28TH ISSUE

AUGUST 9TH - AUGUST 15TH

GST

CENTRAL EXCISE

SERVICE TAX

CUSTOMS

STATE TAXES

TAX CONNECT

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EDITORIAL

Friends,

We thank You for the overwhelming response to our Workshop on Indirect & Direct Taxes held on 7th August 2015. The program was attended by close to 100 delegates. The response propels us to organize more workshops in future.

The broad takeaways from the workshop were as follows –

1. The Modi Govt. is trying its level best to implement GST. Corporates should prepare themselves for the same, especially their IT systems. **On a rough estimate corporates are expected to reduce their material cost by minimum 1% and logistic cost by 10-15% provided proper GST structure is established.**
2. The 360 degree mechanism of information gathering which the ex FM Mr.P. Chidambram promulgated is now on paper vide CIRCULAR NO. 185/4/2015-Service Tax. From 1st August 2015 assesses should prepare themselves and be ready for a detailed scrutiny. **Reconciliation of the ITR, 26AS, VAT returns and other 3rd party information with ST-3 is very crucial.**
3. In the new ITR Forms issued by CBEC various additional informations are required like disclosing all bank accounts other than dormant accounts, passport no., aadhar no., etc. **Non disclosure may result in the dept. alleging surpression of facts.**
4. The due date of the Settlement of Disputes (SOD) Scheme in WB Commercial taxes has been extended to 31st August 2015. Vide this Scheme pending disputes in Commercial taxes can be settled on payment of a fraction of the disputed tax in respect of any period ending on or before 31st March 2010, for which an application for appeal or revision has been filed on or before 31st Jan. 2015. **Dealers are advised to take maxium advantage of this Scheme and clean their books before GST is implemented**.

We have already sent the background material of the workshop to all participants. Incase any one wishes to avail the same please do let us know and we shall mail it across.

Truly Yours

Timir Baran Chatterjee
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Vivek Jalan
FCA, CIDT (ICAI), B. Com

DUE DATE	COMPLIANCES FROM 9TH AUGUST, 2015 TO 15TH AUGUST, 2015	STATUTE
10th August,2015	Filing ER-1 Return (Other than SSI Units)	Central Excise Rules
10th August, 2015	Filing ER-2 monthly return by 100% EOU (removing goods in domestic tariff area)2015	Central Excise Rules
10th August, 2015	VAT Payment for July, 2015	Chattisgarh VAT Act, Madhya Pradesh VAT Act
10th August, 2015	Deposit of STDS deducted as on 31st July, 2015	Chattisgarh VAT Act, Madhya Pradesh VAT Act
15th August, 2015	VAT Payment for July,2015	Bihar VAT Act, Jharkhand VAT Act
15th August, 2015	Deposit of STDS deducted as on 31st July, 2015	Bihar VAT Act, Jharkhand VAT Act

INDEX GUIDE

GLIMPSES FROM WORKSHOP ON INDIRECT TAX AND DIRECT TAX ON 7TH AUGUST,2015

CA Neha Jalan Welcoming The Delegates

Mr T.B.Chatterjee, deliberating on GST & Foreign Trade Policy

FCA Vivek Jalan deliberating on Service Tax

Interactive Session between the Speakers & the Audience

FCA S. Bhattachaya sharing updates on Income Tax

Hon'ble JCCT Khalid Anwar sharing views on WB Commercial Taxes

PROBABLE THREATS IN GST PROPOSAL

Over the last few issues we have discussed about the benefits of implementing GST. However, no medicine comes without a side effect. It is therefore essential that as an aware corporate, we gear up not only to avail the benefits of GST but also to avaoid the threats. In this article we have tried to make an attempt to analyse some grey areas of GST as follows:

- **Rate of GST:** It is probable that the prime rate of GST will be around 18-20%. 90% items are going to fall under this rate, although there will be 3 other rates like 0%, 1% & a concessional 10-12%.

  The normal GST rates varies from 16%-20%, countries like Malaysia and Australia has kept the rates as low as 6%-10%.Thus, the prime rate of GST still needs revision on lower side keeping the international trend in mind.

- **Decision making process:** One vote has been assigned to each State in the GST Council (GSTC). It has been proposed that, "Decision in GSTC shall be taken at a meeting, by a majority of not less than three-fourths of the weighted votes of the members present and voting, in accordance with the following principles, namely:-

(a) The vote of the Central Government shall have a weightage of onefourth of the total votes cast, and

(b) The votes of all the State Governments taken together shall have a weightage of three-fourth of the total votes cast, in that meeting.

And the vote of each state shall have a weightage proportionate to the population of that State.

Thus, the small states having less population but their share in taxes is on much higher side. Such states, though contributing more, will lag behind in the decision making process taking place at GST Council. It would be fair if the votes are on the basis of revenues generated by each state. Let the states compete towards the goal of increasing their consumption and thus leading to economic progress of the country.

- **Additional 1% tax on supply of goods**:- It has been proposed to levy an Additional Tax not exceeding 1% on supply of goods in course of inter-state trade or commerce. This will be a non-vatable tax. This 1% tax will ultimately become cost of goods as no Credit of this tax would be allowed. Thus, it will bring the cascading effect, against the basic vision of GST. Further as mentioned by the Chief Economic in his article few days back, this 1% would be on crossing the boundary of each state. This should not happen.

- **Compensation to loss making States**:- It has been proposed that the Central Government will compensate the loss arising out to States on implementation of GST for a period of five years. There is a possibility that States may not take effective steps for smooth run of GST as they are being compensated for the losses. Also, the actual losses can be less than that shown by them. There should be a mechanism so that states are compelled to strive towards increasing their revenues.

- **GST Proposal service sector:** It is to be noted that banks plays a vital role in an economy. Present service tax @ 14% is being levied on the banking transactions. On introduction of GST, this rate will be on much higher side as predicted. This will ultimately increase the cost of transaction, particularly, in case of imports and exports where huge amount is transacted.

- **Dispute resolution** : The disputes arising out of recommendations of GSTC will be resolved by GSTC itself. This is like a party to dispute has been given authority to make the judgment. It is against the principles of natural justice. Also there are possibilities that the decisions which come are not true and fair.

- **Weak IT structure** : It requires strong IT (Information Technology) infrastructure at grass-root levels. India essentially lacks this. This factor is going to be the bottleneck, if not addressed well in advance.

Thus, these probable threats in GST should be taken care of before the bill turns into Act; else the GST will only carry forward the demerits of existing indirect tax structure, thereby becoming an old wine in new bottle.

CENTRAL TAXES

SERVICE TAX

COURT DECISIONS

COMMISSIONER OF CUSTOMS, CENTRAL EXCISE, AND SERVICE TAX, GUNTUR VS. KUSALAVA FINANCE LTD [CESTAT BANGALORE]

BRIEF: If the department reopens an assessment of an assessee in its entirety from previous financial years and the CESTAT holds (in a previous order) that assessee's service as non-taxable, then the refund claimed by assessee regarding tax paid in respect of the service is to be considered as the result of such proceeding & time limit cannot be accounted from date of payment of such tax & claim for such by department will not be allowed.

OUR COMMENTS: In the above case, the **Hon'ble CESTAT Bangalore** held that the assessee's service fell under hire purchase finance scheme & was held not liable to tax as per the proceeding initiated resulting in the OIO and from such proceedings it has been seen the Department had reopened the assessment for the entire period from 2001 onwards. As the Departmental officers have reopened the assessment in its eintirety & demanded the entire tax payable after appropriation of previous tax payments, the refund claim filed by the assessee after final order being passed by this tribunal holding that there was no tax liability, has to be considered as one arising as a result of the Tribunal order. Therefore time limit cannot be accounted from the date of payment of tax & under the circumstances, the claim of limitation by revenue cannot be accepted. Accordingly appeal filed by revenue is rejected. **[Decided against Revenue]**

M/S SHIV ENGINEERING VS COMMISSIONER, CUSTOMS & CENTRAL EXCISE, VADODARA-1 [CESTAT AHMEDABAD]

BRIEF: If the assessee does not deposit the service tax (collected from customers) to the Central Government Account, Penalty u/s 78 of Finance Act, 1994 will apply, but penalty u/s 76, 77 (1)(b), 77(1)(C) of the Finance Act, 1994 and Rule 7C of Service Tax Rules, 1994 will not be applicable.

OUR COMMENTS: In the above case, on an attempt by the appellant to refute the contents of statement of applicant by placing a bill to show that no tax was charged, the **Hon'ble CESTAT Ahmedabad** held that the appellant had not taken this stand before the lower authorities & that the document was not placed before lower authorities & same cannot be accepted at this stage. It was found that appellant has already paid the tax amount before issue of show-cause notice. However, they did not deposit the service tax collected from customers, in Central Government Account. Thus, it being a clear case of suppression of facts for evasion of tax payment, **Penalty u/s 78 of Finance Act, 1994** was warranted & extended period of limitation was involved. But, penalty u/s 76, 77 (1)(b), 77(1)(C) of the Finance Act, 1994 and Rule 7C of Service Tax Rules, 1994 were not warranted [Ref-**Prompt Services Vs CCE Bolpur 2011 (23) STR 523 (Tri-Kolkata)**]. As the aforesaid Penalty was sufficient & adequate detterent, demand of Service Tax alongwith interest and the penalty were upheld and other penalties are set aside. The appeal filed by the Appellant was disposed of in above terms. **[Decided in favour of assessee]**

WESTERN COALFIELDS LTD. VS COMMISSIONER OF CENTRAL EXCISE, NAGPUR [CESTAT MUMBAI]

BRIEF: Service tax is not liable on amount paid by assessee to transporter if consignment notes are not issued by the transporter for such transportation, as in such case, Goods Transport Agency service cannot be held to have been rendered.

OUR COMMENTS: In the above case, the **Hon'ble CESTAT Mumbai** held that the submission by the department that Truck Authorization Slip are considered as Consignment Note (since it contains all details) can not be agreed upon as it was informed (on specific query by the bench) that such slips were issued by the appellant & not the transporter. Since, no consignment notes were issued by the transporters for transportation of appellant's coal, the Goods Transport Agency service cannot be held to have been rendered. Further, the issue is no more res integra as the judgment of principal bench in case of South Eastern Coal Fields Ltd. [2014 (8) TMI 857-CESTAT NEW DELHI] also considered similar issue. Hence, the impugned orders are set aside & appeal is allowed with consequential relief. **[Decided in favour of assessee]**

THE COMMISSIONER OF CENTRAL EXCISE & SERVICE TAX VS M/S M.M.FORGINGS LTD, CUSTOMS, EXCISE

AND SERVICE TAX APPELLATE TRIBUNAL [MADRAS HIGH COURT]

BRIEF: Outdoor catering service provided by the assessee to his employees would be considered as an input service as 'input service' covers all services used in relation to the business of manufacturing the final product & assessee will only be eligible for CENVAT credit for service tax for cost of food borne by himself (no credit is allowed where such cost is borne by employee).

OUR COMMENTS: In the above case, the **Hon'ble Madras High Court** held that the contention of the revenue that assessee is not eligible for CENVAT credit in respect of outdoor catering services, provided in the factory for its employees as it is not an input service, is not correct. The **Hon'ble High Court** referred to the decision of the **BOMBAY HIGH COURT** in the case of **CCE Vs Ultratech Cement Ltd [2010-TIOL-745-HC-MUM-ST]** where the said court had held that **'input service'** covers services directly or indirectly used in or in relation to the manufacture of final products as well as various services used in relation to the business of manufacture of final products (either prior to or after manufacture)& also held, pursuant to order of CESTAT in the case of **CCE V. GTC Industries Ltd. [2008-(9)-TMI-56-CESTAT-MUMBAI]** that CENVAT credit would be allowed , but with a rider that the manufacturer cannot take credit of the service tax which was borne by the worker (as they were bearing cost of their food). Pursuant to the above case, the appeal is dismissed confirming the impugned order passed by Tribunal.(**Decided in favour of Assessee**)

CENTRAL EXCISE

COURT DECISIONS

JOHNSON & JOHNSON LTD VS COMMISSIONER OF CENTRAL EXCISE & ST (LTU), MUMBAI [CESTAT MUMBAI]

BRIEF: Assessee will be liable to Penalty u/s 11AC of the Central Excise Act, if such assessee makes any wilful misstatement & attempts suppression of facts with an intention to evade duty & Penalty under rule 25 of Central Excise Rules, 2002 will be charged, if assessee removes the goods without correct determination of value.

OUR COMMENTS: In the above case, the **Hon'ble CESTAT Mumbai** held that the contention of the appellant that there remains dispute in levy of penalty u/s 11AC and Rule 25 of the Central Excise Rules, 2002 is not proper. After ignoring previous query made by department, the appellant clarified on a general basis, in the reply of a detailed query about lower revenue & higher clearences, stating that reduction in revenue was due to lower assessable value resulting from reduction in material, labour & other cost elements, which was not satisfactory to the department. Hence, upon investigation of such cost through the Assistant Director (Costs)& resultant appropriate calculation, , short levy of Excise Duty was found (based on new cost of production), which was thereafter paid the appellant. Further, the assessee did not check the data properly even after a gradual fall in assessable value & intimation by the department about such fall. Such conduct of assessee amounted to willful misstatement & suppression of evidence & hence, **Penalty u/s 11AC would apply. [Decided against the assessee]**

AVERY DENNISON INDIA PVT LTD VS COMMISSIONER OF CENTRAL EXCISE, PUNE-IV [CESTAT MUMBAI]

BRIEF: Under Rule 16C of Central Excise Rules, 2002, the Commissioner of Central Excise may by order, on fulfillment of conditions specified by him, can permit an assessee to remove excisable goods from factory without payment of duty, for further processing not amounting to manufacture and such permission cannot be denied if the assessee fulfils the conditions specified by the commissioner on mere grounds of unworthiness.

OUR COMMENTS: In the above case, the **Hon'ble CESTAT Mumbai** held that the denial of permission by the department to the assessee under rule 16C of Central Excise Rules, 2002 to remove goods for further processing without payment of excise duty, is not legally sustainable. The appellant had been granted the permission under the said rule from F.Y. 2011-12 till 2014-15 & filed for extension of such permission for the F.Y. 2015-16 and also had strictly adhered to the conditions for such i.e. maintenance of proper records of dispatch, receipt, inventory & clearance details. The department has rejected the grant of permission to the appellant only on the ground that case of the appellant was not found to be a deserving case for such permission & no specific reason was mentioned by them for the same. Further, the department could not prove the violation by the appellant of conditions & procedures for grant of such permission. In view of the above circumstances, the appeal is allowed quashing & setting aside the impugned order & the commissioner is being directed to grant permission to appellant under Rule 16C for F.Y. 2015-16. **[Decided in favour of the assessee]**

M/S BHORAMDEO SAHAKARI SHAKKAR UTPADAK KARKHANA MARYADIT VS C.C.E., RAIPUR [CESTAT NEW DELHI]

BRIEF: Goods which are used to manufacture capital goods used to manufacture final products, are

considered as inputs & eligible for availing CENVAT credit & such credit cannot be denied if the revenue issues show cause notice to assessee beyond limitation period of 1 year as Section 11A cannot be invoked.

OUR COMMENTS: In the above case, the **Hon'ble CESTAT New Delhi** held that the denial of CENVAT credit for structural steel items used as input for manufacture of plant & machinery on the ground that they were used in fabrication of supporting structure of capital goods & cannot be considered 'Capital Goods' as such, is not justified because the available documents show that the fact of taking of CENVAT credit by the appellant on such goods were known by the department way back in 2002 & it is evident from SCN, as duty demand was computed based on appellant's records. Any involvement of assessee in any fraudulent activity concerning fraud, misappropriation etc to evade duty payment was not found. Further, show cause notice was issued in 2008 covering period from June, 2002 to January, 2006. As, the show cause notice was issued beyond limitation period of 1 year, proviso to Section 11A cannot be invoked. The bonafide belief of the appellant that, as the disputed goods will be considered as input for the purpose of taking CENVAT credit as they are used for manufacture of capital goods used to manufacture final products, is genuine & justified. So, proceedings initiated by department to recover CENVAT amount is barred by limitation of time & hence, the impugned order is set aside. [**Decided in favour of the assessee**]

CUSTOMS

NOTIFICATIONS & CIRCULARS

RESCISSION OF NOTIFICATION NO. 109/2011-CUSTOMS DATED 15TH DECEMBER 2011

OUR COMMENTS: The Central Government vide Notification No. 36/**2015-CUSTOMS (ADD) dated 31st July, 2015 rescinded** the **notification of Government of India in the Ministry Of Finance (Department of Revenue) No. 109/2011-Customs dated 15th December, 2011** except a respects things done or omitted to be done before such rescission.

AMENDMENT IN NOTIFICATION NO.12/2012-CUSTOMS DATED 17TH MARCH, 2012

OUR COMMENTS: The Central Government vide Notification No. 43/2015-Customs dated 4th August, 2015 has amended Notification of the Government of India, in the **Ministry of Finance (Department of Revenue) No. 12/2012-Customs** dated 17th March, 2012 in the following manner:

In the said Notification , in the table, **against S.No. 459, for the entry in column (3)**, the following entry will be substituted, namely:

"Capital goods and spares thereof, raw materials, parts, material handling equipment and consumables, for repairs of oceangoing vessels by a ship repair unit."

RATE OF EXCHANGE OF CONVERSION FROM INDIAN CURRENCY TO FOREIGN CURRENCY & VICE VERSA RELATING TO IMPORTED & EXPORTED GOODS

OUR COMMENTS: The CBEC vide Notification No. 73/2015-Customs (N.T.) dated 6th August, 2015 in super session of Notification No. 68/2015-Customs dated 16th July, 2015 has determined the rate of exchange of conversion each of the foreign currencies [specified in column (2) of each of Schedule I & Schedule II] into Indian currency, w.e.f. 7th August, 2015, as mentioned against it in the corresponding entry in column (3) thereof.

SCHEDULE-I

Sl. No	Foreign Currency	Exchange rate of 1 unit of foreign currency equivalent to Indian Rupees	
(1)	(2)	(3)	
		(a)	(b)
		(Imported Goods)	(Export Goods)
1.	Australian Dollar	47.45	46.20
2.	Bahrain Dinar	174.45	164.30
3.	Canadian Dollar	49.00	47.95
4.	Danish Kroner	9.45	9.20
5	EURO	70.45	68.85
6.	Hong Kong Dollar	8.30	8.15
7.	Kuwait Dinar	216.60	204.50
8.	New Zealand Dollar	42.30	41.15
9.	Norwegian Kroner	7.85	7.65
10.	Pound Sterling	100.85	98.60
11.	Singapore Dollar	46.60	45.60
12	South African Rand	5.15	4.85
13	Saudi Arabian Rial	17.50	16.55
14.	Swedish Kroner	7.45	7.25
15.	Swiss Franc	66.00	64.45
16.	UAE Dirham	17.85	16.90
17.	US Dollar	64.35	63.30

SCHEDULE II

Sl. No	Foreign Currency	Exchange rate of 100 units of foreign currency equivalent to Indian Rupees	
(1)	(2)	(3)	
		(a)	(b)
		(Imported Goods)	(Export Goods)
1.	Japanese Yen	51.75	50.60
2.	Kenya Shilling	64.95	61.25

INCOME TAX

NOTIFICATIONS

EXTENSION OF DUE DATE OF FILLING RETURN OF WEALTH FOR A.Y. 2015-16- CLARIFICATION

The CBDT vide circular (F. No. 328/08/2015-WT) dated 27th July, 2015 provides clarification to the Explanation to Sec 14(1) of the Wealth Tax Act,1957 that the Due Date for filling Return of wealth shall be the same date as applicable under Explanation to Sec 139(1) of the Income-tax Act i.e. 31.8.2015.

COURT DECISIONS

DIRECTOR OF INCOME TAX (EXEMPTION) Vs INDIAN TRADE PROMOTION ORGANISATION, COUNCIL OF SCIENTIFIC and INDUSTRIAL RESEARCH, R.L. KHERA CHARITABLE TRUST, M/s INTERNATIONAL GOUDIYA VEDANTA TRUST, TCI FOUNDATION [DELHI HIGH COURT]

Brief: Depreciation allowed on capital assets cannot be treated as application of income under section 11(1)(a) of the Act and the deduction for the same shall not be allowed.

OUR COMMENTS: In the above case, In the above case, the assessees had treated the depreciation on capital asset as application of funds for several years. However the same was disallowed owing to the fact that depreciation allowed will generate income outside the books of accounts. The Tribunal relied on the decision of hon'ble Supreme Court in Escorts Ltd. v. Union of India [1993].

In the same context, the CBDT was of the view that depreciation, if claimed as deduction while computing the income of 'the property held under trust', is required to be added back to income for the purpose of application under section 11 of the Act in order to reduce the possibility of revenue leakage.

Consequently, hon'ble DELHI HIGH COURT held that the assessee was supposed to write back the depreciation for all years allow the same to be carried forward for application for subsequent years. **[Decided against revenue]**

COMMISSIONER OF INCOME-TAX (LARGE TAX PAYER UNIT), CENTRE-1, MUMBAI VS LUBRIZOL INDIA LTD (BOMBAY HIGH COURT)

BRIEF: The basic issues in the case were :

1) Whether the following are revenue or capital expenditure?

- **club membership fees**
- **computer software expenses**
- **compensation paid for pre-closure of agreement.**

2) Whether bad debts written off allowable even though the assessee failed to produce evidence?

OUR COMMENTS: In the above case, for club membership fees, the Tribunal followed the decision of **hon'ble BOMBAY HIGH COURT** in the case of Otis Elevator Co. (India) Ltd. v. CIT and held that though the entrance fee would have an enduring benefit, it cannot be considered to be capital in nature as no asset was created. Regarding computer software expenses the Tribunal held that the software gets upgraded and renewed from time to time and therefore considered the nature of the software licence as a revenue expenditure. For compensation paid by the assessee (to M/s. INOX) for pre-closure of the agreement for commercial expediency i.e, prior 10 months, the Tribunal held that it was a revenue expenditure. For bad debts written off, allowable even though the assessee failed to produce evidence, the Tribunal has followed the decision of the Apex Court in the case of T.R.F. Ltd where the issue stands covered in favour of the assessee and against the revenue.

All the contentions of the Tribunal were seconded by the **hon'ble BOMBAY HIGH COURT**. **[Decided in favour of Assessee]**

THE COMMISSIONER OF INCOME TAX-9 VS M/S. VIJAYJYOT SEATS PVT LTD (BOMBAY HIGH COURT)

Brief: Penalty u/s 271(1)(c) while computing capital gain for not considering the stamp value u/s 50C waived due to other adequate disclosures.

Our Comments: In the above case, the assessee had made a complete disclosure in as much as the higher stamp duty valuation was indicated in the agreement filed along with the Return of Income. Thus, it was not a case of submitting inaccurate particulars. During Penalty proceedings the assesee gave the explanation that they were of the view that it would be covered u/s 50 instead of sec. 50C of the Act.

Thus in view of the decision of the hon'ble Supreme Court in **CIT v/s. Reliance Petro Products Private Ltd.**, penalty was deleted by the **hon'ble BOMBAY HIGH COURT**.
(Decided in favour of Assessee)

ANDHRA PRADESH

REQUEST TO AUTHORITIES TO ADD COMMODITIES & TIME LIMIT ALLOWED TO DEALERS FOR SUCH ADDITION

OUR COMMENTS: The Office of the Commissioner of Commercial Taxes, Andhra Pradesh vide Circular No. CCW/152/2015 dated 6th August, 2015 has hereby directed all Deputy Commissioners (CT) to issue instructions to dealers regarding e-waybills & e-C-forms & ensure compliance of following instructions:

- Dealers will be allowed to generate e-waybills only if the dealer has registered the commodity.
- The aforesaid rule also applies to generation of waybills (online & manual)for sensitive commodities.
- Dealer can register 3 sensitive commodities.
- This provision is effective from 15th August,2015 & hence, dealers are requested to register the commodities by 14th August, 2015, otherwise they will not be able e-waybills for VAT & CST.

ASSAM

PROCEDURE FOR TRANSPORT & DELIVERY OF CONSIGNMENTS – IMPORT OF TAXABLE GOODS INTO ASSAM PURCHASED VIA ONLINE SHOPPING FOR PERSONAL USE

OUR COMMENTS: The Office of the Commissioner of Taxes, Government of Assam, vide Notification No. CTS-62/2014/60 dated 30th July, 2015 in continuation of the Notification No. CTS-62/2014/53 dated 23rd December, 2014, has notified a convenient & simple procedure for Transportation & Delivery of Consignments of specified goods by transporter/courier/agent or any other person (only meant for import of taxable goods into Assam purchased through online shopping for personal use).

Concerned readers are advised to refer to the said notification for the details of the procedure.

BIHAR

AMENDMENT IN BIHAR VALUE ADDED TAX RULES, 2005

OUR COMMENTS: The Commercial Taxes Department, Government of Bihar **vide Notification No. S.O. 189 dated 3rd August, 2015, has amended the Bihar Value Added Tax Rules (2005). These rules may be called the Bihar Value Added Tax (amendment) Rules, 2015 & it shall extend to the whole of the State of Bihar.**

Concerned readers are requested to refer to the aforesaid notification as significant amendments have taken place.

DELHI

AMENDMENT IN DVAT THIRD SCHEDULE

OUR COMMENTS: The **Finance (revenue) department, Government Of National Capital Territory Of Delhi, vide Notification No. F.3(11)/Fin(Rev1)/ 2015-2016/dsVI/599 dated 31st July, 2015 has amended the 3rd Schedule appended to the Delhi VAT Act, 2004 w.e.f. 1st August, 2015 in the following manner:**

- **The Entry at Sl. No. 6 shall be substitiuted by the following –**

'All utensils and cutlery items made of metals(including pressure cookers/pans) except those made of precious metals'.

- **The Entry at Sl. No. 120 shall be substitiuted by the following-**

'Wax of all kinds not covered by any other entry of any schedule'.

- **At Sl No.169 the following entry shall be inserted-**

'Wood and Timber'.

HARYANA

PROMULGATION OF HARYANA VALUE ADDED TAX (SECOND AMENDMENT) ORDINANCE, 2015

OUR COMMENTS: The Legislative department of Haryana Government, vide **Notification No. Leg. 9/2015 dated 3rd August, 2015, has promulgated ordinance No.3 of 2015** to further amend **the Haryana Value Added Tax Act, 2003.** This Ordinance may be called **the Haryana Value Added Tax (Second Amendment) Ordinance, 2015.**

Readers are advised to refer to the aforesaid notification for details as many significant amendments have been incorporated.

HIMACHAL PRADESH

AMENDMENT IN SCHEDULE-'D' OF HIMACHAL PRADESH VALUE ADDED TAX ACT, 2005

OUR COMMENTS: The Excise & Taxation Department, Government of Himachal Pradesh **vide Notification No. No.EXN-F(10)-23/2014 dated 30th July, 2015** amended **Schedule 'D'** appended to the **Himachal Pradesh Value Added Tax Act, 2005 (Act No.12 of 2005) act** in the following manner **:**

***'In SCHEDULE 'D'** appended to the said act, in **column No.3** of the commodity shown against **Sl No 2 below item No.1**, **"Motorspirit (Petrol including Aviation Turbine Fuel and Diesel)",** for the existing figures and signs **"11.5%",** the figures and signs **"16%"** shall be substituted."'*

KARNATAKA

TWO MORE SERVICES EXEMPTED

OUR COMMENTS : The Govt. of Karnataka vide Notification No. **FD-71-CSL-2015**, dated 01.08.2015 exempts **Solar PV Panels & Solar Inverters** with immediate effect.

MAHARASHTRA

INTRODUCTION OF MAHARASHTRA MUNICIPAL CORPORATIONS (LOCAL BODY TAX) (AMENDMENT) RULES, 2015

OUR COMMENTS: The Urban Development Department, Government of Maharashtra vide Notification **No. LBT. 2015/CR-47/UD-32 dated 1st August, 2015** has made the following rules the same having been previously published as required by subsection (2) of the said section 152T namely:

- These rules may be called the **Maharashtra Municipal Corporations (Local Body Tax) (Amendment) Rules, 2015.**

- In **rule 3** of the **Maharashtra Municipal Corporations (Local Body Tax) Rules, 2010** (hereinafter referred to as "**the Principal Rules**") in **subrule (1)** the following shall be added, namely:—

"Provided that for any period starting on or after 1st April 2015, the dealer whose turnover of sales or turnover of purchases, during any year, is not less than 50 Cr. shall only be liable for registration."

- In **rule 17** of the Principal Rules in **subrule (1),** for **clause (b**), the following subclause shall be substituted, namely :—

(b) *"neither the turnover of sales nor the turnover of purchases of a registered dealer, during the year prior to the year starting on 1st April 2015 has exceeded rupees 50 Cr. then, the certificate of registration of such dealers shall be deemed to have been cancelled with effect from 1st August 2015."*

NAGALAND

E-UPLOADING OF SALES AND PURCHASE INVOICE DETAILS

OUR COMMENTS: The **OFFICE OF THE COMMISSIONER OF TAXES,** Govt of Nagaland, vide **Notification No. NO.CT/LEG/130/2006** dated 29th July, 2015 decided to introduce mandatory "e-Uploading of Sales and Purchase Invoice details" for Settlement of ITC claims. For this purpose, registered dealer who claims ITC shall apply and obtain login user ID and Password and access the service through the web portal-www.nagalandtax.nic.in. No claim for ITC shall be allowed from 1st April,2015 onwards unless it has been duly uploaded in the department's web portal.

UTTAR PRADESH

AMENDMENT IN SCHEDULE- I & SCHEDULE-II PART A

OUR COMMENTS: UTTAR PRADESH SHASAN, vide Notification No. KA.NI.21042/XI9(29)/14 dated 31.07.15, has made the following amendment in UP VAT Act(w.e.f.-01-08-2015):

- In **Schedule I, serial no. 43**, the following entry shall be substituted, namely:

" Kite, manjha and charkha used for flying kites; Bans ki tilli (Fatti)".

- In **Schedule II, in Part A**, serial no. 13, the words *"Bans ki tilli(Fatti)"* shall be omitted.

WEST BENGAL

SETTLEMENT OF ARREAR TAX, PENALTY OR INTEREST IN DISPUTE

OUR COMMENTS: The Finance Dept., Govt. of W.B., vide notification no. 1323F.T dated 31-07-2015, has specified 31-08-2015, as the date by which application for settlement of arrear tax, penalty or interest in dispute as per sec 4 and sec 4A of the West Bengal Sales Tax (Settlement of Dispute) Act, 1999 (West Ben.

Act IV of 1999) may be made to the designated authority with immediate effect.

EXTENSION OF DUE DATE OF FILING

OUR COMMENTS: The DIRECTORATE OF COMMERCIAL TAXES, Govt. of W.B., vide Memo No: 707CT/PRO/3C/PRO/2012 dated 28-07-2015, extended the due date of submission of return as-

Period	Form	Payment of tax, int	E-filing	Paper form
Q.E. 30.06.2015	14/14D, 15	31.07.2015	20.08.2015, subject to Rule 34A(3A) for Form 14/14D	27.08.2015