





Tax Bulletin

Update publication for our clients

August, 2019

-  Income Tax
-  Goods & Services Tax ['GST']
-  Customs
-  Foreign Trade Policy ['FTP']



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FOREWORD

Pursuant to the presentation of the Union Budget, the Finance Bill, 2019 has been passed by both the houses of the Parliament and will be implemented as soon as the Hon'ble President's assent is received. Amongst the various changes, levy of interest only on net cash GST liability are the most awaited amendments by trade and industry.

July 2019 also witnessed the 36th meeting of the GST Council which resulted in finalization of rate cuts pertaining to electric vehicles and further extension of deadlines for composition scheme available to service providers. Speaking of extended deadlines, August 31, 2019 will be a big day (see Annexure) and businesses must ensure timely filing of GST Annual Return, GST Audit Report as well as personal Income Tax filings.

Much has been spoken about the difficulties faced due to the implementation of GST and the Report of the Comptroller and Auditor General on GST (prepared for submission to the President) also points out the various shortcomings of the current system but gives constructive suggestions to realize the full potential of the tax reform.

While GST still has much scope to evolve and become perfect, we hope that this **15th Edition of the Tax bulletin** in relation to Direct Tax (i.e. Income Tax) and Indirect Tax (i.e. GST, Customs law and FTP) will be of value to all those interested in keeping abreast with tax developments.

Warm Regards,

Team VK&S

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Income Tax updates

- ITR by Non-Audit Tax Payer
- Circulars
- Legal Snippets

Updates, circulars, legal snippets

Non-Audit Tax Payer

Due date for filling Income Tax Return extended to 31st August 2019

Vide order dated 23rd July, 2019, CBDT has extended due date for filling of Income Tax Return for non-audit category tax payers. The date is extended as some of the tax payers facing difficulties in filling returns due to requirement of additional information in the ITR and delay in issue of Form 16 by Employer.

Modification in Form 15H

Form 15H is **submitted by senior citizens** requesting non deduction tax at source on Interest Income if the tax calculated on total income is NIL. Vide Notification dated 22nd May, 2019, minor modification is made in Form 15H to include cases in which tax will be NIL after considering the rebate U/s 87A

Revised guidelines on compounding of offences

On 14th June, 2019, CBDT has revised guidelines in relation to compounding of offences. The revised guidelines has brought in a more stringent framework. Serious offences under Black Money Act and Benami Transaction (Prohibition) Act is kept outside the preview of compounding. Now compounding can be allowed upto three occasions (earlier it was one) which will ensure taxpayers will not to undue hardship in genuine cases.

Legal Snippets

Amount of ESIC & PF contribution deposited after due date is called for disallowance U/s 36(1)(va)

[Akash Oilfield Services Private Limited Vs DCIT Ward 1(1)(2) 2019-TIOL-1613 HC-AHM-IT]



Depreciation U/s 32 can not be allowed on assets which are let out and not used in business.

[EMCO Dystuff Private Limited Vs Deputy Commissioner of Income Tax 12(1)(1), 2019-TIOL-1441-ITAT-MUM]

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GST updates

- Notifications, FAQ and Press Release
- Legal Snippets
- GST Advance Rulings

Notifications and Press Release

IMP!

Kerala Flood Cess @ 1% made applicable from August 1, 2019.

Applicable on intra-state supplies to unregistered persons. Detailed FAQ on applicability issued.

Due Dates

Statement of details of self-assessed tax by **composition dealers** in **FORM GST CMP-08** for the quarter of April 2019 to June 2019 to be furnished by August 31, 2019

GST CMP -02 - Intimation for availing *Composition Scheme for service providers* **proposed** to be extended till September 30, 2019. Previous due date July 31, 2019



Portal updates

New order of utilization of IGST Credit made functional in GSTR-3B. As a thumb rule, IGST Credit to be exhausted entirely.

GSTN releases offline tool of new GST return for trial-run.

Amendments in CGST Rules

With effect from July 18, 2019

- Authorised Person required to deduct GST TDS can obtain registration in States where it does not have physical presence
- Tenure of Anti-Profitteering Authority extended to 4 years

To be effective from September 1, 2019

- **Multiplexes** need to issue invoice irrespective of registration status of the recipient and cost of ticket. Such suppliers to issue E-ticket which will be deemed to be a Tax Invoice.

Effective date to be notified later

- Provisions made for surrender of enrolment of GST Practitioner, Forms for surrender notified

Rate changes w.e.f. August 1, 2019

- (1) GST rate on all electric vehicles to be reduced from 12% to 5%
- (2) The GST rate on charger / charging stations for Electric vehicle: to be reduced from 18% to 5%.
- (3) Hiring of electric buses (of carrying capacity > 12 passengers) by local authorities to be exempt from GST.



Blocking of E-way bill facility

Persons not filing returns for 2 consecutive tax periods will not be able to generate E-way bill With effect from **August 21, 2019** (Earlier this date was 21 June)

Applicant whose E-way bill generation has been blocked due to non-filing of returns may apply to Commissioner in FORM EWB - 05 for unblocking.



IMP!

Circulars & Press Release

Press Release issued clarifying various aspects regarding Annual Returns and Reconciliation Statement [Available at: <http://www.gstcouncil.gov.in/press-cbic>]

Intermediary in IT Sector

Clarification regarding qualification as 'export of service' since place of supply for intermediary service is location of supplier

Service provided by a person	To whom	Qualification as intermediary	Export of service
a) On his own account	To client located abroad or customers	No	Yes if other conditions fulfilled
b) Not on own account but facilitating supply including support services	For or on behalf of client located abroad or his customers	Yes	No
c) Both a) & b) together	For or on behalf of client located abroad or his customers	To be treated as a composite supply and treatment to depend on principal supply of the transaction	

Goods taken out of India for exhibition or on Consignment basis

- Mere taking goods outside India is not a supply as there is no consideration involved
- **Documentation:-** Delivery Challan to be prepared at the time of sending goods outside India. **Records** to be maintained in specified format

Particulars	Time Of Supply	Invoice	Refund
a) If goods sold outside within 6 months	Supply on Dt. Of Sale	Tax Invoice to be issued on the date of Sale	ITC Refund will be available as applicable to zero-rated supply
b) If goods brought back within 6 months	Not a Supply	No Invoice	No Refund
c) If goods neither sold nor brought back within 6 months	Deemed Supply on expiry of 6 months	Invoice to be issued on the date of expiry of 6 months	ITC Refund will be available as applicable to zero-rated supply

Residential Welfare Association

- Circular clarifies certain issues in respect of exemption available to GST on monthly subscription/contribution charged by a Residential Welfare Association from its members



GST – Advance Rulings



Advance ruling is binding only on the applicant who has sought the advance ruling and on the concerned officer or the jurisdictional officer in respect of the applicant

However, the Rulings help us to ascertain the mind-set and interpretation that may be adopted by the Department. Accordingly, we have discussed a few Advance rulings issued recently.

Reshellers Pvt Ltd[Maharashtra AAR]

Job Work

Issue: Applicants are engaged in the manufacture of sugar mill rollers by using their own raw material required to manufacture the sugar mill rollers. Whether the activity of converting the bare shaft/beams supplied by the customer into ready to use sugar mill roller (by using one's own raw material) will be treatable as supply of goods or as supply of service? Whether the cost of shaft/bear supplied by the customer is includible in the value of the said supply for the purpose of payment of GST ?

Ruling -

- Activity held to be manufacturing a new commodity by using one's own raw material, skill and labour as well as the material supplied by the customer. Activity not amounting to job-work and would be a supply of goods.
- Free of cost shafts, beams, supplied by the customer to be included in valuation as per Rule 27(b) of the CGST Rules.

Ready built body on Chassis & Mounting body on Chassis

Tata Marcopolo Motors Ltd [Karnataka AAR]

- Supply of ready built body & mere mounting the body on chassis supplied by owner amounts to supply of goods and is classified under HSN 8707 @28% GST
- Activity of step by step building body on chassis supplied by owner by using their own inputs & capital goods amounts to supply of service meriting classification under SAC 9988 @18% GST

99 Year Lease

Lease agreement between the lessor and the lessee for a period of 99 years is a lease agreement of immovable property classifiable under HSN 9972 and attracts GST @18% and cannot be considered as sale to be outside the purview of GST.

GST – Advance Rulings - ITC

Konkan LNG Pvt Ltd [Maharashtra AAR]

Scope of 'plant & machinery'

Issue: The applicant has LNG regassification plant & the raw material (i.e LNG) reaches through a Jetty situated in a sea which is adjacent to a Breakwater. Whether ITC of construction/renovation of Breakwater and whether it qualifies to be 'plant & machinery'?

Ruling –

- ITC denied under Section 17(5) since the breakwater is an immovable property and cannot be considered to be plant or machinery as it is not going to be used for rendering outward supply of goods or services or both.

All Rajasthan Corrugated Board & Box Manufacturer Association [Rajasthan AAR] –

Classification of supply & ITC on food

Facts: Applicant engaged in the upliftment and technological advancement of Corrugation Industry. For this purpose applicant to organize and manage the conference and exhibition and following facilities will be offered to participants -Technical Seminars - Access to exhibition- Hotel Room Accommodation- Cultural programs, lunch & dinner- Airport Pick Up & Drop

Issue: Whether services provided by the Applicant to participants qualify as 'sponsorship service' attracting GST under RCM ? Whether ITC available for 1. Hotel Accomodation 2. Supply of food by outside Caterers 3. Services provided by event manager like pickup & drop.

Ruling:

- Services to the delegates and exhibitors is of organizing events, exhibitions, conventions and trade shows organizations and assistance.
- It is in the nature of brand promotion and not sponsorship.
- ITC of tax paid on food and beverages, rent-a-cab, etc. will be available to the applicant because the applicant will use such inward supply as an element of an outward supply of event organization which is a taxable composite supply.

M/s Chowgule Industries Pvt Ltd [Goa AAR]

ITC of demo car

Issues: Applicant is an authorised dealer for Maruti Suzuki India Ltd. Whether Input Tax Credit on the Motor Vehicle purchased for demonstration purpose can be availed as credit on Capital Goods and set off against output tax payable under GST?

Ruling: Demo vehicle is an indispensable tool for promotion for sale. Such capital goods which are used in the course or furtherance of business is entitled for Input Tax credit and can be set off against Output tax payable under GST

GST – Advance Rulings – Regarding Exemptions

Alcon Resort Holdings Pvt Ltd [Goa AAR]

Ayurveda Centre held to qualify as Clinical Establishment

Issue: Applicant has a Centre under the name Devaaya Ayurveda & Nature Cure Centre for providing healthcare treatment services to patients through Ayurveda, Naturopathy and Yoga. Whether exemption available to healthcare service will be available?

Ruling –

- Applicant held to qualify as a 'clinical establishment' since the Applicant provides healthcare services by way of appropriate diagnosis, appropriate medicines as well as relevant consumables or implants as part of treatment under supervision of qualified doctors
- Entitled for exemption under the category of Healthcare services'

M/s Vidarbha Infotech Pvt Ltd [Maharashtra AAR]

Pure service exemption

Issues: Whether services of management of non-network tanker with the help of GPRS system at Nagpur for Nagpur Environmental Services Ltd. (NESL), Nagpur for providing would be eligible for exemption?

Ruling: NESL held to be 'local authority' since established by NMC and operating under municipal fund. Pure service to be provided in relation to various functions under Article 243W, therefore, exempt

Healthcare : In-patients v. out-patients

Terna Public Charitable Trust [Maharashtra AAR]

- **Supply** of medicines, surgical items, implants, consumables and other allied items provided by the hospital through the hospital owned pharmacy as well as food, room on rent **to the in-patients is part of composite supply of health care treatment and hence is not taxable under GST.**
- Such **supply** through hospital owned pharmacy **to out-patients is taxable**

Security And Intelligence Services India Ltd [Maharashtra AAR]

Security services to VNIT – taxable

- Exemption to services provided to an educational institute not available to VNIT since it is available only to an educational institution which provides services by way of pre-school education and education up to higher secondary or equivalent
- Further, VNIT has neither been set up by an Act of Parliament or a State Legislature not has been established by any Government therefore it does not qualify to be Governmental Authority

GST – Advance Rulings – Regarding Exemptions

Indian Institute Of Corporate Affairs [Delhi AAR]

Flow of consideration & Charitable Activity

Issues: Whether amount received by applicant (a registered society) from Agriculture Insurance Company of India Ltd. (AICL) towards implementation CSR project of “Integrated Village Development Programme” for improving infrastructure facilities in 50 villages leviable to tax?

Ruling: the consideration for the supply of goods or services may be paid by the recipient or by any other person”; Further, rejecting applicant’s plea that amount received by them should be considered as ‘grant-in-aid’, elucidates that, it is not a case that AICL has donated a lumpsum to applicant; Observes that, there is a direct link between the amount paid and supply of taxable service of installation of solar pumps, solar street lights and construction of toilets, hence applicant is liable to pay GST. **Activities are undertaken for improving infrastructural facilities and not activities relating to public health or preservation of environment therefore not charitable activity**

Daimler Financial Services India Pvy. Ltd. ('DFS') [Tamilnadu AAR]

Interest Subvention Income - Taxable

Facts: Applicant is NBFC engaged in “leasing & finance”. As per the arrangement between the applicant and MercedesBenz India Private Limited ('MIPL'), the applicant offered loans to the customer of Mercedes Benz at a lower rate of interest. The differential rate of interest was recovered from MIPL and termed as ‘interest subvention income’.

Issues: Whether the interest subvention income received by applicant from MIPL is chargeable to GST?

Ruling:

- Interest Income exempted only when there is a direct supply and consideration in the form of interest is received for extending services of loan, etc. MIPL is not paying interest because it has taken any loan from the Applicant. Interest subvention income is received because Applicant is agreeing to provide vehicle loan to buyers of MB India's vehicles at a lower interest rate.
- The interest subvention income chargeable to GST as a supply under SAC 999792 as Other miscellaneous Services, **agreeing to do an act.**

GST – Advance Rulings – Specific services

Colo Color [Maharashtra AAR]

Printing Services

- Applicant is a retail chain of digital labs and studios.
- The activity of merely printing or reproducing the content given by photographers/retail customers on pen drive, CD, memory card or any other storage media will be classifiable under SAC 998386 i.e. Photographic and video graphic processing services

TUI India Pvt Ltd. [Delhi AAR]

Tour Operator

- Hotel accommodation' service supplied as agent to exclude value of hotel accommodation, subject to satisfaction of "pure agent" condition.
- Explicates that the 'tour operator services' are covered under entry (i) of S.No. 23 of Notification No. 11/2017-Central Tax (Rate) and they are required to pay GST@5% (without ITC), hence option to pay GST at 18% (with ITC) is not available to them

Mayank Jain [Maharashtra AAR]

Intermediary

- Various services which will enable the applicant to market the EB-5 Program in India to prospective investors in India. Towards this end they will be entering into a Foreign Immigration Advisor Agreement with the Consultant Manager to provide such marketing services to them. In addition to such services, after a willing investor is found, the applicant will also be providing certain services i.e Hand-holding services to the investor.
- The consideration for both the services mentioned above will be received by the applicant from the Consultant Manager only upon successful investment/repatriation by the investor. This consideration will be received in foreign exchange.
- *Applicants services held to be intermediary services not qualifying the conditions of export*

Venkatasamy Jagannathan [Tamil Nadu AAR]

Profit Sharing – Actionable Claim

- There is an obligation on part of the other shareholders mentioned in the Profit Sharing Agreement to pay such amounts as per the profit share agreement signed by them with the applicant. The applicant has a claim to the specified amounts in the event of occurrence of the specified strategic sale or IPO. His claim is contingent on such events occurring. The applicant has a beneficial interest in the profits arising out of such a strategic sale or IPO.
- It can be said that the Profit Sharing Agreement is an 'actionable claim' not liable to GST

GST – Advance Rulings – Classification

Works contract v. Composite supply

M/S Nikhil Comforts [Maharashtra AAR]

Goods involved in **supply, installation of HVAC** units with piping, insulation, cabling mainly outdoor units for installation of Air conditioning which can be removed as such, therefore not immovable property & hence not a Works Contract. Since it is a *Composite Supply the rate of Principal supply shall be levied i.e Air Conditioner @ 28%*

Dhanalaxmii Welding Works - [Tamil Nadu AAR]

Work undertaken in relation to **repair/replacement/installation of pipelines** etc. which are part of machinery used in dairy industry and same is *not relating to any immovable property, hence does not fall under the category of Works Contract:*

Tata Projects Limited [Tamil Nadu AAR]

Supply of Engineering, Procurement and Construction (**EPC contract for establishment of Fluids Servicing system** between the applicant and ISRO Propulsion Complex is a *Works Contract* and hence notification 45/2017-CTR is not applicable

Vedant synergy Pvt Ltd [Rajasthan AAR]

The essential element of whole supply is **Video Conference software/network**. All other goods and services are involved in carrying out of smooth fixture, therefore, the principal supply of is Video Conference software/solution. *Supply falls under HSN 998316 Information technology infrastructure and network management services attracting GST @ 18%*

Classification

Slabs of Quartz (Artificial stone) is classifiable under HSN 6810 1990 and attracts GST @18%

Door-handle of motor vehicles, fittings made of plastic for motor vehicle's doors such as bracket, housing, stator, gasket and glove box locking are classifiable under Chapter 3926 and will be taxable as per the rates applicable

Electronic Cluster is purely a different manufactured product resulted by way of assembling and connecting various components on single electronic platform and which are solely used in vehicles - Classification of Instrument Cluster is covered under HSN 8708 as parts of Motor Vehicles; liable to tax @28% GST:

Steel mugs with a plastic outer body supplied by the applicant is classifiable under heading 7323 (and not under heading 3924) since the material which is giving the essential character is the presence of steel which is 75% of the total value and composition of the goods

Triple Screw Pump held to be “part” of the Vessels therefore attracts GST @ 5%.

Service provided by State of Rajasthan to applicant for which **royalty is being paid is classifiable under SAC 997337; attracts GST @18%** - since applicant is recipient of the services provided by the State of Rajasthan they are required to pay GST on reverse charge basis

GST – Advance Rulings - Miscellaneous

Membership/ Subscription fees

- Consideration paid as subscription or contribution towards recurring or capital expenses or reimbursement or by whatever name called, to applicant NIBM, a society registered under the Societies Registration Act, 1860 by its members (being Banks) for its recurring and non-recurring expenses is leviable to GST - **National Institute Of Bank Management**
- Membership subscription and admission fees collected from members is liable to GST as supply of service
- ITC of tax paid on Banquet and catering services for holding member meetings and various events is not admissible for ITC - **Rotary Club Of Mumbai Queens Necklace**

Registration

- Kasturba Health Society working as an NGO is a registered Trust and society. It runs a Medical college named Mahatma Gandhi Institute of Medical Sciences (MGIMS) as a joint project with the State and Central Governments.
- **Trust held to be a distant entity that the educational institute and will be liable for registration if they provide taxable services and their turnover exceeds the threshold limit prescribed for registration. - Kasturba Health Society [Maharashtra AAR]**

Not in the purview of AAR

- Applicability of **TDS provisions Jaipur Zila Dugdh**
- Services provided an overseas group whether **zero rated supply- Cummings Technology India Pvt Ltd.**
- Whether 'Gear Motors' can be covered in 'Gears' and 'Gearings' - **Rossi Gear Motors India Pvt Ltd.**
- **E-way bill related queries . Tamilnadu Edible Oils**
- Goods delivered to a ship proceeding to a foreign port were considered **Export of Goods**, not in the purview - **WILHELMSSEN MARITIME SERVICES PVT LTD**
- Inverted duty structure - Seeking an **understanding of the formulae for calculation of refund** does not fall within the purview of s.97 of the CGST Act **Daewoo-TPL JV**

Appellate Advance Ruling – West Bengal

Social get-togethers and parties are special social functions and occasional in nature, and services provided by the Club at these get-togethers are not regular restaurant services;

Hence, **“food supplied at events which are occasional in nature like the social get-togethers arranged at the Club premises will attract GST @18% and not 5%**

Legal snippets

R K IMAGING v. STATE OF GUJARAT [Gujarat High Court]

Confiscation set aside

- Court is examining the larger issue as regards Section 129 and Section 130 of the GST Act
- The batch of writ applications is to come up for final hearing on 7th August, 2019
- Having regard to the fact that the goods involved in the case on hand is a sonography machine and the same is lying with the authorities past more than one month, Bench is of the view that the same should be released subject to the final outcome of this petition



AAP AND COMPANY v. UOI [Gujarat High Court]

Validity of Press Release

Press Release dated October 18, 2018 clarifying that the last date for availing ITC, in relation to invoices or debit notes relating to such invoices and issued by the corresponding supplier(s) during the period from July, 2017 to March, 2018, is the last date for the filing of GSTR-3B return for the month of September, 2018 i.e. 20 th October, 2018 is contrary to Section 16(4) of the CGST Act/GGST Act read with Section 39(1) of the CGST Act/GGST Act read with Rule 61 of the CGST Rules/GGST Rules. **Paragraph 3 of the Press Release is illegal to the extent of its clarification**

Grasim Industries Ltd. v. UOI [Gujarat High Court]

Validity of Retrospective Amendment

- Amendment which seeks to retrospectively disallow the transition and carry forward of the EC and SHEC in the GST regime challenged.
- Respondents to explain as regards the impugned amendment, more particularly, considering the submissions canvassed. **Notice issued to the Attorney General of India returnable on 31 st July 2019**

CMS Info Systems Ltd. Vs The Commissioner , CGST Mumbai [Maharashtra High Court]

AAR bound to consider all submissions

- The entire issue before the AARA as raised by the petitioner was whether the vans / motor vehicles in which the petitioners were transporting cash, would be money for the purpose of Section 2(52) of the GST Act
- Since this aspect has not been dealt with in the impugned order dated 6th August, 2018 of the AARA, the decision making process has not been complied with by the Authority
- Ignoring a submission would render the order vulnerable to judicial review by the High Court
- Impugned order set aside and the matter remanded to the Appellate authority for fresh disposal in accordance with law

Legal snippets

WILLOWOOD CHEMICALS PVT LTD v. UOI [Gujarat High Court]

Interest on delayed refund

- Writ applicants are entitled to 9% per annum interest from the date of filing of the GSTR-3B
- Exercise to be undertaken by respondent and completed within a period of two months from the date of receipt of the order

M/s Saraf Natural Stone v. UOI [Gujarat High Court]

The position of law appears to be well settled

The provisions relating to an interest on delayed payment of refund have been consistently held as beneficial and non-discriminatory

Respondents have not explained in any manner the issue of delay as raised by the writ-application by filing any reply

Respondents are liable to pay simple interest on the delayed payment at the rate of 9% per annum from the date of filing of application.



RECKITT BENCKISER INDIA PVT LTD v. UNION OF INDIA [Delhi High Court]

Authority of Director General of Anti Profiteering

Facts: National Anti Profiteering Authority has ordered an inquiry as regards one of the products of the Petitioner i.e. Dettol HW Liquid Original 900 ml ('Complained Product'). Grievance of the Petitioner is that the Director General of Anti Profiteering (DGAP) has by the impugned notice dated 8th/9th April, 2019 sought information on all products of the Petitioner

Issue: Whether without there being a report of the DGAP on the complained product followed by an order of NAPA in terms of Rule 133(5)(a) of the CGST Rules, the DGAP can suo motu issue a notice requiring the Petitioner to submit information on all its products which are approximately 3500 in number?

Ruling: Interim relief granted. Applicant not required to furnish information to the DGAP pursuant to the impugned notice other than information pertaining to the Complained Product



3

Customs updates

- Notifications
- Circulars
- Legal Snippets

Notifications

Tariff Notifications

18/
2019

Increases the effective rate of Road and Infrastructure cess, as additional duty of customs, on petrol and diesel.

Budget Rate changes

19/
2019

Exempts specified defense equipment and their parts from Basic Customs Duty for a period of 5 years

20/
2019

Amends Notification No. 52/2017-Customs dated 30th June 2017 so as to increase the effective rate of Basic Customs Duty on petroleum crude.

21/
2019

Amends Notification No. 25/98-Customs which prescribes effective rate of customs duty, on specified goods covered under the Information Technology Agreement (WTO) to update the classification of the goods

22/
2019

Amends Notification No 25/2002-Customs to exempt specified capital goods use for manufacture of specified electronic items.

23/
2019

Amends Notification No 25/2005-Customs to explicitly provide BCD exemption on the specified parts of line telephone handset.

24/
2019

Amends Notification No 57/2017-Customs relating to exemption to specified electronic goods.

25/
2019

Amends Notification No 50/2017-Customs 2017 so as to prescribe effective rate of BCD

26/
2019

Amends Notification No 14/2006-Customs in order to change the classification of other dyed fabrics of nylon

27/
2019

Amends Notification No 27/2011-Customs to reduce the export duty on EI tanned leather and Hides, skins and leathers, tanned and untanned, all sorts.

Anti-dumping Duty ('ADD') Notifications

27/
2019

Extends levy of ADD till 27.10.2019, on imports of "Paracetamol" originating in or exported from china PR

28/
2019

Imposes definitive ADD on imports of "Purified Terephthalic Acid" originating in or exported from Korea RP and Thailand

Circular and legal snippet

Partial discharge of bonds executed by nominated agencies/ banks

- ICES 1.5 amended to permit proportionate crediting of the Bond and Bank Guarantee online as and when the exports are being made, partially against the said Bond and Bank Guarantee.
- Directorate General of Systems will issue system advisory giving details of the new functionality regarding partial crediting of RE bond in ICES.

Gems & Jewellery

Paperless processing – uploading of documents by Government Agencies

- Government has been striving to enable uploading of Licenses/Permits/Certificates/ Other Authorisations (LPCOs) directly by PGAs (Participating Government Agencies) on eSANCHIT instead of the importer/ Exporters
- **16 more PGAs brought on board eSANCHIT Platform.**
- Importer exporter and other beneficiary will not be permitted to upload documents w.e.f. 1.8.2019



100% examination of risky exporter

To facilitate reduction in time and cost related with EXIM clearances, wherever the examination has validated the declaration made in the shipping bill, RMCC may review the risk assessment and gradually taper down the percentage of physical examination.



Clarification regarding applicability of duty on re-import of goods which were exported earlier for exhibition purpose/consignment basis issued in line with the GST clarification

Re-import

Guidelines prescribed for the Disposal of Muriate of Potash (MoP) Seized/Confiscated by Customs



Legal Snippet

Long delay of 16 years in taking up the adjudication of SCN (without sufficient cause), would be indicative of the Revenue having abandoned the SCN. Moreover, delay in adjudication would cause prejudice to the noticee as the men in the knowledge of the facts may not be available or even if available, memories fail. SCN quashed - **RELIANCE INDUSTRIES LTD AND ANR v. UNION OF INDIA AND ORS**

4

FTP updates

- Public Notices
- Circulars &
- Trade Notices
- New Duty Reimbursement Scheme proposed

Circulars and Notices

Subject	Implications										
Amendments in Appendix 4J of Hand Book of Procedures 2015-20	<p>Import of Walnut (in any form) has been added under Appendix 4J with pre-import condition.</p> <p>Export Obligation Period for Walnut with pre-import condition from the date of clearance by Customs Authority is 6 Months.</p>										
Extension of date of implementation regarding the Track and Trace system for export of Pharmaceuticals and drug consignments	The date of implementation of Track and Trace System for export of drug formulations with respect to maintaining the Parent-Child relationship in packaging levels and its uploading on Central Portal has been extended up to 01.04.2020 for both SSI and non SSI manufactured drugs.										
Issue of Advance Authorization where import item is 'Pulses' and/or 'Peas' of any kind falling under restricted/prohibited category.	Advance Authorizations shall not be issued, where import item is "Pulses" and / or "Peas" of any kind, which is under Restricted / Prohibited / State Trading Enterprises ('STE')										
Fixation of Standard Input Output Norms for Food Products (Product Code 'E')	<p>Standard Input Output Norms ('SION') for export product "Walnut Kernels" (Chandler Variety) in Food Product Group has been Notified as under:</p> <table border="1" data-bbox="468 1549 1372 1761"> <thead> <tr> <th data-bbox="468 1549 629 1601">SION No.</th> <th data-bbox="634 1549 876 1601">Export Item</th> <th data-bbox="881 1549 1036 1601">Quantity</th> <th data-bbox="1041 1549 1229 1601">Import Item</th> <th data-bbox="1233 1549 1372 1601">Quantity</th> </tr> </thead> <tbody> <tr> <td data-bbox="468 1607 629 1761">E 134</td> <td data-bbox="634 1607 876 1761">"Walnut Kernels" (Chandler Variety)</td> <td data-bbox="881 1607 1036 1761">49 Kg</td> <td data-bbox="1041 1607 1229 1761">"Walnut Shell" (Chandler Variety)</td> <td data-bbox="1233 1607 1372 1761">100 kg</td> </tr> </tbody> </table>	SION No.	Export Item	Quantity	Import Item	Quantity	E 134	"Walnut Kernels" (Chandler Variety)	49 Kg	"Walnut Shell" (Chandler Variety)	100 kg
SION No.	Export Item	Quantity	Import Item	Quantity							
E 134	"Walnut Kernels" (Chandler Variety)	49 Kg	"Walnut Shell" (Chandler Variety)	100 kg							
Import policy of 'Ethyl Alcohol and other spirits, denatured, of any strength'	<p>Import of 'Ethyl Alcohol and other spirits, denatured, of any strength has been changed from "Free" to "Restricted".</p> <p>Accordingly, importers have to obtain restricted license from DGFT.</p>										



Circulars and Notices

Subject	Implications															
<p>Clarification on Jurisdictional RA/RA concerned for SEIS- Para 3.06 (c) of Handbook of Procedures</p>	<p>The concerned office for SEIS claim for Domestic Tariff Area ('DTA') and Special Economic Zone ('SEZ') is as under:</p> <table border="1" data-bbox="479 638 1349 1106"> <thead> <tr> <th data-bbox="479 638 568 727">Sr. No.</th> <th data-bbox="568 638 835 727">Units</th> <th data-bbox="835 638 1349 727">Concerned Office</th> </tr> </thead> <tbody> <tr> <td data-bbox="479 727 568 803">1.</td> <td data-bbox="568 727 835 803">DTA only</td> <td data-bbox="835 727 1349 803">Jurisdictional Regional Office of DGFT</td> </tr> <tr> <td data-bbox="479 803 568 893">2.</td> <td data-bbox="568 803 835 893">SEZ only</td> <td data-bbox="835 803 1349 893">Respective Development Commissioner ('DC') of SEZ.</td> </tr> <tr> <td data-bbox="479 893 568 1017">3.</td> <td data-bbox="568 893 835 1017">Multiple SEZ's</td> <td data-bbox="835 893 1349 1017">Single Application for all units to the DC of SEZ where it has achieved Highest Foreign Earnings.</td> </tr> <tr> <td data-bbox="479 1017 568 1106">4.</td> <td data-bbox="568 1017 835 1106">Both DTA and SEZ</td> <td data-bbox="835 1017 1349 1106">Single Application for all units to the Jurisdictional Regional Office of DGFT</td> </tr> </tbody> </table> <p><i>It is further clarified that, incase of DTA and SEZ category if there are both zero export turnover and non-zero export turnover, the application should to be made to the concerned office for the non-zero turnover unit.</i></p>	Sr. No.	Units	Concerned Office	1.	DTA only	Jurisdictional Regional Office of DGFT	2.	SEZ only	Respective Development Commissioner ('DC') of SEZ.	3.	Multiple SEZ's	Single Application for all units to the DC of SEZ where it has achieved Highest Foreign Earnings.	4.	Both DTA and SEZ	Single Application for all units to the Jurisdictional Regional Office of DGFT
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<p>Merger of Council for Trade Development and Promotion (CTDP) in to Board of Trade (BOT)</p>	<p>The objective of BOT is to have regular discussion and consultation with trade and industry and advise the Government for Policy measures to Foreign Trade Policy in order to achieve the objective of boosting India's trade.</p> <p>Now, to bring greater coherence in consultation process it has been decided to merge the CTDP and BOT which will be chaired by the Union Commerce and Industry Minister.</p>															

New Duty Reimbursement Scheme Proposed for Exporters

- Commerce Ministry has moved Cabinet for a **New Duty Reimbursement Scheme called as 'Rebate of State and Central Taxes and Levies ("RoSCTL")** for Exporters which shall replace all export incentives schemes
- Refunds shall be granted through freely transferable scrips for all un-reimbursed duties on export inputs & indirect taxes levied with respect to distribution of exports;
- New Scheme shall be WTO Compliant and will cover export sectors in phases
- **MEIS Export Incentives shall be withdrawn in phases for export sectors**

New!

About VK&S



Vijaywargi Khabiya and Saoji, Chartered Accountants, is a single window professional services firm focusing on high quality services one needs from a business advisory organization. The firm is managed by dynamic & pulsating partners with decade long professional experience. The firm provides services and consultancy related to accounting & implementation thereof, auditing including internal, statutory, tax, concurrent and management audit, matters related to direct & indirect tax including advisory, litigation, due diligence review, tax optimization and compliance services, outsourcing of accounts, payrolls, FEMA, Company Laws matters, Project Financing, Subsidies, and the like



ANY QUESTIONS?

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Tax Compliance – August 2019 – Key dates

Return / Form/ Rule	Details	Date
Applicability of Kerala Flood Cess	1% to be charged on intra-state supplies in Kerala to unregistered persons	1 st August
GSTR-1 [Turnover > 1.5 Cr]	GST Return for Outward supplies for July 2019	11 th August
GSTR-3B	GST Return for July 2019	20 th August
Blocking of E-way bill facility	Persons not filing returns for 2 consecutive tax periods will not be able to generate E-way bill	21 st August
GST ITC-04	Job work return for the period July, 2017 to June, 2019	31 st August
GSTR-7	Return by TDS deductor for October 2018 to July 2019	31 st August
GST CMP-08	statement for every quarter for details of self-assessed tax by composition dealers	31 st August
GSTR- 9/9A/9C	GST Annual Return and GST Audit Report for FY 2017-2018	31 st August
Non-audit Income Tax Returns	-	31 st August

