a certificate from the dealer in support of submission of Exchange Control copy of Bill of Entry, thus violating Section 8 (3) and Section 8(4) of the FERA. From the perusal of the SCN, it is clear that the, details furnished by the respondent department in the SCN, were vague and sketchy at best, for the appellant to trace back the contentious transaction of DM16000, which happened eight years back with respect to the time when the first letter was sent to the appellant Company by the respondent Department. The High Court held that as during the course of adjudication proceedings, it was observed that out of the seven contentious remittances, two were repetition. Strong inference can be drawn from there, to show that there was a lot of laxity on part of the respondent department to even ascertain the authenticity of the contentious remittances in relation to which they started the adjudication proceedings. Considerable doubt is casted upon the claims of the respondent with respect to the remittance in question as there can be a likelihood situation that the appellant company never made such a remittance as has been claimed by their learned counsel since the time the appellant company established their first communication with the respondent department, in relation to the allegations against them with respect to the then seven contentious remittances. The contention of the respondent that since the appellant company has been able to justify six remittances, then they should have been able to justify the one in question is superfluous and without merit. It is evident that the respondent department has failed to establish the violation beyond reasonable doubt on the account of the appellant. For the reasons abovementioned, the impugned order is quashed and set aside. The appeal is allowed.

[Decided in favour of the appellant]

CUSTOMS

NOTIFICATION/CASE LAW

AMENDMENT IN FIXATION OF TARIFF VALUE OF EDIBLE OILS, BRASS SCRAP, POPPY SEEDS, ARECA NUT, GOLD AND SILVER

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Notification No. 29/2020-Customs dated 20.03.2020** has amended fixation of tariff value of edible oils, brass scrap, poppy seeds, areca nut, gold and silver.

[For further details please refer the notification]

AMENDMENT IN EXCHANGE RATE OF FOREIGN CURRENCY

OUR COMMENTS: The Central Board of Indirect Taxes and Customs **vide Notification No. 28/2020-Customs dated 20.03.2020** has amended the rate of exchange of foreign currency relating to import and export of goods. It is applicable from 21st March 2020.

[For further details please refer the notification]

SAMIR SAHA VERSUS COMMISSIONER OF CUSTOMS (PREVENTIVE) , SHILLONG-2020 [MEGHALAYA HIGH COURT]

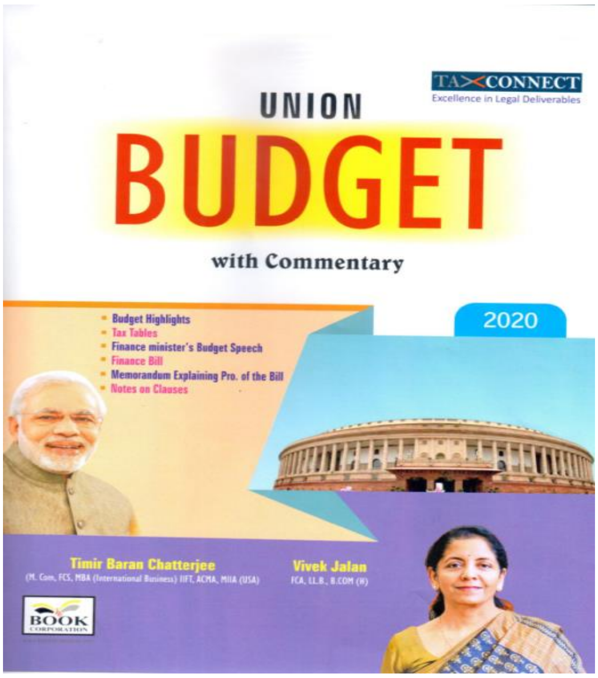
BREIF: Smuggling of Seized goods and confiscation of Indian Currency by the assessing officer was not feasible and against the law.

OUR COMMENTS: In the given case, the appellant filed that the Indian and Bangaladeshi currency was confiscated and goods were seized by the assessing officer for violating Section 121, 111(b) and (d) of the Customs Act, 1962 and levied penalty on the appellant. Based on the facts and circumstances of the case the Supreme Court held that on perusal of sub-section (1), it is explicit that when any goods to which the Section applies are seized under the Act under a reasonable belief that they were smuggled goods, the burden of establishing that they were not smuggled goods, shall lie upon the person from whose possession the goods were seized. Sub-section (2) has applicability insofar as gold and manufactures thereof are concerned and to watches as well. However, the Central Government has been empowered to extend its applicability to any other class of goods by issuance of notification in the Official Gazette in that behalf - The Indian currency seized in the present case falls outside the ambit of Section 123 of the Act not being a notified item. However, by virtue of Section 121 of the Act, it is still liable to be confiscated provided it is as a result of sale proceeds of smuggled goods. In such a situation, the presumption contained in Section 123 of the Act would not be available to the Revenue which can be relied upon. Even though the provisions of the Evidence Act, 1872 (In short, the 1872 Act) are not applicable to proceedings under the Act, yet the broad principles and rule of evidence contained in Section 101 of the 1872 Act regarding 'Burden of proof' would place the initial burden on the Department to establish by producing material evidence that the Indian currency or the asset sought to be confiscated was a result of sale proceeds of smuggled goods. In the present case, the appellant from whose possession cash of ₹ 8,23,100/- was seized had by preponderance of evidence shown that partly the amount was for the purpose of discharging the loan which was taken by him from his father-in-law - In the absence of any material to substantiate the allegation of the Revenue, the Additional Commissioner of Customs (Preventive), the Commissioner (Appeals) and the CESTAT were not justified in upholding the order of confiscation of the amount of ₹ 8,23,100/- and imposition of the penalty in respect thereof. The substantial question of Law is answered in favour of the appellant and against the Revenue relating to seizure of Indian currency of ₹ 8,23,100/- - appeal disposed off.

[Decided in favour of the appellant]

IN STANDS

UNION BUDGET WITH COMMENTARY 2020



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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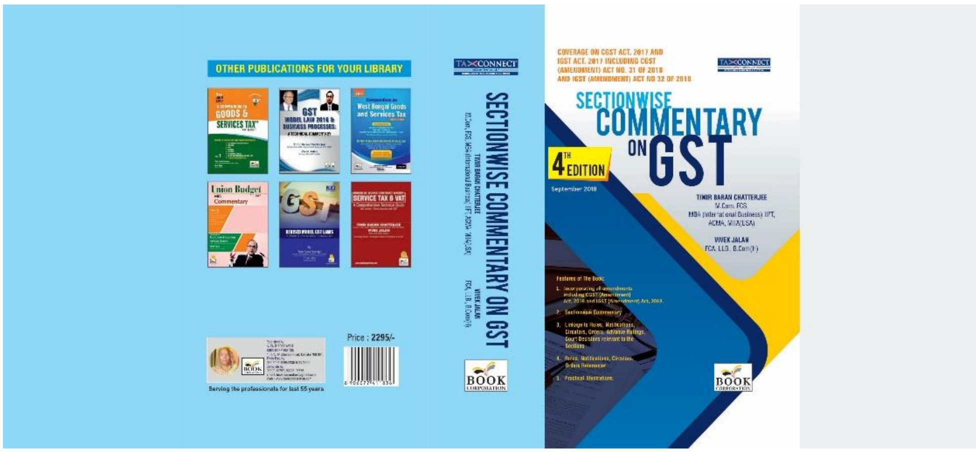
IN STANDS

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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