

TAX CONNECT

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The Bengal Chamber of Commerce & Industry



INCOME TAX

A central graphic featuring the text 'GST' in large green letters, with 'Goods & Services Tax' in smaller black letters below it. The background is a blurred image of Indian currency notes.

GST
Goods & Services Tax

CUSTOMS

TAX CONNECT

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EDITORIAL



Friends,

The GST Council in its meeting today is expected to **rationalise tax rates on some items on the basis of 'meritorious reason'** after ensuring right balance with revenue collection.

Reduction of rates on lithium-ion batteries and refrigeration equipment from 28% to 18%, on **ethanol** from 18% to 12% and exempting sanitary napkins from GST may be points of discussion.

46 amendments in the GST law with the idea to reduce compliance burden, simplify the indirect tax system, bring more entities under the tax net and simplification of returns are expected to be considered in the meet. Amendments such as enabling new return filing procedures, omission of liability to pay tax on the reverse charge, allowing more service providers to opt for composition scheme, changes in input tax credit norms and refund rules have been recommended.

While exempting goods from GST, the Council is also suggested to consider **the resultant costs arising due to credit blockages and inverted duty structure** as the manufacturer of an exempted good cannot claim credit for inputs used for making it, which in turn becomes a cost.

Further, two reports are also to be submitted by ministerial panels before the Council for approval:

- I) implementation of 1% additional agriculture cess
- II) deferring incentives on digital payments

The inclusion of natural gas and aviation turbine fuel under the ambit of GST may not be taken up in the meet.

In **Customs**, the exchange rate of foreign currencies into Indian currency or vice versa have been revised w.e.f. 20.07.2018.

Please refer to the bulletin further for details with respect to the above notification.

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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TAX CALENDAR

Due date	COMPLIANCES FOR THE MONTH OF July 2018	Description
07 TH July 2018	Income Tax Form: Challan Form ITNS 281	Monthly payment of TDS on all types of payments (Except where amount is credited in the Month of 31 st March)
10 th July 2018	GSTR 1	Details of outward supplies of goods or services for the Month of June 2018
15 th July 2018	EPF/ESI Act	EPF/ESI payment for the month of June 2018
15 th July 2018	Form 24G	By the office of the Government where TDS for the month of June, 2018 has been paid without the production of a challan
15 th July 2018	Form 16B	Issue of TDS Certificate for tax deducted u/s 194-IA in May 2018
15 th July 2018	Form 16C	Issue of TDS Certificate for tax deducted u/s 194-IB in May 2017
15 th July 2018	Form 15CC	Details of foreign remittances (to be furnished by authorized dealers) for quarter- 1, 2018
15 th July 2018	Form 27EQ	Details of TCS deposited for the quarter- 1, 2018
15 th July 2018	Form 15G/ 15H	Declarations received from recipients for the quarter- 1, 2018
18 th July 2018	GSTR 4	Every dealer registered under composition scheme is required to furnish GSTR-4 for the quarter- 1, 2018
20 th July 2018	GSTR 3B	Details of Outward Supplies and inward supplies and payment of Tax - Monthly Return for the month of June 2018
20 th July 2018	GSTR 5	Every registered non-resident taxable person is required to furnish GSTR-5 for the month of June, 2018
20 th July 2018	GSTR 5A	Details of supply of services by non- resident OIDAR to unregistered person or customers

TAX CALENDAR

25 th July 2018	PF Act	Provident Fund return filing for the month of June 2018
25 th July 2018	ITC 04	Every principal manufacturer is required to file for the quarter-1, 2018
30 th July 2018	Form 27D	TCS certificate of tax collected for quarter- 1, 2018
30 th July 2018	Form 26QB	Challan-cum-statement in respect of tax deducted under section 194-IA for the month of June, 2018
30 th July 2018	Form 16C	TDS Certificate for tax deducted under section 194-IB in the month of June, 2018
31 st July 2018	Income Tax	Income Tax Return for A.Y 2018-19 for all assessee other than (a) corporate assessee or (b) non corporate assessee (whose books of accounts are required to be audited) or (c) working partner of a firm whose accounts are required to audited or an assessee who is required to furnish a report under section 92E
31 st July 2018	GSTR 1	Details of outward supplies of goods or services for Quarter-1 2018 by registered person with aggregate turnover up to Rs. 1.5 crores
31 st July 2018	GSTR 6	Details of ITC received and distributed by an ISD from July,2017 to June, 2018
31 st July 2018	TDS Return	Details of TDS deposited for the quarter- 1, 2018
31 st July 2018	Form 26QAA	Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit for the quarter- 1, 2018
31 st July 2018	Statement by scientific research association	Statement by scientific research association, university, college or other association or Indian scientific research company as required by rules 5D, 5E and 5F (if due date of submission of return of income is July 31, 2018)
31 st July 2018	Form 9A	Application in Form 9A for exercising the option available under Explanation to section 11(1) to apply income of previous year in the next year or in future (if the assessee is required to submit return of income on or before July 31, 2018)
31 st July 2018	Form 10	To accumulate income for future application under section 10(21) or11(2) (if the assessee is required to submit return of income on or before July 31, 2018)
31 st July 2018	Form 67	To claim foreign tax credit, upload statement of foreign income offered for tax for the previous year 2017-18 and of foreign tax deducted or paid on such income in Form no. 67. (If the assessee is required to submit return of income on or before July 31, 2018.)

GST: CGST/IGST/SGST/UTGST

CASE LAWS

MGI INFRA PRIVATE LIMITED. VERSUS ASSISTANT COMMISSIONER STATE GOODS AND SERVICE TAX OTHERS: CALCUTTA HIGH COURT

Brief: Petition allowed for extension of time to obtain the final registration - CGST Act, 2017 and the WB GST Act, 2017.

OUR COMMENTS: In the given case, the petitioner is asking for consideration of his application for extension of time to obtain the final registration under the provisions of the Central Goods and Service Tax Act, 2017 and the West Bengal Goods and Service Tax Act, 2017.

The petitioner enjoys provisional registration; still, the final registration could not be done as the office of the petitioner is located at a very remote area which faced various political problems over a considerable period of time. This prevented the petitioner from taking appropriate steps with regard to obtaining of final registration.

The followings points were noted:

- The Central Goods and Service Tax Act, 2017 and West Bengal Goods and Service Tax Act, 2017 are new in their operation.
- The petitioner has suffered under circumstances beyond its control, preventing the petitioner to take appropriate steps under the two Acts of 2017.

Hence, it would be appropriate for the concerned authorities to consider the request of the petitioner for grant of permanent registration, in accordance with law.

The petition was allowed and it was held that the State and the Central Government will consider the grant of final registration under their respective jurisdiction in accordance with the West Bengal Goods and Service Tax Act, 2017 and the Central Goods and Service Tax Act, 2017 respectively.

M/S CHAMUNDA PAPERS PVT. LTD VERSUS UNION OF INDIA AND 4 OTHERS: ALLAHABAD HIGH COURT

Brief: Petition allowed for Extension of time for filing GST Tran-1.

OUR COMMENTS: In the given case, the petitioner seeks a writ to make recommendations to the State Government to extend the time period for filing of GST Tran-1 for him because his application was not entertained on the last date i.e. 27.12.2017 and he is permitted to file his complete GST TRAN-1 for the necessary transactional credit.

He has alleged that despite making several efforts on the last date for filing of the application, the electronic system did not respond for which the petitioner is likely to suffer loss of the credit that it is entitled to by passage of time.

Hence, the respondents were directed to reopen the portal within two weeks from the given date. If they do not do so, they will entertain the GST TRAN-1 of the petitioner manually and pass orders on it after due verification of the credits as claimed by the petitioner.

It will also be ensured that the petitioner is allowed to pay its taxes on the regular electronic system which is being maintained for use of the credit considered for the petitioner.

GST: CGST/IGST/SGST/UTGST

NEW SHIVA TRANSPORT SERVICE AND ANOTHER VERSUS STATE OF U.P. AND 3 OTHERS: ALLAHABAD HIGH COURT

Brief: The complete details to be filled up in Part-B of the E-way Bill were supplied on 25.05.2018, the goods were not liable for seizure on 26.05.2018.

OUR COMMENTS: In the given case, the goods under transportation along with vehicle were seized vide seizure memo order dated 25.05.2018, under Section 129(1) of the U.P. Goods and Services Tax Act, 2017.

The following points were noted:

- As per the submission for the petitioners, the seizure is on account of non filing Part-B of E-way Bill.
- Part-B of E-Way Bill requires the details of the vehicle carrying the goods and the destination.
- The petitioner has supplied and filled the aforesaid details on 25.05.2018 as annexed with the writ petition.

Hence, as the complete details to be filled up in Part-B of the E-way Bill were supplied on 25.05.2018, the goods were not liable for seizure on 26.05.2018.

It was held that the goods and the vehicles seized vide seizure memo order dated 25.05.2018 shall be released in favour of the petitioner on furnishing security other than cash or bank guarantee equivalent to the proposed tax.

TORRENT POWER LTD. VERSUS UNION OF INDIA: GUJARAT HIGH COURT

Brief: Levy of GST on Supply of electricity meters for hire - Applicability of circular issued during the service tax regime, to the GST regime when the main activity is exempt under both the regime -HC granted interim relief till further orders.

OUR COMMENTS: In the given case, the petitioner is an electricity company engaged in generation, transmission and supply of electricity.

Under the earlier VAT regime, transmission and distribution of electricity by an electricity transmission or distribution utility was exempted from payment of service tax. The Government clarification dated 7.12.2010 provided that "Supply of electricity meters for hire to the consumers being an essential activity having direct and close nexus with transmission and distribution of electricity, the same is covered by the exemption for transmission and distribution of electricity, extended under the relevant notifications".

The petitioners therefore never recovered and paid service tax on transmission and distribution of electricity including the other incidental services provided by them.

In the new GST regime also the exemption has been provided in similar terms under heading 9969 "Transmission or distribution of electricity by an electricity transmission or distribution utility"

However, for the incidental or connected services, a clarification was issued on 1.3.2018 which provided that for all services such as application fee for releasing connection of electricity, rental charges against metering equipment, testing fee for meters, transformers, capacitors, etc, labour charges from customers for shifting of meters or shifting of service lines and charges for duplicate bill, such exemption would apply and such services are taxable.

On the basis of such clarification, the departmental authorities have issued summons dated 28.3.2018 to the petitioner calling for information and documents which including for the financial years 2012-2013 to 2016-2017.

The petitioner submitted that when the exemption granted to the electricity companies under the earlier service tax regime has been continued under GST regime, the Government's clarification in connection with the incidental services cannot be changed.

Also, in any case, the clarification cannot operate retrospectively and apply to a period prior to introduction of GST.

Hence, it was held that till further orders, the petitioners shall not have to reply to such summons dated 28.3.2018.

INCOME TAX

NOTIFICATIONS & CIRCULARS

PROVISIONS OF AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF INDIA AND THE GOVERNMENT OF THE STATE OF QATAR THROUGH EXCHANGE OF LETTERS, SHALL BE GIVEN EFFECT TO IN THE UNION OF INDIA WITH EFFECT FROM 29TH APRIL, 2018

OUR COMMENTS: Agreement between the Government of the Republic of India and the Government of the State of Qatar for the avoidance (DTTA) of double taxation and the prevention of fiscal evasion with respect to taxes on income was signed on the 7th April, 1999;

Clause (ii) of para 3 of Article 11 of DTTA provides for the mutual agreement for granting exemption from tax on interest derived and beneficially owned by governmental financial institutions/agencies.

Also, mutual agreement has been reached on the 29th April 2018, through exchange of letter dated the 16th March, 2018 of Republic of India and duly accepted by State of Qatar vide their letter dated the 29th April, 2018. The said letters were exchanged for grant of exemption from tax on interest income, in accordance with clause (ii) of paragraph 3 of Article 11 of the India-Qatar DTAA;

Now, The Department of Revenue, Ministry of Finance, Government of India vide Notification 32/2018 dated 17th July, 2018 hereby notifies that the provisions of said Mutual Agreement through exchange of letters shall be given effect to in the Union of India with effect from 29th April, 2018.

Please refer the notification for further details.

INCOME-TAX (7TH AMENDMENT) RULES, 2018

OUR COMMENTS: The Department of Revenue, Ministry of Finance, Government of India vide **Notification 31/2018 dated 13th July, 2018 hereby** further amends the Income-tax Rules, 1962 which may be called the Income-tax (7th Amendment) Rules, 2018.

The amended rules shall come into force from the date of their publication in the Official Gazette.

Please refer the notification for further details.

CUSTOM

NOTIFICATIONS/CIRCULARS

REVISION OF EXCHANGE RATE OF FOREIGN CURRENCIES INTO RUPEE & VICE VERSA

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 63/2018-Customs (N.T.)** dated **19.07.2018** & in supersession of **Notification No. 60/2018-Customs (N.T.)** dated **05.07.2018** has revised the exchange rate of foreign currencies specified in col.(2) of each of **Schedule I** and **Schedule II** annexed hereto, into Indian currency or vice versa, w.e.f. **20.07.2018** to be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SCHEDULE-I

Sl. No	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
		(a)	(b)
(1)	(2)	(3)	
		(For Imported Goods)	(For Export Goods)
1.	Australian Dollar	52.40	50.10
2.	Bahrain Dinar	187.8	175.85
3.	Canadian Dollar	53.25	51.35
4.	Chinese Yuan	10.35	10.05
5.	Danish Kroner	10.95	10.55
6.	EURO	81.60	78.60
7.	Hong Kong Dollar	8.90	8.60
8.	Kuwait Dinar	234.60	219.60
9.	New Zealand Dollar	48.05	45.85
10.	Norwegian Kroner	8.60	8.25
11.	Pound Sterling	91.55	88.30
12.	Qatari Riyal	19.45	18.40

13.	South Arabian Riyal	18.95	17.75
14.	Singapore Dollar	51.20	49.40
15.	South African Rand	5.35	5.00
16.	Swedish Kroner	7.90	7.60
17.	Swiss Franc	70.30	67.40
18.	UAE Dirham	19.35	18.15
19.	US Dollar	69.60	67.90

SCHEDULE-II

Sl. No	Foreign Currency	Rate of exchange of 100 units of foreign currency equiv. to Indian rupees	
		(a)	(b)
(1)	(2)	(3)	
		(For Imported Goods)	(For Export Goods)
1.	Japanese Yen	62.20	59.85

CHANGE IN TV OF EDIBLE OIL, BRASS, POPPY SEED, ARECA NUT, GOLD AND SILVER

OUR COMMENTS: The CBEC (Dept. of Revenue), Ministry of Finance, Government of India vide **Notification No. 62/2018-CUSTOMS (N.T.)** dated **13th July, 2018** hereby makes amendments in the **Notification No. 36/2001-Customs (N.T.)**, dated **3rd August, 2001**, regarding Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver.

For further information kindly refer the above mentioned notification.

AVAILABLE IN STANDS

A COMPENDIUM ON GOODS & SERVICES TAX
(Including ALL Notifications till 09th July, 2017)



ABOUT THE BOOK: PART A of the Book provides a Chapter wise and Topic wise Analysis of the Law. Along with this it provides Section and Rules where in the reader may find the Legal Provisions. It will help the reader to first understand the provision and then to exactly locate the provision. It provides an insight into the following:

1. Section-wise Compilation of IT Changes under GST
2. The GST Rates as finalised by The GST Council along with the HSN Code Referencer.
3. FAQs on GST
4. CGST, IGST, UTGST and The GST Compensation to States Acts
5. The Rules related to GST available in public Domain as on 17th June 2017.
6. The Forms and formats related to GST available in public Domain as on 17th June 2017.

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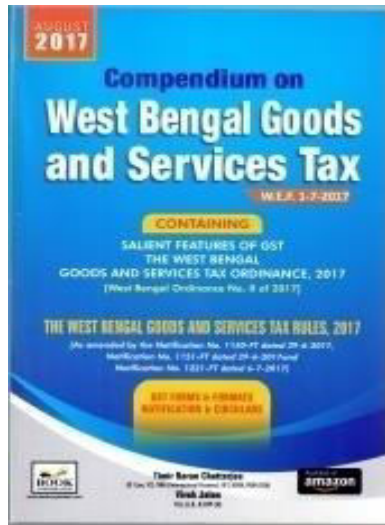
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AVAILABLE IN STANDS**A COMPENDIUM ON WEST BENGAL GOODS & SERVICES TAX**
(Including ALL Notifications till date)

ABOUT THE BOOK: PART A of the Book provides a Chapter wise and Topic wise Analysis of the Law. Along with this it provides Section and Rules where in the reader may find the Legal Provisions. It will help the reader to first understand the provision and then to exactly locate the provision. It provides an insight into the following:

1. The Rules related to WBGST available in public Domain till date.
2. The Notifications, Circulars and Orders issued by The SGST Authority till date.
3. The Forms and formats related to GST available in public Domain till date.

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