





Tax Bulletin

Update publication for our clients

October, 2019

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



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FOREWORD

While 'Howdy Modi' managed to grab all the limelight in news and media, September 2019 also witnessed a surge of key announcements by the Finance Ministry. In order to deal with the slowdown of economic growth, the Ministry announced that it will lower the corporate tax rate to 22% from 30% for companies that don't seek exemptions whereas the companies which do seek exemptions can expect a rate cut from 35% to 25%. Along with tax cut, the Ministry also urged banks to increase public lending and help steer the stagnant economy.

The month also witnessed the 37th GST Council meeting wherein rate changes were announced for various goods and services along with recommendations regarding further simplification of return procedures and compliances under GST. The Finance Minister also stepped into the shoes of the Health Minister and announced an immediate ban on sale and imports of e-cigarettes in the country.

It is evident that the Government is trying to provide as much relief to trade and industry as possible while simultaneously discouraging the consumption of products which have a deteriorating impact on people's health.

We hope that this **17th 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

1

Income Tax updates

- Corporate Tax Rate cut and Depreciation
- Other Updates
- Legal Snippets

Updates, circulars, legal snippets

Fiscal measures to boost economy

- **Corporate Tax Rate Cut** – Considered to be the most trade-friendly reform which makes Indian Tax Rates comparable with many Asian peer countries. The rate cut is made with the objective to make Indian Companies more competitive, attract global companies for manufacturing and leave more cash for investments
 - Corporate Tax Rate reduced from 30% to 22%. Such companies will not be eligible to claim any exemption.
 - Minimum Alternative Tax (MAT) Rate reduced from 18.5% to 15%
 - Lower Corporate Tax Rate of 15% for Manufacturing Companies incorporated on or after 1st October, 2019. Such companies will not have to pay MAT and
- **Additional Depreciation @ 15% on Motor Cars and Motor Vehicles** will be allowed if purchased between 23rd August 2019 to 31st March 2020.

Other Updates

- **Extension of Due Date for Submission of Income Tax Return for Audit Assessee to 31st October, 2019** - CBDT has extended due date for filling of Income Tax Return and Tax Audit Report for audit cases from 30th September 2019 to 31st October 2019
- **Document Identification Number** - Marching forward towards Digital India, w.e.f 1st October, 2019, CBDT has launched Document Identification Number (DIN) for all communications from Income Tax Department. Any communication without DIN shall be treated as invalid.
- **Extension of Due Date for PAN-Aadhar linking:** The date of linking of Aadhar with PAN extended to 31st December, 2019 against existing date of 30th September, 2019
- **Clarification on TDS credit on Cash Withdrawal from Bank** - CBDT has clarified that the TDS credit will be given to the person from whose account is withdrawn in the year of cash withdrawals.

Legal Snippets

On reconstitution of a partnership, the **immovable asset transferred to the outgoing partner** attracts capital gains tax in the hands of the assessee firm u/s 45(4)- NO: HC - [**Vikas Academy Vs ITO Ward II(4), Madurai**]

Waiver of loan taken on capital account cannot be taxed either u/s 41(1) or u/s 28(iv) as it is can not be termed as revenue receipt. [Pr CIT-3 Mumbai Vs Vibhadeep Investments and Trading Limited]



2

GST updates

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

GST Rate Changes – Goods

Applicable
w.e.f. October
1, 2019

Rate Reduction

Goods	From	To
Parts of Slide Fasteners	18%	12%
Marine Fuels 0.5% (FO)	18%	5%
Wet grinders (Consisting stone as a grinder)	12%	5%
Dried Tamarind	5%	NIL
Plates & Cups made up of leaves / flowers / barks	5%	NIL
Cut & polished semi precious stones	3%	0.25%
Petroleum Operations undertaken under Hydrocarbon Exploration Licensing Policy (HELP) or Open Acreage Licensing Policy (OALP)	Applicable rates	5% (subject to conditions)
Polypropylene/Polyethylene Woven and Non- Woven Bags and sacks, whether or not laminated, of a kind used for packing of goods	Applicable rates	12% Measure for Export Promotion
All goods supplied to the Food and Agricultural Organisation of the United Nations (FAO) for execution of projects	Applicable rates	Nil (subject to conditions)

Rate Increase

Goods	From	To
Goods falling under Chapter 86 like railway wagons, Coaches, rolling stock (without refund of ITC)	5%	12%
Caffeinated Beverages	18%	28% + 12% Compensation cess

Modification in condition for sale of car for persons with orthopaedic physical disability. Shall continue to attract GST @ 18%

Exemption extended to supply of silver / platinum along with gold by Nominated Agency under Scheme for Export Against Supply by Nominated Agency

GST Rate Changes – Services

Applicable
w.e.f. October
1, 2019

Hotel Accommodation

Transaction Value per unit (in Rs.) Per day	GST Rate
Rs. 1000 and less	NIL
Rs. 1001 to Rs 7500	12%
Rs. 7501 & above	18%

Outdoor Catering Services

In premises with daily tariff of unit of accommodation Rs 7501 and above **18% with ITC**

In other premises **5% without ITC**

Restaurant services – Uniform 5% GST without ITC

Composite supply of **“outdoor catering” together with renting** of premises – 5% GST

‘Restaurant service’, ‘outdoor catering’, ‘Hotel accommodation’, ‘declared tariff’ & ‘specified premises’ have been defined in the Service Rate Notification

Service entries bifurcated for rental services with operator & without operator

SAC 9966 – Rental service of transport vehicle applicable only when given **with operator**

SAC 9972 – Applicable to Leasing / rental service **without operator**

Warehousing

Storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibers such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, rice, coffee and tea **to be exempt**

Job Work Services

Supply of job work in relation to **Diamonds**

From 5% to 1.5%

Supply of machine job work such as in engineering industry

From 18% to 12%

Job work in relation to **bus body building** will remain @18%

Transportation

Validity of conditional exemption of GST on export freight **by air or sea** increased by another Year (*i.e till 30.09.2020*)

Insurance

Bangla Sashya Bima (BSB) crop insurance scheme of West Bengal government – **Exempt**

Central Armed Parliamentary Forces (under ministry of Home Affairs) – Life Insurance Business / Group Insurance Funds to their members – **Exempt**

Exploration, mining or drilling of petroleum crude or natural gas or both to attract 12% GST

Other effective changes

Reverse Charge Mechanism



Author to file declaration by 31.10.19 for exercising option to pay under forward charge

Author - Royalty

- For registered authors, an option to pay GST under forward charge – on Royalty charged from publishers.
- In other cases, publisher to continue to pay under RCM

Renting of motor vehicle

Applicability:

- Supplier should not be a body corporate
- Recipient should be a body corporate
- Supplier should be paying GST @ 5% on renting of vehicles with ITC only of input service in same line of business

Securities lending service

Applicability:

- Supplier is Lender i.e. a person who deposits securities with an approved intermediary for the purpose of lending under the Scheme of SEBI
- Recipient is a Borrower person who borrows the securities under the Scheme

Cement purchased by promoter

RCM entry amended to effectively clarify that GST under RCM will have to be paid on any quantum of cement purchase from URD

Reduction in Compensation Cess rates – Passenger Vehicles

Vehicle Type	Engine Capacity	Length	Capacity	Compensation Cess Rate
Petrol/ CNG/ LPG	1200 cc	4000 mm	10-13 person	1%
Diesel	1500cc	4000 mm	10-13 person	3%

Presently these vehicles attract Compensation Cess rate of 15%

Miscellaneous Changes

Aerated drinks

Manufacturers of Aerated drinks **excluded** from Composition Scheme

Tobacco products

Restriction on refund of compensation cess on tobacco products (in case of inverted duty structure)

J&K Govt. notifies that no E-way Bill is required to be generated to transport any class of goods of any value where the movement of goods commences and terminates within the State of J&K

Other effective changes

Place of Supply

Specified R&D Services

Place of supply of specified R&D services **provided by Indian Pharma Companies** to Foreign Service recipients **as the place of effective use & enjoyment of the service** (i.e Location of service)

- Services provided by and to Fédération Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020 to be hosted in India
- Services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020.

FIFA exemption

Real Estate-Development Rights

Old Notification dealing with time of supply in case of transfer of development rights in case of construction work made ineffective from April 1, 2019

Provisions of Rule 10, 11, 12 and 26 of the CGST (Fourth Amendment) Rules, 2019 relating to issue of 'payment order' instead of 'payment advice' for refunds shall come into force with effect from September 24, 2019

Payment Advice for Refunds

Liquor License

Grant of license by State Government against License fee to be included in list of **no supply**

Other proposed changes

Proposed Exemption

- Certain intermediary services provided by an intermediary to a supplier of goods or recipient of goods when both the supplier and recipient are located outside the taxable territory to be exempt
- Imports of Specified defence goods not being manufactured indigenously (upto 2024)
- Supply of **goods** to FIFA

Fishmeal

- ❖ Exempt for the period 01.07.2017 to 30.09.2019
- ❖ Any tax collected for this period to be deposited

Parts of Agricultural Machinery

- ❖ **12% GST** for the period 01.07.2017 to 31.12.2018
- ❖ On Pulley, Wheels & other parts (falling under **Heading 8483**)

Place of Supply/ Location of Service

Chip design software R&D Services - To notify the place of supply for such services provided **By Indian Companies** to foreign clients by using sample test kits in India is the **location of the service recipient** and Section 13(3)(a) of IGST Act is not applicable.

Circulars to be amended/ withdrawn

Clarification regarding supply of Information Technology enabled Services (ITeS services) (in supersession of Circular No. 107/26/2019-GST dated 18.07.2019) being made on own account or as intermediary.

Rescinding of Circular No.105/24/2019-GST dated 28.06.2019, ab-initio, which was issued in respect of post-sales discount.

Refer annexure
for list of GST
Circulars to be
issued

Proposed Law & Procedural Changes

Annual Return

Relaxation for MSME for filing of Annual Returns

- ❖ For FY 2017-18 & 2018 - 19
- ✓ **FORM GSTR-9A - Waiver** of requirement of filing **for Composition Taxpayers**
- ✓ **FORM GSTR-9 -** Optional for taxpayers whose **aggregate turnover** is upto Rs 2 Cr



Extension of Due Dates

For filing of appeals against orders of Appellate Authority as Appellate Tribunals are not yet functional

ITC availed by the recipients where details of outward supplies are not furnished by the suppliers in the statement under section 37 of the CGST Act, 2017

Restrictions on availing ITC

New Return System

- To be introduced from April, 2020
- Due date of FORM GSTR-3B and GSTR-1 for the period October, 2019 -March, 2020 to be notified

To be constituted to examine simplification of Forms for Annual Return & reconciliation statement

Committee of Officers

Issuance of circulars for

- Procedure to claim refund in FORM GST RFD-01A subsequent to favourable order in appeal or any
- eligibility to file a refund application in FORM GST RFD-01A for a period and category under which a NIL refund application has already been filed

Other proposed changes:

- Suitable amendments in view of creation of new UTs
- Integrated refund system with disbursal by single authority to be introduced from 24 September, 2019.
- Reasonable restrictions on passing of credit by risky taxpayers
- In principle decision to link Aadhar with registration of taxpayers under GST and examine the possibility of making Aadhar mandatory for claiming refunds.

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.

K M Trans Logistics Pvt Ltd [Rajasthan AAR]

GTA & Road Transportation

Issue: Applicant engaged in providing services to vehicle manufacturers and transports motor vehicles from the factory to authorised dealers. Applicant does not generate LR/GR but issues invoice & E-way Bill. Ruling was sought to clarify the following:

- Whether such transportation covered under exempted supply
- Whether rule 42 (reversal of ITC) will also apply in case where there is GST and non-GST supplies and there is a common consumption of inputs and input services.

Ruling –

- To qualify as GTA, supplier is required to issue Consignment Note with specified details.
- The e-way bill ('EWB') format requires filing details of 'Transport document number' and as per the Notes to EWB it is nothing but goods receipt number (GRN), without which E-way bill cannot be generated.
- Therefore, contention of Applicant of providing service without issuing LR/GR/consignment note is not correct and is not acceptable since the same is mandatory for generating EWB.
- In view of the above analogy, it was concluded that applicant is a GTA service provider and services are taxable.
- Further, it was held that reversal of ITC will be required in case taxable as well as exempt GTA services are provided.

The above Ruling effectively equates an EWB to a Consignment Note which is the *sine qua non* for qualifying as a GTA. Therefore, every transporter generating EWB may be seen as a GTA.

Indo Thai Securities Ltd. [Madhya Pradesh AAR]

Interest on Stock Broking Services

Interest charged on delayed payment of cost of securities and brokerage fee shall be taxed as per original supply i. e. supply of Stock broking services. Such interest is not eligible for benefit of exemption under Notification No. 12/2017.

GST – Advance Rulings

NMDC Ltd [Maharashtra AAR]

GST on Mining Royalty & other contributions

Issue: Applicant is engaged in mining and sale of "rough diamonds". Ruling sought on classification of royalty payments to Government in respect of Mining lease under "Licensing services for Right to use minerals falling under the heading 9973" and determination of the liability to pay tax on contributions made to District Mineral Foundation (DMF) and National Mineral Exploration trust (NMET) as per MMDR Act, 1957

Ruling –

- Service shall be classified under Tariff Heading 99733
- The intent behind contribution such as DMF & NMET is to pass on the liability of the Government (i.e. supplier) to the recipient. Therefore, contributions are nothing but additions to the royalty payable for the original supply itself, and is therefore liable to be added to the value of the original supply and treated accordingly for the purposes of GST
- Applicant being the recipient of such service shall have to pay tax on the said supply under reverse charge mechanism

Rationale given for applicability of GST on DMF and NMET appears to be incorrect. Contributions are collected by operation of law and should not be treated as consideration for GST payment.

Reliable Hospitality Services [West Bengal AAR]

Issue: Applicant is supplying facility management services like mechanised & manual cleaning, housekeeping, security services, etc to Central / State Government. **Clarity is sought whether exemption from payment of GST in terms of purer service exemption under Notification No. 12/2017-CTR is available.**

Ruling – Security services not covered under Eleventh or Twelfth Schedule, therefore notification not applicable. "Sanitation & similar services" classified under SAC 99945 includes 'sweeping and cleaning' but only with reference to cleaning of a road or street - Cleaning of hospital premises is, therefore, not classified under Sanitation or similar services and hence are not exempt under Sl. no. 3 or 3A of the exemption notification 12/2017-CTR

Pure Service Exemption

Mahendra Roy - WB

- Applicant's supply of providing conservancy/solid waste management service to the Conservancy Department of the Howrah Municipal Corporation is exempt from payment of GST under Sl. no. 3 of 12/2017-CTR in the light of Article 243W read with Sl. 6 of the Twelfth Schedule

GST – Advance Rulings

Attest Testing Services Ltd. [Maharashtra AAR]

Services by way of conducting exams

Issues: Applicant engaged in conducting exams, certification and allied services to clients including individuals, educational institution, corporate bodies, government undertaking, etc. **Clarity is sought whether the said services are composite supply or mixed supply and if covered under Notification 12/2017 CTR as it exempts the supplies made to an educational institution way of conducting exams**

Rulings:

- Services held as composite supply, conduct of examination being the Principal supply.
- Exemption available only when all the conditions of the said entry in the Notification are fulfilled, therefore exemption available or not will differ from case to case.

M/s Emerald Heights International School [Madhya Pradesh AAR]

Educational Conference

Issues: Applicant school sought to hold conference and collect fee from other participating schools

- **Clarity is sought whether the consideration received from schools participating in such conferences would be exempt?**
- **Whether ITC for input services is available?**
- **Whether exemption provided to catering, security, cleaning, house keeping, transportation to an educational institution will be available for services relating to the conference**

Rulings:

- The consideration received by the applicant from the schools participating in the conference would not be exempt
- Exemption to service providers like catering, security, cleaning, house keeping, transportation is to an educational institution up to higher secondary will not be available for services provided for the conference.
- No ITC shall be available on foods & catering as the rate of tax is 5% without ITC - However, ITC in respect of other services would be available as per GST

Golden Vacations Tours And Travels [West Bengal AAR]

Service of Arranging Accommodation

- 'Arranging' hotel accommodation taxable as 'support services', not as 'accommodation' or 'tour operator' service
- Notes that it is not unusual for tour operators to book bulk rooms in hotels and release a few of them to clients who either do not book for the tour or prefer to reach by own arrangement and pay only for the accommodation;
- Arranging accommodation might be provided as add-ons, but that is not the essence of the tour operating service

GST – Advance Rulings

Prakash Chand Jain [Madhya Pradesh AAR] –

Solar Based Devices

Issues: Applicant intends to trade and/or manufacture/assemble solar LED Torch chargeable through solar AC adapter, used generally in agriculture/ rural area. It is supplied with/ without Solar Panel but with solar charging socket which gives an option to charge through the solar socket. **Ruling sought on GST rate on supply of Solar LED Torch.**

Ruling:

- Product essentially and predominantly made to charge through AC Adapter, therefore cannot be classified under Solar Based devices
- Since it is not a Solar Based devices, it cannot avail concessional rate of GST @5% to 'Renewable Energy Devices & parts for their manufacture'

Ajwani Infrastructures Pvt. Ltd. [Maharashtra AAR]

Eligible 'applicant' in case of JV

- Contract was awarded to the JV Company,
- The supply of goods or services or both being undertaken or proposed to be undertaken will be by the JV company and not the applicant company.
- Considering the present law of the land which states that a JV company has a separate existence than that of the constituent entities, hence the person entitled to make the application is the JV company

Maansmarine Cargo International LLP [Maharashtra AAR]

Business Process Outsourcing

- Applicant was offered a BPO work from Hong Kong based shipping Co. and sought clarity on applicability of GST on its services and claim of reimbursements.
- GST is applicable on the reimbursement of expenses such as salaries, rent, office expenses, travelling cost etc. and such costs are not to be excluded due to 'pure agent' ;
- GST will be applicable on the management fees charged by applicant to the company for managing the job outsourced to them as they qualify as 'intermediary'

Metro Dairy Ltd [West Bengal AAR]

ITC apportionment

- Apportionment of ITC on capital goods when said goods initially used for production of taxable goods are subsequently used for manufacturing exempt goods also
- Accepts the mechanism for apportionment of ITC to the electronic credit ledger in terms of Rule 43(1)(c) of CGST Rules which prescribes 60 months from the date of invoice as the useful life of such capital goods

Directorate Of Skill Development Global Skill Development Park [Madhya Pradesh AAR]

GST liability under RCM - Government

- GST Exemption is not available if the service is imported for the purpose of business or commerce even by the Govt and Govt needs to pay GST under Reverse Charge.
- GST Sectoral Series on Government Service substantiates the said view

GST – Advance Rulings – Real Estate

Yash Nirman Engineers & Contractor [Maharashtra AAR]

Affordable Residential
Projects – Prior to April 2019

- **Benefit of lower rate** of GST for affordable residential projects not restricted to developer only but any person who fulfills the job in the capacity of the said service.
- Therefore, reduced rate of GST i.e 6% CGST & 6% SGST will be applicable to **sub-contractor**

Tejas Constructions & Infrastructure Pvt Ltd [Maharashtra AAR]

GST on Material received
from contractee

- Tax is payable on the entire contract value without deduction of value of the material provided by the contractee in a works contract for constructing building;
- the consideration for the said contract, being Rs. 600 lakhs (material and labour included), is subject to the execution and completion of the work as per the drawings, specifications and priced schedule of quantities and that the material viz. cement, mild steel, tor steel and structural steel shall be supplied by the contractee on agreed terms;
- Further observes that the concerned material supplied by the contractee are essential components for supply of Construction service while noting that GST is being paid on entire value of contract.

West Bengal Appellate AAR

Valuation

Abatement on ancillary
charges collected by builder

- Abatement allowed on value of construction service, as the plot of land on which construction is done is not liable to GST, cannot be deemed to be applicable in respect of preferential location of the unit (PLS), “which is altogether a separate service having no association with the land”;
- PLS cannot be treated as naturally bundled with construction service in the ordinary course of business” while noting Respondent’s plea that PLS is attributable to the choice of the purchaser in respect of floor rise and directional advantage
- Authority Remarks that, “Services are considered to be naturally bundled in the ordinary course of business when a large number of service receivers reasonably expect such services to be provided as a package”;
- said decision will also hold good for “right to use car parking space

Legal snippets

Transition Credit of Cess

Madras High Court in case of M/s Sutherland Global Services Pvt. Ltd. vs. AC CGST & Central Excise has allowed credit transition of Education Cess, Secondary/ Higher Education Cess & KKC into GST

GSTAT held unconstitutional

Madras HC declares GSTAT's composition as 'unconstitutional', Parliament to evaluate lawyer's eligibility as 'judicial member'

Rejection of GST payment in installment

P&H HC rejects Petitioner's submission regarding drawing out an instalment schedule so that some reasonable time would be afforded for deposit of GST amount in absence of any provision to support the same'

Refund of IGST

Kerala HC holds the assessee, an exporter, entitled for refund of IGST paid in cash despite the grant of drawback of the Central Excise component

Grant of Bail

Gujarat HC releases applicant (accused) on regular bail in connection with alleged offence for contravention of section 132 (1)(b) and (c) of CGST Act while exercising discretionary powers u/s 439 of Code of Criminal Procedure, 1973

Attachment of bank Accounts

Gujarat HC quashes orders of provisional attachment of bank accounts of writ applicant u/s 83 of CGST Act alleging circular trading while noting assessee's contention that no proceedings were initiated/pending under the CGST Act

3

Customs updates

- Notifications
- Circulars

Notifications

Tariff Notifications

29/ 2019	Increases the rate of duty of customs by 5 percent, for a period of 180 days, on imports of RBD Palmolein/Palm Oil originating in Malaysia and imported under India-Malaysia Comprehensive Economic Cooperation Agreement,
30/ 2019	Reduces BCD on Open cell (15.6" and above) for use in the manufacture of Liquid Crystal Display (LCD) and Light Emitting Diode (LED) TV panels and certain goods for use in the manufacture of Open cell of Liquid Crystal Display (LCD) and Light Emitting Diode (LED) TV panels
31/ 2019	Exempts petroleum operations or coal bed methane operations undertaken under HELP and OALP.
32/ 2019	Exempts imports by FAO for specified projects
33/ 2019	Extends the exemption provided to the Light Combat Aircraft Programme of the Ministry of Defence till 03.12.2021.
34/ 2019	<ul style="list-style-type: none"> Import of gold/silver/platinum by specified agencies to be exempt Inclusion of Diamond India Limited (DIL) in the list of nominated agencies on imports of Gold/ Silver/ Platinum Exempts import of Ships/ Vessels for providing cable laying or repairing services in Indian Customs waters subject to fulfilment of specified conditions
35/ 2019	Exempts IGST on import of specified defence goods, to give effect to the recommendations of the GST Council in its 37th meeting dated 20.09.2019 (w.e.f. October 1, 2019)

Anti-dumping Duty ('ADD') Notifications

34 and 35/ 2019	Relates to import of Melamine by specific persons
36 and 37/ 2019	Relates to anti-dumping duty on the imports of "Electrical Insulators" originating in, or/and exported from China PR.
38/ 2019	Imposes ADD on imports of 'High -Speed Steel of Non-Cobalt Grade' originating in, or exported from Brazil, China and Germany.
39/ 2019	Rescinds notification imposing ADD on Ductile iron pipes, originating in, or exported from, People's Republic of China

CVD Notifications

3/ 2019	Imposes countervailing duty on 'Atrazine Technical' originating in or exported from China PR , in pursuance of final findings issued by DGTR.
4/ 2019	Imposes countervailing duty on 'Welded Stainless Steel Pipes and Tubes' originating in or exported from China PR and Vietnam, in pursuance of final findings issued by DGTR.

Transshipment of Cargo to Nepal under Electronic Cargo Tracking System Regulations, 2019. notified

NEW!

Circulars and instructions

Revised Norms for Execution of Bank Guarantee

Basis for waiver of Bank Guarantee under AA, DFIA and EPCG:

- GST registered manufacturers/ service providers with exports in previous two FY and minimum export of Rs. 1Crore in previous FY
- GST registered manufacturers/ service providers who have paid GST of Rs. 1 Crore during preceding FY

Norms for certificate of proof of export performance or payment of duty also relaxed.

'Project Import' Module made operational online

• Module to cover following processes:

- (a) Registration of a Project and generation of a Project number
- (b) Bond Registration for Project Imports
- (c) Filing of provisional BEs with project number and bond details. Item wise debits in the project/bond for every BE
- (d) Finalization of the Provisional BEs and re-crediting of the Bond

(a) and (b) been operationalized in ICES.

Packing of Bottled-in-Origin Alcoholic Beverages

Clarification issued to state that putting of mono-cartons with statutory labelling requirement on Bottled-in-Origin alcoholic beverages is permissible in both Public and Private bonded warehouses under Section 64(b) of the Customs Act

Direct Port Delivery (DPD) of containers – Eligibility Criteria

• **Who may opt for facility of DPD (subject to fulfilment of conditions)**

- (a) AEO Tier I, II or III status holders;
- (b) importers with a clear track record of compliance and an import volume of 25 Full Container Load (FCL) TEUs in the preceding financial year (TEU threshold may be relaxed)

Who may not opt for facility of DPD

- (a) importers against whom a case of mis-declaration / concealment / diversion of imported goods / evasion of duty has been made in the preceding five years;
- (b) importers facing prosecution proceedings under the Customs Act
- (c) Importers importing goods that are subjected to 100% examination in terms of extant policy or mostly LCL consignments.

Duty drawback allowed in cases of short realisation of export proceeds due to bank charges upto 12.5% of FOB Value

Procedure for disposal of Unmanned Aircraft System (UAS)/ Unmanned Aerial Vehicle (UAVs)/Remotely Piloted Aircraft (RPAS)/ Drones prescribed

Procedure for disposal of Seized/Confiscated Foreign Origin Liquor prescribed

4




FTP updates

- Notifications
- Public Notices
- Circulars &
- Trade Notices

Notifications and Public Notices

Subject	Implications														
Amendment in import policy of Iron & Steel and incorporation of policy condition	<p>Import policy for the specific items in Chapter 72, 73 and 86 is amended from “Free” to “Free Subject to compulsory registration under Steel Import Monitoring System (‘SIMS’)” with effect from 01.11.2019.</p> <p>In case of such items, the importers have to register in SIMS within 2 months (Not earlier than 60th day and not later than 15th day) from the expected date of arrival of import consignment. After the registration, the automatic registration number will be issued which will be valid for 75 days.</p>														
Amendment in import policy of Chlorotrifluoroethene (CTFE)	Import policy of Chlorotrifluoroethene is amended from “Restricted” to “Free” with effect from 05.09.2019.														
Amendment in Export Policy of Onions	Export of all varieties of onions (Except Bangalore Rose onions and Krishnapuram onions excluding cut, sliced or broken in powder form) is amended from “Free” to “Prohibited” with immediate effect.														
Amendment in import policy of electronic cigarettes.	Import of electronic cigarettes (e-cigarettes) or any parts or components (i.e.. refill pods, atomizers, cartridges etc.) under HS code 8543 is prohibited.														
Fixation of Standard Input Output Norms for Food Products (‘SION’) E 135 for export of Cocoa Butter	<p>SION for export product “Cocoa Butter” in Food Product Group has been incorporated as under:</p> <table border="1"> <thead> <tr> <th rowspan="2">SION No.</th> <th colspan="2">Export</th> <th colspan="2">Import</th> </tr> <tr> <th>Item</th> <th>Quantity</th> <th>Item</th> <th>Quantity</th> </tr> </thead> <tbody> <tr> <td>E-135</td> <td>Cocoa Butter</td> <td>1 Kg</td> <td>Cocoa Butter (Dried and Fermented)</td> <td>2.47 Kgs</td> </tr> </tbody> </table>	SION No.	Export		Import		Item	Quantity	Item	Quantity	E-135	Cocoa Butter	1 Kg	Cocoa Butter (Dried and Fermented)	2.47 Kgs
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	Item	Quantity	Item	Quantity											
E-135	Cocoa Butter	1 Kg	Cocoa Butter (Dried and Fermented)	2.47 Kgs											
Amendment/Correction in the Appendix 3B, Table 2 of the Merchandise Exports from India Scheme (MEIS)	<p>Below HSN code has been corrected in the MEIS List and the same has been removed from the list of items where the description of item mentioned in shipping bill must be matched with the MEIS list.</p> <table border="1"> <thead> <tr> <th>MEIS Sr. No.</th> <th>Current HSN Code</th> <th>Amended / Corrected HSN Code</th> <th>Corrected Description</th> </tr> </thead> <tbody> <tr> <td>3730</td> <td>57039090</td> <td>57039020</td> <td>Carpets and Floor Coverings of Coir</td> </tr> </tbody> </table>	MEIS Sr. No.	Current HSN Code	Amended / Corrected HSN Code	Corrected Description	3730	57039090	57039020	Carpets and Floor Coverings of Coir						
MEIS Sr. No.	Current HSN Code	Amended / Corrected HSN Code	Corrected Description												
3730	57039090	57039020	Carpets and Floor Coverings of Coir												

Notices

Subject	Implications
 <p>Amendment in the Hand book of Procedures, 2015 - 2020.</p>	<p>Para 2.54: The period for installation and operationalization of Radiation Portal Monitors and Containers Scanner in the designated ports has been extended up to 31.12.2019.</p>
 <p>Issue of Advance Authorizations where export item is Gold medallions and coins or any Jewellery/Articles manufactured by fully mechanized process</p>	<p>Advance Authorizations shall not be issued where item of export is “Gold Medallions and Coins” or “Any Jewellery/Articles manufactured by fully mechanized process”</p>
 <p>Reorganization of Regional Authorities of DGFT</p>	<p>Various IT initiatives have been taken in DGFT in the recent past leading to automatic issue of paperless MEIS, IEC, Advance and EPCG Authorization.</p> <p>Now, DGFT has merged the smaller Regional Authority ('RA') offices with relatively bigger RA's (Annexure - 1).</p> <p>It is further clarified that:</p> <ol style="list-style-type: none"> 1. From 16.09.2019, all the applications by the exporters belonging to old RA will have to be filed online at the new jurisdictional RA; 2. Exporters can continue to file applications for amendment of authorizations, EODC/Redemption of old applications at the old RA till 30.10.2019; 3. From 01.11.2019, all activities of the old RA will be taken over by the new RA including old applications and requests. The old RA will cease to be operational.

Refer Annexure for detailed list of reorganized Regional Authorities of DGFT

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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Annexure

GST Circulars to be issued

Particulars	Clarification to be issued
Mere heating of leguminous vegetables (gram/lentil) for removing moisture, or to soften and puff it or removing the skin, and not subjecting to any other processing or addition of any other ingredients (salt, oil etc.)	Regarding classification under HSN 0713
All Mechanical Sprayers	Regarding classification under HSN 8424 (GST @ 12%)
Parts like Solar Evacuation tubes for solar power based devices like solar water heater, solar steam, generation systems	Regarding applicability of GST @5%
Exclusive parts and accessories suitable for use solely or principally with a medical device	Regarding classification under HSN 9018, 9019, 9021 or 9022 respectively (GST @ 12%)
Almond Milk	Regarding classification under HSN 22029990 (GST @18%)
Imported stores for Navy	For entitlement for exemption
Passenger Service Fee (PSF) and User Development Fee (UDF) levied by airport operators.	Regarding taxability

Annexure

Reorganization of Regional Authorities of DGFT

Annexure

Sr. No.	Name of the RA	Remarks
1.	CLA, Delhi	RA, Dehradun and RA, Moradabad merged in CLA, Delhi
2.	Kolkata	RA, Patna and RA, Cuttack merged in Zonal Office, Kolkata
3.	Bangalore	RA, Belagavi merged in RA, Bangalore
4.	Cochin	RA, Trivandrum merged in RA, Cochin
5.	Chennai	RA, Madurai merged in RA, Chennai
6.	Ludhiana	RA, Chandigarh merged in RA, Ludhiana
7.	Guwahati	RA, Shillong merged in RA, Guwahati
8.	Vishakhapatnam	RA, Vijaywada merged in RA, Vishakhapatnam DC, APIIC, SEZ, Vishakhapatnam also act as head of RA Vishakhapatnam
9.	Indore	RA, Bhopal merged in extension office Indore. DC, Indore SEZ will also act as head of RA, Indore
10.	Nagpur	RA, Raipur merged to RA Nagpur DC, Mihan Sez will also act as head of RA, Nagpur
11.	Surat	DC, Surat Sez will also act as head of RA, Surat
12.	Rajkot	DC, Jamsagar Sez will also act as head of RA, Rajkot
13.	Ahmedabad	DC, Dahez Sez will also act as head of RA, Ahmedabad