



S.P.NAGRATH & Co.LLP

CHARTERED ACCOUNTANTS

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MISSIVE

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Dear Patron

Here we are with the Fifty five successive issue of our monthly 'Missive'.

We trust you will enjoy reading this Missive, even while soaking in the contents. We would very much appreciate your feedback which consistently helps us in improving and upgrading the contents.

Thanks and regards,

Index

Topics	Page No
Direct Tax	03-08
Transfer Pricing	09
Indirect Tax	10-20

"Having a great idea is important. But having a great team is also Important".

Steve Case

DIRECT TAX

Circulars & Notifications - Income Tax

INSTRUCTION NO.9/2017 [F.NO.225/333/2017-ITA.]]

dated 11-1- 2017

- Clause (vi) of sub-section (a) of section 143(1) of the Income-tax Act, 1961 ('Act') as introduced vide Finance Act, 2016, w.e.f. 1-4-2017, while processing the return of income prescribes that the total income or loss shall be computed after making adjustment of addition of income appearing in Form 26AS or Form 16A or Form 16 (the three Forms) which has not been included in computing the total income in the return.
- In this regard, while processing income-tax returns filed in Form ITR-1, doubts have arisen regarding the nature, extent and scope of comparison of information as contained in the return of income with the three Forms which might lead to issuance of intimation proposing adjustments to the returned income.
- The matter has been examined by the Central Board of Direct Taxes (the Board). In returns filed in ITR-1 Form, information about a particular head/item of income is only on net basis and thus, complete data/information may not be available therein which may enable comparison with the data/information as contained in

the three Forms in a meaningful manner. Therefore, in exercise of its powers under section 119 of the Act, the Board hereby directs that provision of section 143(1)(a)(vi) of the Act would not be invoked to issue intimation proposing adjustment to the income/loss so filed in ITR-1 Form in such situations.

- However, where any head/item of income has been altogether omitted to be included in the return of income filed in ITR-1 while the three Forms contain specific detail in this regard pertaining to that item/head of income, section 143(1)(a)(vi) of the Act shall continue to apply. Further, for purpose of section 143(1)(a)(vi) of the Act, only the three Forms specified therein would be taken into consideration.
- The pending intimations proposing adjustments under section 143(1)(a)(vi) wherein the taxpayer has tendered an explanation without revising the return or has not tendered any response till now shall be dealt with in accordance with the above direction. However, in cases where on receiving the intimation u/s 143(1)(a)(vi) of the Act, the concerned assessee has already filed a revised return, such returns shall be treated as valid and handled accordingly.

Case Laws

NOTIFICATION NO. 5(4)-b (PD)/2017, DATED 23-10-2017

It is hereby notified that the deposits made under the Special Deposit Scheme for Non-Government Provident, Superannuation and Gratuity Funds, announced in the Ministry of Finance (Department of Economic Affairs) Notification No.F.16(1)-PD/75 dated 30th June, 1975, shall with effect from 1st October, 2017 to 31st December, 2017, bear interest at 7.8% (Seven point eight percent). This rate will be in force w.e.f. 1st October, 2017.

CBDT PRESS RELEASE, DATED 18-10-2017

- Section 12A of the Income-tax Act, 1961 ('the Act') w.e.f 01.04.2018 to the effect that where a trust or an institution, which has been granted registration under sections 12A or 12AA of the Act has subsequently adopted or undertaken modification of the objects and such modification does not conform to the conditions of such registration, then such trust or institution shall be required to obtain registration again by making an application within a period of thirty days from the date such adoption or modification of the objects.

MAHAVIR PRASAD JAIPURIA V/S ASSISTANT COMMISSIONER OF INCOME-TAX, CENTRAL CIRCLE-NEW DELHI [2017] 86 TAXMANN.COM 264 (DELHI - TRIB.)

Issue Involved

- In the original return of income, the assessee had offered an income of lesser amount to tax. Subsequently, he filed a revised return of income disclosing total income of higher amount. During the course of search and post search investigation, the assessee did not surrender any income but during the course of assessment proceedings under section 143(3) the assessee surrendered an amount which was shown in the computation of income under the head other sources.
- Assessment was completed under section 143(3) after making an addition on account of unexplained cash. Subsequently, the Assessing Officer imposed penalty under section 271AAA on the alleged undisclosed income of which was surrendered by the assessee during the course of assessment proceedings.

Held by CIT (A):-

Where during course of search and post search investigation assessee did not surrender any money but during course of scrutiny assessment, he surrendered an income which was claimed to be his wife's savings/pin money, same would not be considered as 'undisclosed income', thus, penalty under section 271AAA was not justified.

[DISH TV INDIA LTD. V/S ASSISTANT COMMISSIONER OF INCOME-TAX, RANGE-11\(1\), MUMBAI \[2017\] 86 TAXMANN.COM 177 \(MUMBAI - TRIB.\)](#)

Issue Involved

AO noted that the assessee has deducted TDS in respect of expenditure on customer support services under section 194C by applying a rate of 2% whereas it should have been deducted tax under section 194J @10%.

The AO was of the view that these expenses are incurred mainly for the purpose of solving customer grievances and technical issues raised by such customers. These services are incurred for availing BPO services. Therefore, the nature of service availed by the assessee is technical and TDS would have been deducted in accordance with section 194J instead of section 194C. The AO, therefore, disallowed under section 40(a)(ia).

Assessee went in appeal before the CIT(A). The CIT(A) took the view that it is not a case of non deduction of TDS but at most it can be a case of less deduction of TDS and, therefore, he deleted the disallowance made under section 40(a)(ia).

Held by CIT (A):-

Where assessee had deducted TDS in respect of expenditure on customer support services under section 194C by applying a rate of 2 per cent whereas according to Assessing Officer it should have deducted tax under section 194J at rate of 10 per cent as those expenses were incurred mainly for purpose of solving customer grievances and technical issues raised by such customers, and, therefore, Assessing Officer disallowed a sum under section 40(a)(ia), however Commissioner (Appeals) deleted disallowance made under section 40(a)(ia), it was held that there was no infirmity or illegality in order of Commissioner (Appeals) in holding that provisions of section 40(a)(ia) would not be applicable in case of assessee as there was nothing in section to treat assessee as defaulter where there was shortfall in deduction of TDS.

SREEMA MAHILA SAMITY V/S DEPUTY COMMISSIONER OF INCOME-TAX, CIRCLE-NADIA [2017] 86 TAXMANN.COM 216 (KOLKATA - TRIB.)

Facts of the case

Assessee, a charitable institution carried out money lending business and provided loan to general public and self-help group (SHG) and earned interest income. The AO was of the opinion that the assessee carried an activity in the nature of trade, commerce or business and not being the charitable object.

Held by ITAT Kolkata:-

Where assessee, a charitable institution carried out money lending business and provided loan to general public and self-help group (SHG) with own finance (donation received) and made application for Financial assistance before UBI, and which had sanctioned loan to assessee, loans had been raised in commercial lines and profit (Interest) was generated by financing small help groups at higher rates said micro financing by assessee was on commercial lines and, consequently, exemption should be denied to assessee in view of adding proviso to section 2(15)

Taking into consideration the amendment to section 2(15) of the Act, which came into force from A.Y 2009-10, applicable to the year under consideration held that the money lending business and earning interest thereon is an income and facts in the advancement of any other object general public utility and it shall not be a charitable purpose and added the excess income over expenditure under head micro finance/money lending.

PRINCIPAL COMMISSIONER OF INCOME TAX VS ATC TELECOM TOWER (P.) LTD. (2017) 86. TAXMANN.COM 97 (MUMBAI ITAT)

Issue Involved

- Can the Principal Commissioner of Income Tax invoke the power conferred to him under section 263 of the Income Tax Act '1961 in case where the Assessing officer completed the reassessment without making proper inquiry in regard to the source of share application money credited in the books of the Assessee.

Hon'ble Tribunal Court held that-

- It has been observed that the original assessment which was framed by the Assessing Officer vide his order passed under section 143(3), was reopened under

section 147 on the basis of information received from the DGIT (Inv), New Delhi.

- That as the primary issue which had weighed in the mind of the Assessing Officer while reopening the concluded assessment of the assessee was to verify the source of amount advanced to LTL, which as claimed by the assessee was from then amount of share application money received by it from ECHL, a Mauritius based company. Thus the Assessing officer in order to verify the international money trail and source of money had made a reference to the J.t Secretary, New Delhi, requesting the information which may be obtained from the revenue authorities in Mauritius under the respective articles dealing with exchange of information as per the Indian- Mauritius Double taxation Avoidance Agreement.
- However, it was noticed that as the report from the Mauritius revenue Authority was received on the date when the reassessment order under section 147 read with section 143(3) was framed by the Assessing Officer, therefore, the Assessing Officer by not waiting for the requisite details, had thus, without examining and verifying the report of the Mauritius revenue Authority, passed the reassessment order.

- Thus it was held that the principal commissioner had rightly revised the reassessment order passed by the Assessing officer under section 143(3) of the Act, being of the view that the Assessing officer had completed the reassessment without making proper enquiries with regard to the preliminary or basic facts about the sources of income found in the credit of the assessee, as well not considering the information which was called for by him from the Mauritius Tax Authorities.
- Therefore, the Principal Commissioner, remaining well within his jurisdiction had set aside the reassessment order passed by the Assessing Officer. Thus, the appeal of the assessee is dismissed.

IN THE ITAT AHMEDABAD BENCH

NAMISION POWERTECH (P.) LTD. V ACIT, BHARUCH CIRCLE, BHARUCH

During the course of assessment proceedings, AO noted that the Assessee had received share capital subscription via banking channel from non-resident shareholder (relative of one of the directors). Further, AO has made addition on account of unexplained cash credit under section 68 of the Act as he wasn't satisfied by the explanations given to him.

Aggrieved, the Assessee appealed before the CIT (A) for remedy. CIT (A) has rejected the objections of the Assessee and upheld the order of AO.

Assessee filed an appeal before the Income Tax Appellate Tribunal, where the Tribunal held that the receipts cannot be treated as unexplained cash credit as it is a transaction between relatives but not two strangers and also the money was flown by banking channel. In the result, the appeal has heard in favor of Assessee.

HIGH COURT OF KERALA

COMMISSIONER OF INCOME-TAX V OLAM AGRO INDIA LTD

Assessee was maintaining the books of account for the assessment year 2008-09 on the basis of the instructions issued by the Institute of Chartered Accountants of India under Accounting Standard-31 where institute made it mandatory only with effect from the financial year 2011-2012.

In pursuant to above, AO made disallowance of loss under section 144C of the Income tax Act, 1961 (The Act) on account of derivative contract, along with other additions.

The Assessee appealed before the Dispute Resolution Panel (DRP) for remedy. DRP has rejected the objections of the Assessee and upheld the order of AO.

Assessee filed an appeal before the Income Tax Appellate Tribunal, where the Tribunal held that the AO was not justified while making disallowances and it is evident submissions that the Assessee was legally entitled to adopt AS-31 and can claim deduction for the assessment year 2008-2009.

Aggrieved by the tribunal order, AO has filed an appeal before high court where court upheld the tribunal's order and has dismissed the appeal.

TRANSFER PRICING

ARIBA INDIA (P.) LTD. V. DEPUTY COMMISSIONER OF INCOME-TAX, CIRCLE-12 (1), NEW DELHI

Issue Involved:

Whether where a company had spent more than 26 per cent of total cost of employees and job work charges simply on outsourcing, business model of said company being significantly different from that of assessee company, which was not outsourcing any of its work, can be considered as a comparable to assessee company that renders IT enabled support services to its AE.

Held that by ITAT Delhi- Bench I-1:

The assessee company is doing the entire business at its own without there being any expenditure on outsourcing. This reveals a significant difference in the business model adopted by the assessee company and the comparable company. The comparable company has also spent more than 26 per cent of the total cost of the employees and job work charges simply on outsourcing, business model of said company being significantly different from that of the assessee company, which was not outsourcing any

of its work the same renders it non-comparable. Therefore, this company be excluded from the final set of comparable.

INDIRECT TAX

Goods and Service Tax Law

Central Tax

Notification No. 37/2017 - Central Tax dated 4th October, 2017.

CBEC has extended the facility to furnish a Letter of Undertaking (LUT) in place of a bond by a registered person, for making exports of goods or services without payment of IGST, subject to the certain conditions and safeguards which are as follows :-

- Every registered person who intends to supply goods or services for export without payment of IGST shall be eligible to furnish an LUT in place of a bond except those who have been prosecuted for any offence under the CGST Act, 2017 or the IGST Act, 2017 or any of the existing laws in force where the amount of tax evaded exceeds 2.5 crore rupees;
- The letter of undertaking (LUT) is required to furnish on the letter head of the registered person for a financial year in form GST RFD-11 by the working partner, the Managing Director or the Company Secretary or the proprietor or by a person duly authorized by such persons;
- If the registered person fails to follow the following conditions, he shall pay the tax due along with interest -
 - (a) In case of goods, within 15 days after the expiry of 3 months from the date of issue of

the invoice for export, if such goods are not exported out of India;

- (b) In case of services, within 15 days after the expiry of one year, from the date of issue of the invoice for export, if the payment of such services is not received by the exporter in convertible foreign exchange,
 - The facility of export without payment of IGST will be deemed to have been withdrawn and if the amount is paid then it will be restored.
 - The above conditions of this notification shall also apply in case of zero-rated supply of goods or services or both made by a registered person to SEZ developer or unit without payment of IGST.

Notification No. 40/2017 -Central Tax dated 13th October, 2017

CBEC has notified that the supplier whose aggregate turnover in the preceding financial year is up to 1.5 crore or the supplier whose aggregate turnover in the year in which such person has obtained registration is likely to be less than 1.5 crore shall pay tax on the outward supply of *goods* on the date of issue of invoice by the supplier not on the date on which the supplier receives the payment. *This also means that the supplier needs not to pay GST on advances received by them.*

Notification No. 41/2017 -Central Tax dated 13th October, 2017

CBEC has been extended the time limit for furnishing the return by a composition supplier in **FORM GSTR-4**, for the quarter July to September, 2017 from 18th October, 2017 to 15th November, 2017.

Notification No. 42/2017 -Central Tax dated 13th October, 2017

CBEC has been extended the time limit for furnishing the return in **FORM GSTR-5A** for the months July, August and September, 2017 by a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient to 20th November, 2017.

Notification No. 43/2017 -Central Tax dated 13th October, 2017

CBEC has been extended the time limit for furnishing the return by an Input Service Distributor in **FORM GSTR-6** for the months July, August and September, 2017 to 15th November, 2017.

Notification No. 45/2017 -Central Tax dated 13th October, 2017

In the said notification, CBEC has made following amendments:-

- A person who has been granted registration on a provisional basis or who has been granted certificate of registration may opt to pay tax under composition scheme with effect from the first day of the month immediately succeeding the month in which he files an

intimation in FORM GST CMP-02 on or before 31st day of March, 2018, and shall furnish the statement in FORM GST ITC-03 within a period of 90 days from the day on which such person commences to pay tax under composition scheme but that the said persons are not allowed to furnish the declaration in FORM GST TRAN-1 after the statement in FORM GST ITC-03 has been furnished.

- Where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single “**invoice-cum-bill of supply**” may be issued for all such supplies.
- The registered person, who opts to pay tax from 1st October, 2017 shall furnish the return in FORM GSTR-4 and shall furnish the returns as applicable to him for the period of the quarter prior to opting to pay tax under composition scheme.

Notification No. 46/2017 -Central Tax/ Notification No.16/2017-Union Territory Tax dated 13th October, 2017

In case of a registered person who intends to pay tax under composition levy, the aggregate turnover in the preceding financial year should not be more than one crore rupees. Earlier, this limit was seventy-five lakh rupees for opting this scheme.

For special category states, this limit has increased from 50 lakhs to seventy-five lakh rupees.

Notification No. 47/2017 -Central Tax dated 18th October, 2017

(i) In respect of supplies regarded as deemed exports, the application may be filed by , -

(a) the recipient of deemed export supplies; or

(b) the supplier of deemed export supplies in cases where the recipient does not avail of input tax credit on such supplies and furnishes an undertaking to the effect that the supplier may claim the refund.

(ii) Any registered person availing the option to supply goods or services for export without payment of integrated tax is required to furnish, prior to export, a Bond or a Letter of Undertaking and he is also required to pay the tax due along with the interest within a period of 15 days after the expiry of 3 months or such further period as may be allowed by the commissioner.

Notification No. 48/2017 -Central Tax dated 18th October, 2017

In the said notification, CBEC has notified the following supplies of goods as *deemed exports*, namely:-

S.No	Description of Supply
1.	Supply of goods by a registered person against Advance Authorization
2.	Supply of capital goods by a registered person against Export Promotion Capital Goods Authorization
3.	Supply of goods by a registered person to Export

	Oriented Unit
4.	Supply of gold by a bank or Public Sector Undertaking specified in the notification No. 50/2017-Customs, dated the 30 th June, 2017 (as amended) against Advance Authorization.

Explanation -

For the purposes of this notification, -

1. “Advance Authorization” means an authorization issued by the Director General of Foreign Trade under Chapter 4 of the Foreign Trade Policy 2015-20 for import or domestic procurement of inputs on pre-import basis for physical exports.
2. Export Promotion Capital Goods Authorization means an authorization issued by the Director General of Foreign Trade under Chapter 5 of the Foreign Trade Policy 2015- 20 for import of capital goods for physical exports.
3. “Export Oriented Unit” means an Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Bio-Technology Park Unit approved in accordance with the provisions of Chapter 6 of the Foreign Trade Policy 2015-20.

Notification No. 49/2017 -Central Tax dated 18th October, 2017

In the said notification, CBEC has notified that the following evidences are required to be produced by the supplier of deemed export supplies for claiming refund, namely:-

1. Acknowledgment by the jurisdictional Tax officer of the Advance Authorization holder or Export Promotion Capital Goods Authorization holder, as the case may be, that the said deemed export supplies have been received by the said Advance

Authorization or Export Promotion Capital Goods Authorization holder, or a copy of the tax invoice under which such supplies have been made by the supplier, duly signed by the recipient Export Oriented Unit that said deemed export supplies have been received by it.

2. An undertaking by the recipient of deemed export supplies that no input tax credit on such supplies has been availed of by him.

3. An undertaking by the recipient of deemed export supplies that he shall not claim the refund in respect of such supplies and the supplier may claim the refund.

Notification No. 50/2017 -Central Tax dated 30th October, 2017

CBEC has extended the time limit for furnishing the details of inward supplies in *GSTR-2 for the month July'17* to 30th November, 2017 and filing return in Form GSTR-3 for July'17 to 11th December 2017.

Notification No. 51/2017 -Central Tax dated 28th October, 2017

(i) In case of exports with or without payment of integrated tax, CBEC has made the following amendment:-

- Where the date for furnishing the details of outward supplies in **FORM GSTR-1** has been extended, the supplier shall furnish the information relating to exports after the return in **FORM GSTR-3B** has been furnished in Table 6A.

(ii) The details of challans in respect of goods dispatched to a job worker or received from a job worker or sent from one job to another during a quarter shall be furnished in

FORM GST ITC -04 on or before the 25th day of the month succeeding the said quarter or **within such further period as may be extended by the commissioner by a notification in this behalf:**

(iii) For cancellation of registration of migrated persons who are not liable to be registered under the act, the date has been extended from 31st October, 2017 to 31stDecember, 2017

Notification No. 52/2017 -Central Tax dated 28th October, 2017

The registered persons who have become eligible to avail the input tax credit during the months of July, August, September, 2017 shall make the declaration in **FORM GST ITC-01** to avail input tax credit.

CBEC has extended the due date for such form from 31st October, 2017 to 30th November, 2017.

Notification No. 53/2017 -Central Tax dated 28th October, 2017

The time limit has been extended for making declaration in **FORM GST ITC-04** in respect of goods dispatched to a job worker or received from a job worker or sent from one job worker to another, during the quarter July to September, 2017 to 30th November, 2017.

Notification No. 54/2017 -Central Tax dated 30th October, 2017

CBEC has waived the late fee payable for all registered persons who failed to furnish the return in **FORM GSTR-3B** for the months of August and September, 2017.

Integrated Tax

Notification No. 10/2017 -Integrated Tax dated 13th October, 2017

In the said notification, CBEC has granted exemption from obtaining registration to the persons making inter-state supplies of taxable services having an aggregate turnover not exceeding twenty lakh rupees in a financial year.

In case of “special category states” other than the state of Jammu & Kashmir , the aggregate value of such supplies should not exceed an amount of ten lakh rupees.

The effective date of such notification is 13th October, 2017.

Central Tax: Rates

Notification No. 31/2017 - Central tax (Rate) dated 13th October, 2017

Notification No. 11/2017 notifies the rate on supply of services under GST has been amended by Notification No. 31/2017. Amendments have been made in regard the rate of tax applicable on services. Rates of tax have been revised for the following services subject to specified conditions

- Construction services/ Composite supply of works contracts
- Passenger Transportation services
- Goods transport services

- Rental services of transport vehicles
- Financial and related services
- Leasing or rental services with or without operator
- Manufacturing services on physical inputs (goods) owned by others
- Other manufacturing services; publishing, printing and reproduction services; materials recovery services.

Corresponding Notification has been issued under Integrated tax law vide Notification No. 39/2017 dated 13th October 2017

Notification No. 32/2017 Central tax (Rate) dated 13th October, 2017

Notification No. 12/2017 notifies exemptions on supply of services under GST, the same has now been amended by Notification No. 32/2017, the relevant amendments are as follows,

- Service provided by a GTA to unregistered person, including a Casual taxable person, except body-corporate established, by or under any law for the time being in force or any partnership firm whether registered or not any law including AOP
- Service by way of access to a road or a bridge on payment of annuity

Notification No. 34/2017 Central tax (Rate) dated 13th October, 2017

Notification No. 01/2017 specifies Rate Schedule under GST has been amended by Notification No. 34/2017. Rates of goods namely - namkeens, medicaments, waste, biomass briquettes, e-waste etc.

Corresponding Notification has been issued under Integrated tax law vide Notification No. 35/2017 dated 13th October 2017

Notification No. 36/2017 Central tax (Rate) dated 13th October, 2017

Notification No. 04/2017 specifies goods on which tax is payable under reverse charge has been amended by Notification No. 36/2017. Entry added to the said notification is as follows,

<u>Tariff item</u>	<u>Description of Goods</u>	<u>Supplier of goods</u>	<u>Recipient of supply</u>
Any Chapter	Used vehicles, seized and confiscated goods, old and used goods, waste and scrap	Central Government, State Government, Union territory or a local authority	Any registered person

Corresponding Notification has been issued under Integrated tax law vide Notification No. 37/2017 dated 13th October 2017

Notification No. 37/2017 Central tax (Rate) dated 13th October, 2017

The said notification specifies tax rate on intra-state supplies of following goods subject to relevant conditions

Chapter/ Tariff Item	Description of Goods	Rate	Condition No.
87	Motor Vehicles	65% of central tax applicable otherwise on such goods under Notification No. 1/2017-	1

		Central Tax (Rate).	
87	Motor Vehicles	65% of central tax applicable otherwise on such goods under Notification No. 1/2017-Central Tax (Rate)	2

Such conditions specified are as follows,

Condition No	Condition
1	The Motor Vehicles was purchased by the lesser prior to 1st July, 2017 and supplied on lease before 1st July, 2017
2	<ul style="list-style-type: none"> The supplier of Motor Vehicle is a registered person. Such supplier had purchased the Motor Vehicle prior to 1 st July, 2017 and has not availed input tax credit of central excise duty, Value Added Tax or any other taxes paid on such vehicles

Corresponding Notification has been issued under Integrated tax law vide Notification No. 38/2017 dated 13th October 2017

Notification No. 38/2017 Central tax (Rate) dated 13th October, 2017

The said notification exempts tax from reverse charge where the aggregate value of supplies of goods or service or both received by a registered person from any un-registered, exceeds five thousand rupees.

The exemption shall apply to all registered person till 31st March 2018.

Corresponding amendment has been made in Integrated tax law vide Notification No. 32/2017 dated 13th October 2017

Notification No. 40/2017 Central tax (Rate) dated 23th October, 2017

Exempts supply of taxable goods by a registered supplier to a registered recipient for export, from so much of the tax, as is in excess of 0.05 per cent, subject to specified conditions.

Provided, the registered supplier shall not be eligible for the above mentioned exemption if the registered recipient fails to export the said goods within a period of ninety days from the date of issue of tax invoice.

Corresponding amendment has been made in Integrated tax law vide Notification No. 41/2017 dated 23rd October 2017, prescribing tax rate to be 0.1%.

Integrated Tax: Rate

Notification No. 42/2017 dated 27th October, 2017 amending Notification No. 09/2017.

Exempts supply of services having place of supply in Nepal or Bhutan, against payment in INR from Integrated Tax.

Circular and Orders- GST

Circular No. 8/8/2017-GST dated 4th October, 2017

Clarification on issues relating to furnishing of Bond/Letter of undertaking for exports

- The facility of export under LUT has now extended to all registered persons who intend to supply goods and services for export without payment of IGST except those who has been prosecuted for any offence under the CGST or IGST Act or any other law and the amount of tax evaded in such case exceeds two hundred and fifty lakh rupees.
- LUT/Bond should be accepted within a period of three working days of its receipt and if it is not accepted within the above mentioned period, it shall be deemed to be accepted.
- Bond will be required to be furnished by those persons who have been prosecuted for cases involving an amount exceeding Rupees two hundred and fifty lakhs, which shall be accompanied by a bank guarantee of 15% of the bond amount.
- The onus of maintaining the debit/credit entries of IGST in the running bond will lie with the exporter. The record of such entries shall be furnished to the department as and when required.

Circular No. 10/10/2017-GST dated 18th October, 2017

Clarification on issues wherein the goods are moved within the State or from the State of registration to another State for supply on approval basis.

- The goods which on taken on supply of approval basis can be moved from place of business of the

registered supplier to another place with the same state and to a place outside the state on a delivery challan along with E-way bill and the invoice may be issued at the time of delivery.

- Where the goods are taken to another state, it will be treated as an Inter-state supply.
- The person carrying the goods can carry the invoice book with him so that the invoice can be issued once the supply is fructified.

Circular No. 10/10/2017-GST dated 20th October, 2017

Clarification on taxability of printing contracts

In case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to printer, supply of printing is the principal supply and therefore it will be considered as “supply of service”.

In case of printed envelopes, letter cards, printed boxes, tissues printed with design, logo etc. supplied by the recipient of goods but made using physical inputs including paper belonging to printer, supply is that of goods and printing thereon is ancillary and therefore it will be considered as “supply of goods”.

Circular No. 13/13/2017-GST dated 27th October, 2017

Clarification on Unstitched Salwar Suits

Fabrics attract a uniform rate of 5% with no refund of GST.

Mere cutting and packing of fabrics into pieces of different lengths from bundles will not alter the nature of these goods and such pieces of fabrics would continue to be termed as fabric and attract the 5% GST rate.

Order No. 01/2017- GST dated 13th October, 2017

The said order clarifies the following,

- If a person supplies goods and/or services referred to in clause (b) of paragraph 6 of Schedule II of the said Act and also supplies any exempt services including services by way of extending deposits, loans or advances shall be eligible for the composition scheme under section 10 subject to the fulfilment of all other conditions specified therein
- For the purpose to determine his eligibility for composition scheme, value of supply of any exempt services shall not be taken into account.

Order No. 05/2017- GST dated 28th October, 2017

The period for intimation of details of stock held on the date from which the option to pay tax under composition scheme is extended till 30th November, 2017.

Order No. 06/2017- GST dated 28th October, 2017

The period for submitting electronically the application for enrolment of existing taxpayer has been extended till 31st December, 2017.

Order No. 07/2017- GST dated 28th October, 2017

The period for submitting the transitional Stock Statement has been extended till 30th November, 2017.

Customs Law: Tariff

Notification No. 78/2017 dated 13th October, 2017

The said notification amends Notification no. 52/2003 dated 31st March, 2003 to the effect that specified goods when imported by an EOU for notified purpose would be exempt from the whole of customs duty including IGST and compensation cess. The said exemption is effective upto 31st March 2018.

Notification No. 79/2017 dated 13th October, 2017

The said notification provides exemption from IGST and Compensation cess on goods imported from outside India under various export incentive schemes provided under the Foreign Trade Policy 2015-2020 up to 31st March 2018, the relevant notifications and schemes are as follows,

Notification No. and Date	Amendments
16/2015-Customs, 1 st April, 2015	Export Promotion of Capital Goods Scheme (EPCG)
18/2015-Customs, 1 st April, 2015	Advance Authorization
20/2015-Customs, 1 st April, 2015	Advance Authorization scheme for Annual Requirement
21/2015-Customs, 1 st April, 2015	Advance Authorization scheme for Deemed Export
22/2015-Customs, 1 st April, 2015	Advance Authorization scheme for export of prohibited goods
45/2015-Customs, 13 th August, 2016	Special Advance Authorization scheme for manufacture and export of garments

Notification No. 80/2017 dated 27th October, 2017

The Central Government has increased the import duty leviable on textile products i.e. goods falling under the chapters 50 to 63 of the First Schedule to Customs Tariff Act, 1975.

Notification No. 81/2017 dated 27th October, 2017

The said Notification amends Notification no. 14/2006 dated 1st March, 2006, wherein effective rate of duty applicable on specified fabrics. when imported in India

Notification No. 83/2017 dated 31st October, 2017

The said notification adds further entries to the notification no. 16/2017 dated 20th April, 2017 where certain goods when imported into India for supply under Patient Assistance Programmes, run by specified Pharmaceutical Companies were exempted from whole of the customs duty.

Customs Law: Non-Tariff

Notification No. 95/2017 dated 13th October, 2017, amended by Notification No. 101/2017 dated 31st October, 2017

CBEC has made amendments w.r.t the tariff value fixed of goods notified via notification no. 36/2001 dated 3rd August, 2001. Revised tariffs are as follows,

TABLE-I

S.No.	Chapter/ Heading/ Sub-Heading/ Tariff Item	Description of goods	Tariff value (US \$Per Metric Tonne)
1	1511 10 00	Crude Palm Oil	721
2	1511 90 10	RBD Palm Oil	754
3	1511 90 90	Others – Palm Oil	738
4	1511 10 00	Crude Palmolein	755
5	1511 90 20	RBD Palmolein	758
6	1511 90 90	Others –Palmolein	757

7	1507 10 00	Crude Soya bean Oil	839
8	7404 00 22	Brass Scrap (all grades)	3664
9	1207 91 00	Poppy seeds	2645

TABLE-2

S.No.	Chapter/ Heading/ Sub- Heading/ Tariff Item	Description of goods	Tariff Value (US \$)
1	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 and 358 of the Notification No. 50/2017- Customs dated 30.06.2017 is availed	409 per 10 grams
2	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 and 359 of the Notification No. 50/2017- Customs dated 30.06.2017 is availed	539 per kilogram

TABLE-III

S.No.	Chapter/ Heading/ Sub- Heading/ Tariff Item	Description of goods	Tariff value (US \$Per Metric Tonne)
1	080280	Areca nuts	3965

SCHEDULE-I

S.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
		(For Imported Goods)	(For Export Goods)
1.	Australian Dollar	52.00	50.20
2.	Bahrain Dinar	178.20	166.55
3.	Canadian Dollar	52.90	51.10
4.	Chinese Yuan	10.00	9.65
5.	Danish Kroner	10.45	10.05
6.	EURO	77.85	75.20
7.	Hong Kong Dollar	8.45	8.20
8.	Kuwait Dinar	222.55	207.90
9.	New Zealand Dollar	47.40	45.70
10.	Norwegian Kroner	8.35	8.05
11.	Pound Sterling	87.20	84.35
12.	Qatari Riyal	18.40	17.40
13.	Saudi Arabian Riyal	17.90	16.75
14.	Singapore Dollar	48.75	47.25
15.	South African Rand	4.70	4.40
16.	Swedish Kroner	8.10	7.80
17.	Swiss Franc	67.50	65.30
18.	UAE Dirham	18.30	17.10
19.	US Dollar	65.85	64.15

Notification No. 96/2017 dated 18th October, 2017, amended by Notification No. 97/2017 dated 24th October, 2017 and 98/2017 dated 27th October, 2017

SCHEDULE-II

S.No.	Foreign Currency	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees	
		(For Imported Goods)	(For Export Goods)
1.	Japanese Yen	58.90	56.95
2.	Kenya Shilling	65.10	60.80

Notification No. 100/2017 dated 27th October, 2017

CBEC has appointed 'Kapashera' in New Delhi as the Air Freight Station for unloading of imported goods and loading of export goods.



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