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EDITORIAL

Friends,

The central government is in favour of merging the goods and services tax (GST) rates of 12% and 18% into a single slab, acceding to a demand first made by some states and endorsed by the Fifteenth Finance Commission (FFC). Apart from special rates of 0.25% and 3% on precious stones and metals, India currently has four primary GST rates of 5%, 12%, 18% and 28%. There is also a cess on luxury and demerit goods such as automobiles, tobacco and aerated drinks.

On 18.02.2021, CBDT informed about The Income Tax Department detected undisclosed income of over Rs 160 crore after it raided an Andhra Pradesh-based company engaged in financing and distribution of films and some other businesses. The searches were conducted on January 28,2021 at 21 locations in Andhra Pradesh and Telangana against the Eluru-based company.

As per Press Release dated 15.02.2021, CGST Delhi officials arrest 4 in 3 different cases of input tax credit fraud of Rs 178 crore. In the ensuing initiative to counter the menace of fake billing operations, the officers of Central Goods and Services Tax (CGST) Commissionerate, Delhi North, on the basis of intelligence developed through extensive data analytics, have unearthed a network of fictitious firms to generate goods-less invoices and pass-on fake Input Tax Credit to multiple beneficiaries. In all, four individuals were arrested in three different cases in terms of Section 69(1) of the CGST Act, 2017 for commission of offences under Section 132 (1) of the CGST Act, 2017. The total Input Tax Credit involved in the three cases is Rs. 178 Crores. Further investigations in all the matters are in progress and the amount of fake credit and total number of companies/persons involved are likely to increase.

India's overall exports (Merchandise and Services combined) in April-January 2020-21* are estimated to be USD 396.60 Billion, exhibiting a negative growth of (-) 10.63 per cent over the same period last year. Overall imports in April-January 2020-21* are estimated to be USD 398.47 Billion, exhibiting a negative growth of (-) 22.80 per cent over the same period last year.

Ease of Doing Business in India

The ease of doing business is an important indicator of the investment friendly business climate in the country. Improvements in the EoDB will enable faster future growth of the state economy. Therefore, the government of India had in May 2020, decided to link grant of additional borrowing permissions to States who undertake the reforms to facilitate ease of doing business. The number of States successfully completing the "Ease of Doing Business" (EoDB) reforms has increased to 15. Three more States namely, Gujarat, Uttar Pradesh and Uttarakhand have reported completion of "Ease of Doing

EDITORIAL

Business" reforms stipulated by the Department of Expenditure.

On receipt of recommendation from the Department for Promotion of Industry and Internal Trade (DPIIT), the Department of Expenditure has granted permission to these three States to raise additional financial resources of ₹ 9,905 crore through Open Market Borrowings.

Earlier, Andhra Pradesh, Assam, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Odisha, Punjab, Rajasthan, Tamil Nadu and Telangana had also reported completion of this reform, which was confirmed by DPIIT.

On completion of reforms facilitating ease of doing business, these 15 States have been granted additional borrowing permission of ₹ 38,088 crore.

Till now, 18 States have carried out at least one of the four stipulated reforms and have been granted reform linked borrowing permissions. Out of these, 13 States have implemented the one nation one ration card system, 15 States have done ease of doing business reforms, 6 States have done local body reforms and 2 States have undertaken power sector reforms. Total reform linked additional borrowing permission issued so far to the States stands at Rs.86,417 Crores.

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/Return /Challan	Reporting Period	Description
21st February 2021	NA	January, 2021	Due Date for payment of Professional Tax
22nd February 2021	GSTR-3B	January, 2021	Due Date for furnishing Summary of Outward and Inward Supplies of the states Chhattisgarh, MP, Gujarat, Daman and Diu, Dadra and Nagar Haveli, Maharashtra, Karnataka, Goa, Lakshadweep, Kerala, TN, Puducherry, Andaman and Nicobar Islands, Telangana and Andhra Pradesh (Turnover upto 5 Crore)
24th February 2021	GSTR-3B	January, 2021	Due Date for furnishing Summary of Outward and Inward Supplies of the states Jammu and Kashmir, Ladakh, Himachal Pradesh, Punjab, Chandigarh, Uttarakhand, Haryana, Delhi, Rajasthan, UP, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand and Odisha (Turnover upto 5 Crore)
25th February 2021	GSTR-3B	Oct 2020 -Dec 2020	Due Date for payment of taxpayers who are covered under QRMP Scheme

NOTIFICATION/CASE LAW

INTRODUCTION OF FACELESS ASSESSMENT (1ST AMENDMENT) SCHEME, 2021

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Direct Taxes **vide Notification No. 06/2021 dated 17.02.2021** has amended Faceless Assessment Scheme, 2019 vide Faceless Assessment (1st Amendment) Scheme, 2021 and specified the procedure for Assessment under Faceless Assessment Scheme, 2019.

[For further details please refer the notification]

THE COMMISSIONER OF INCOME-TAX TDS, THE ASST. COMMISSIONER OF INCOME-TAX TDS, BENGALURU VERSUS THE DIRECTOR OF TECHNICAL EDUCATION TECHNICAL EDUCATION BUILDING-2021 [KARNATAKA HIGH COURT]

Brief: TDS u/s 194C OR 194J - payments made to M/s. Karnataka Board and M/s. Rites Ltd for rendering of services in connection with construction of Engineering and Polytechnic college Buildings in the State of Karnataka - relationship between the assessee and RITES and Karnataka Housing Board was principal and agent or not?

Our Comments: In the present case, Karnataka High Court held that assessee is a wing of Government of Karnataka carrying out the constitutionally mandate function of imparting education to the students in the state of Karnataka. It was further held that appellant controls the technical education being provided in around 195 Engineering Colleges, 291 Polytechnic Colleges, 12 Junior Technical Schools and 76 fine Arts College. It has further been held that the government of Karnataka directed the assessee to appoint a particular agency like M/s Rites Ltd. Or M/s Karnataka Housing Board for every new building. The agency is remunerated by providing a specific percentage usually around 7% to 10% of the project cost for each building in the form of service charges. It has further been held in paragraph 8.10, the Commissioner of Income Tax (Appeals) has gone into details of memorandum of understanding entered into with M/s Rites Ltd. or M/s Karnataka Housing Board and has held that the provisions of Section 194C are not applicable to the facts of the case. The aforesaid finding of fact has been affirmed by the tribunal. In the peculiar facts of this case, we are not inclined to interfere with the concurrent findings of fact, in the absence of any perversity being demonstrated before us. Therefore, the substantial question of law is answered against the revenue and in favour of the assessee.

[Decided in favour of assessee]

GST

CASE LAWS

JSK MARKETING LIMITED VS UNION OF INDIA-2021 [BOMBAY HIGH COURT]

Brief: Petitioner seeking stay on proceedings and consequential penal action, initiated pursuant to issuance of summons issued under the provisions of section 83 of the Finance Act, 1994 read with section 14 of the Central Excise Act read with section 174 of the CGST Act and under the provisions of section 70 of the CGST Act.

OUR COMMENTS: In the present case, Bombay High Court held that u/s 70 of the CGST Act tendering of evidence or production of document is to be done in the same manner as done by a civil court under the provisions of the Civil Procedure Code, 1908. The summons specifically call upon the petitioner to tender evidence and produce documents and clarification as stated in the summons dated 12.10.2020 - there is no reason for the petitioners to assume that on presenting himself before the investigating officer will be arrested or apprehended. The inquiry which is undertaken by respondent is a statutory inquiry pertaining to evasion of GST under the CGST Act wherein the petitioner has been called upon to tender his oral evidence as also to produce the documents that may be required for the purpose of completing the inquiry by the investigating officer. Petitioners' apprehension that he will be apprehended / arrested / incriminated since the inquiry pertains to evasion of service tax / GST is not well founded. The summons issued to the petitioners are valid and no interference is called upon. Writ petition is accordingly.

[Decided in favour of petitioner]

ALKEM LABORATORIES LIMITED VS UNION OF INDIA-2021 [GUJARAT HIGH COURT]

Brief: Recovery proceedings - Assignment of rights in the lands in Industrial Estate – activity of long-term sub leasing of plot – Demand considering supply of services of long-term lease of industrial plots under SAC 9972 - attachment of factory premise under Section 79 of the CGST Act, 2017 – absence of opportunity of personal hearing.

OUR COMMENTS: In the present case, Gujarat High Court held that perusal of the provisions of Section 78 of CGST Act indicates that no recovery proceedings can be initiated against the assessee before the expiry of three months from the date of the service of the order. In the case on hand, within one month, the proceedings came to be initiated in the form of attachment of the factory premises. No opportunity of personal hearing was given to the applicant by the concerned authority before passing the impugned order. Section 75(4) makes it abundantly clear that an opportunity of hearing has to be given, more particularly, in those cases where a request is received in writing from the person chargeable with tax or penalty. The impugned order is quashed and set aside. As the main order has been quashed and set aside, the order of attachment also stands quashed and set aside. The entire matter is remitted to the respondent for fresh consideration. The writ application succeeds and allowed.

[Decided in favour of petitioner]

FEMA

CIRCULARS

ISSUANCE OF MARGIN FOR DERIVATIVE CONTRACTS

<u>OUR COMMENTS:</u> The Reserve Bank of India **vide Circular No. 10/2020-21/98 dated 15.02.2021** has issued margin for derivative contracts. Directions are being issued to allow posting and collection of margins for permitted derivative contracts between a person resident in India and a person resident outside India. AD Cat-I banks may receive and pay interest on margin posted and collected on their own account or on behalf of their customers for a permitted derivative contract entered into with a person resident outside India.

[For further details please refer the circular]

PERMIT REMITTANCES TO INTERNATIONAL FINANCIAL SERVICES CENTRES (IFSCS) IN INDIA UNDER THE LIBERALISED REMITTANCE SCHEME (LRS)

<u>OUR COMMENTS:</u> The Reserve Bank of India **vide Circular No. 11/2020-21/99 dated 16.02.2021** has permitted remittances to International Financial Services Centres (IFSCS) in India under the Liberalised Remittance Scheme (LRS). With a view to deepen the financial markets in International Financial Services Centres (IFSCs) and provide an opportunity to resident individuals to diversify their portfolio, the extant guidelines on Liberalised Remittance Scheme (LRS) have been reviewed and it has been decided to permit resident individuals to make remittances under LRS to IFSCs set up in India under the Special Economic Zone Act, 2005, as amended from time to time. Accordingly, AD Category - I banks may allow resident individuals to make remittances under LRS to IFSCs in India, subject to the following conditions:

(i) The remittance shall be made only for making investments in IFSCs in securities, other than those issued by entities/companies resident (outside IFSC) in India.

(ii) Resident Individuals may also open a non-interest-bearing Foreign Currency Account (FCA) in IFSCs, for making the above permissible investments under LRS. Any funds lying idle in the account for a period upto 15 days from the date of its receipt into the account shall be immediately repatriated to domestic INR account of the investor in India.

(iii) Resident Individuals shall not settle any domestic transactions with other residents through these FCAs held in IFSC.

Any person resident in India (outside IFSC) entering into any transaction with a person/entity in IFSC shall only be governed by regulations/directions and rules issued/notified by the Reserve Bank of India and the Government of India respectively under Foreign Exchange Management Act (FEMA), 1999. Further, compounding of any contravention of FEMA provision by such person resident in India shall be dealt by the Reserve Bank of India in accordance with the extant instructions/provisions on compounding of contraventions under FEMA.

[For further details please refer the circular]

CUSTOMS

NOTIFICATIONS

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

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 16/2021-Customs (N.T) dated 15.02.2021** has notified the tariff value of certain goods i.e., Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver.

[For further details please refer the notification]

LEVY OF FEES (CUSTOMS DOCUMENTS) AMENDMENT REGULATIONS, 2021

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 17/2021-Customs (N.T) dated 17.02.2021** has inserted fees for Handling of mismatch between Shipping Bill and GST returns in Customs Automated System which amounts to Rs. 1000/-.

[For further details please refer the notification]

NOTIFICATION ON CHANGE OF EXCHANGE RATE OF FOREIGN CURRENCY

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 18/2021-Customs (N.T) dated 18.02.2021** has notified the rate of exchange of one unit of foreign currency equivalent to Indian rupees relating to imported and export of goods.

[For further details please refer the notification]

CBIC NOTIFIES AMBALA AIRPORT AS CUSTOMS AIRPORTS FOR SPECIFIED PURPOSE

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 24/2021-Customs (N.T) dated 18.02.2021** has notified Ambala (Haryana) Airport as Customs airports for specified Purpose vide *Notification No. 24/2021-Customs (N.T.) dated 18.02.2021* which includes the following –

(a) Unloading of –

(i) baggage of defence personnel;

(ii) imported goods related to Ministry of Defence.

(b) Loading of –

(i) baggage of defence personnel;

(ii) export goods related to Ministry of Defence.

[For further details please refer the notification]

NOTIFICATION/PUBLIC NOTICE/TRADE NOTICE

AMENDMENT OF IMPORTER-EXPORTER CODE (IEC) RELATED PROVISIONS

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 58/2015-20 dated 12.02.2021** has amended/deleted IEC related provisions in Chapter-1 and Chapter-2 of Foreign Trade Policy, 2015-2020 and new provisions has been inserted. In this amendment, e-IEC must be applied directly from the DGFT Portal but earlier they have to upload documents which must be digitally signed. Updation of e-IEC is also completely online.

[For further details please refer the Notification]

PROVISION FOR VERIFICATION OF THE EXPORTERS DECLARATION (SELF CERTIFICATION BASIS) ON THE RULES OF ORIGIN UNDER GSP SCHEME

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Public Notice No. 39/2015-20 dated 15.02.2021** has inserted procedure for verification of exporters declaration (self certification basis) on the Rules of Origin under GSP Scheme under Chapter-2 of Handbook of Procedures, 2015-2020.

[For further details please refer the Public Notice]

INTRODUCTION OF ONLINE E-CERTIFICATE MANAGEMENT SYSTEM FOR IMPORTS

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Trade Notice No. 41/2015-20 dated 15.02.2021** has introduced online e-certificate management system for imports. From 22.02.2021 onwards, the following applications types are required to be submitted online through the importer/exporter's dashboard on the DGFT Website –

i. I Card (as under ANF-2B)

ii. Free Sale and Commerce Certificate (as under ANF-2H & 2I)

iii. End User Certificate (as under ANF-2J)

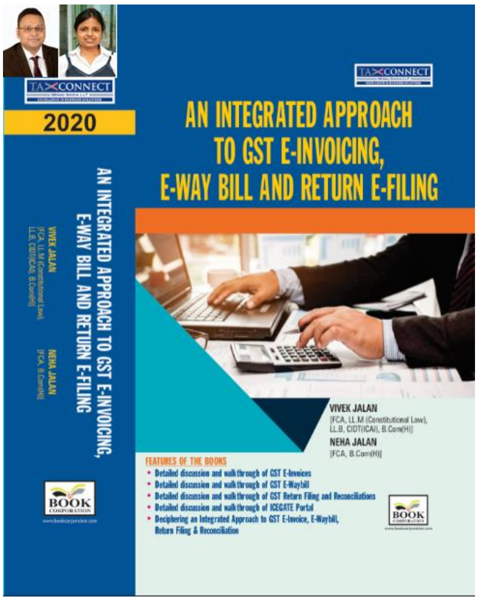
iv. Status Holder Certificate (as under ANF-3C)

All such certificates would be issued electronically with QR code and a Unique Document Identification Number (UDIN) for electronic verification. For tracing the status of certificate, importers can visit DGFT Portal.

[For further details please refer the Trade Notice]

IN STANDS

AN INTEGRATED APPROACH TO GST E-INVOICING, E-WAYBILL & E-RETURN FILING



ABOUT THE BOOK: **This publication includes:**

1. **Detailed discussion and walkthrough of GST E-Invoices.**
2. **Detailed discussion and walkthrough of GST E-Waybill.**
3. **Detailed discussion and walkthrough of GST Return Filing and Reconciliations.**
4. **Detailed discussion and walkthrough of ICEGATE Portal.**
5. **Deciphering an Integrated Approach to GST E-Invoice, E-Waybill, Return Filing & Reconciliation**

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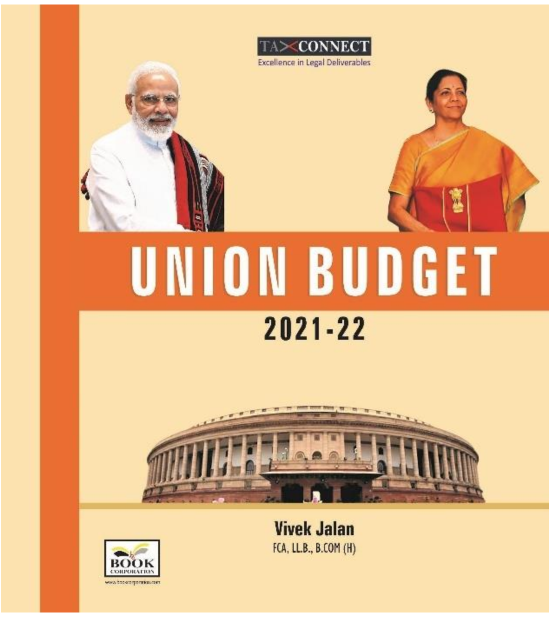
IN STANDS

UNION BUDGET 2021



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1. **Commentary on Budget**
2. **Finance Minister's Budget Speech**
3. **Budget at a Glance**
4. **Memorandum**
   a. **Direct Tax**
   b. **Customs**
   c. **Excise**
   d. **GST**
5. **Finance Bill**
6. **Notes on Clauses**

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