

# TAX

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# JUNE COMPLIANCE CALENDAR

DATE	AREA	PARTICULARS
7 <sup>th</sup> June	TDS	Due date for deposit of Tax deducted/collected for the month of May, 2018.
10 <sup>th</sup> June	GST	Due date for filing GSTR-1 for the month of May 2018. [turnover more than 1.50 Crore]
14 <sup>th</sup> June	TDS	Due date for issue of TDS Certificate for tax deducted under Section 194-IA and Section 194-IB in the month of April, 2018.
15 <sup>th</sup> June	TDS	Due date for furnishing of Form 24G by an office of the Government where TDS for the month of May, 2018 has been paid without the production of a challan.
		Certificate of tax deducted at source to employees in respect of salary paid and tax deducted during 2017-18.
		Quarterly TDS certificates (in respect of tax deducted for payments other than salary) for the quarter ending March 31, 2018.
	INCOME TAX	First instalment of Advance tax for the assessment year 2019-20.
20 <sup>th</sup> June	GST	GSTR-3B for May. Also pay GST due till this date.
29 <sup>th</sup> June	TDS	Due date for e-filing of a statement (in Form No. 3CEK) by an eligible investment fund under section 9A in respect of its activities in financial year 2017-18.
30 <sup>th</sup> June	TDS	Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IA and Section 194-IB in the month of May, 2018.
		Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending March 31, 2018.
	INCOME TAX	Due date for furnishing of statement of income distributed by business trust to its unit holders during the financial year 2017-18. This statement is required to be furnished to the unit holders in form No. 64B [As prescribed under Rule 12CA inserted by the Income-tax (First Amendment) Rules, 2015, w.e.f. 19-1-2015.] Report by an approved institution/public sector company under Section 35AC(4)/(5) for the year ending March 31, 2018.



		Statement to be furnished (in Form No. 64C) by Alternative Investment Fund (AIF) to units holders in respect of income distributed during the previous year 2017-18.
		Return in respect of securities transaction tax for the financial year 2017-18.
30 <sup>th</sup> June	GST	Due date of Filing Tran-2.

# INCOME TAX UPDATE

## **CBDT notifies the Protocol amending the Double Taxation Avoidance Agreement (DTAA) between India and Kuwait- Notification No. 21/2018, dated 04<sup>th</sup> May,18**

A Protocol to amend the existing Double Taxation Avoidance Agreement (DTAA) between India and Kuwait signed on 15.06.2006 for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income was signed on 15.01.2017. The said Protocol has entered into force on 26.03.2018 and is notified in the Official Gazette on 04.05.2018 vide this notification.

The Protocol updates the provisions in the DTAA for exchange of information as per international standards. Further, the Protocol enables sharing of the information received from Kuwait for tax purposes with other law enforcement agencies with authorisation of the competent authority of Kuwait & vice versa. Detailed Notification <http://www.incometaxindia.gov.in/Pages/communications/notifications.aspx>

## **CBDT invites suggestions on draft notification pertaining to new Rule 11UAB of IT Rules, 1962**

Finance Act, 2018 has inserted clause (via) to section 28 of the Income-tax Act, 1961('the Act') so as to provide that any profit and gains from conversion of inventory into capital asset or its treatment as capital asset shall be charged to tax as business income. It has also been provided that for this purpose the fair market value of inventory on the date of conversion or treatment determined in prescribed manner shall be deemed to be the full value of consideration. Accordingly, rules are to be framed for providing the manner in which

fair market value of the inventory shall be determined.

In view of the above, it is proposed to insert a new rule 11 UAB in the Income-tax Rules, 1962 for prescribing the manner of determination of fair market value of the inventory which has been converted into, or treated as, capital asset.

## **Dedication of a fortnight for Appeal Effect and Rectification for clearing up pendency and redressing public grievance - 07<sup>th</sup> May, 18**

The redressal of public grievance and taxpayer service is an area of top priority for CBDT and the Government. The delay in giving appeal effect and passing rectification orders is the biggest source of grievance against the Department. Moreover, such delays also adversely affect the performance of the Department as the infructuous demand remains stuck in appeal orders and rectification petitions till these are disposed of by the assessing officer.

With a view to expeditiously dispose off the appeal effect and rectification claims of the taxpayers, it has been decided to dedicate the first fortnight of June, 2018 for attending to the pending claims in these areas. During the period of 1<sup>st</sup> to 15<sup>th</sup> June, 2018, all assessing officers shall accord top priority to work of giving appeal effect and passing the rectification orders, and shall earmark the first half of the day to meet applicants/ counsels who seek to have a hearing to explain their case.

## **Manual Order Upload functionality in ITBA Assessment Module -Regarding - 07<sup>th</sup> May, 18**

ITBA is designed as a comprehensive platform in which all the processes of



Department can be completed online in the System. For performing any action on any proceeding in system, a key pre-requisite that the base order of the proceeding should exist in the system.

For example for giving effect of appellate order, the related prior order/assessment order should exist in the system. It is seen that many a time the base orders are not available in system as these may have been passed manually. This results in non-availability of the data of the case in the system and also hampers further proceeding of case in system. Unless, the prior order is uploaded in the ITBA system (with basic minimum details), all future assessment orders in ITBA for that PAN-AY would not be possible. DETAILED NOTIFICATION

**CAs cannot do Valuation of unquoted equity shares under DCF method- Notification No. 23/2018- 24<sup>th</sup> May,18**

Income Tax Rule 11UA deals with Valuation of jewellery, archaeological collections and shares and securities for the purpose of Section 56. As per Clause (b) of Sub-Rule 2 of Rule 11UA earlier merchant banker and Chartered Accountant were allowed to do

valuation of unquoted equity shares under Discounted Free Cash Flow method but vide Notification No. 23/2018 dated 24<sup>th</sup> May, 2018 it is provided that now only merchant banker can do valuation of unquoted equity shares under Discounted Free Cash Flow method and Chartered Accountants are no more allowed to do the same.

**No Tax on issue of share capital by eligible start-ups at excess premium- Notification No. 24/2018- 24<sup>th</sup> May,18**

CBDT the Central Government, hereby notifies that the provisions of clause (viib) of sub-section (2) of section 56 of the said Act shall not apply to consideration received by a company for issue of shares that exceeds the face value of such shares, if the consideration has been received for issue of shares from an investor in accordance with the approval granted by the Inter-Ministerial Board of Certification under clause (i) of sub-para (3) of para 4 of the notification number G.S.R. 364(E), dated 11<sup>th</sup> April, 2018 and published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i) dated the 11<sup>th</sup> April, 2018 issued by the Department of Industrial Policy and Promotion.

# GST UPDATE

## **Incentive to promote Digital Transactions – Press Release- 04<sup>th</sup> May, 18**

Keeping in view the need to move towards a less cash economy, the Council has discussed in detail the proposal of a concession of 2% in GST rate [where the GST rate is 3% or more, 1% each from applicable CGST and SGST rates] on B2C supplies, for which payment is made through cheque or digital mode, subject to a ceiling of Rs. 100 per transaction, so as to incentivise promotion of digital payment.

The council has recommended for setting up of a Group of Ministers from State Governments to look into the proposal and make recommendations, before the next Council meeting, keeping in mind the views expressed in GST Council.

## **Imposition of Sugar Cess over and above 5% GST and reduction in GST rate on ethanol- Press Release- 04<sup>th</sup> May, 18**

Keeping in view the record production of sugar in the current sugar season, and consequent depressed sugar prices and build-up of sugarcane arrears, the Council discussed the issue of imposition of sugar cess and reduction in GST rate on ethanol in great detail.

The council has recommended for setting up of a Group of Ministers from State Governments to look into the proposal and make recommendations, within two weeks, keeping in mind the views expressed in GST Council in this regard.

## **Change in the shareholding pattern of GSTN- Press Release- 04<sup>th</sup> May, 18**

Govt will acquire entire 51% of equity held by the Non-Governmental Institutions in GSTN, equally by the Centre and the States governments and allow GSTN Board to initiate process for acquisition of equity held by the private Companies

## **Roll out of e-Way Bill system for intra-State movement of goods in the States of Assam & Rajasthan**

E-Way Bill system for intra-State movement of goods would be implemented in Assam from 16th May, 2018 & Rajasthan from 20th May, 2018.

## **Issue related to taxability of 'tenancy rights' under GST- Circular no. 44/18/2018 dated 2<sup>nd</sup> May, 18**

Doubts have been raised as to whether tenancy premium shall attract GST when stamp duty and registration charges is levied on the said premium. Further, in case of transfer of tenancy rights, a part of the consideration which accrues to the outgoing tenant is liable to GST or not.

In this regard Central Government has provided that merely because a transaction or a supply of tenancy rights involves execution of documents which may require registration and payment of registration fee and stamp duty, would not preclude them from the scope of supply of goods and services and from the payment of GST on tenancy premium. Further, it has been clarified that transfer of tenancy rights to a new tenant against consideration in the form of tenancy premium is taxable. However, grant of tenancy rights in a residential dwelling for use as residence dwelling against tenancy premium or periodic rent or both is exempt [Sl. No.12 of Notification No. 12/2017-Central tax (rate)].



## Clarifications on refund related issues – Circular No. 45/19/2018-GST

CBIC has issued a Circular No. 45/19/2018-GST dated 30th May 2018 to clarify on following 5 GST refund related issues-

1. Claim for refund filed by an Input Service Distributor, a person paying tax under section 10 or a non-resident taxable person
2. Application for refund of integrated tax paid on export of services and supplies made to a Special Economic Zone developer or a Special Economic Zone unit
3. Refund of unutilized input tax credit of compensation cess availed on inputs in cases where the final product is not subject to the levy of compensation cess
4. Whether bond or Letter of Undertaking (LUT) is required in the case of zero rated supply of exempted or non-GST goods and whether refund can be claimed by the exporter of exempted or non-GST goods
5. What is the scope of the restriction imposed by rule 96(10) of the CGST Rules, regarding non-availment of the benefit of notification Nos. 48/2017-Central Tax dated the 18.10.2017, 40/2017-Central Tax (Rate) dated 23.10.2017, 41/2017-Integrated Tax (Rate) dated 23.10.2017, 78/2017-Customs dated 13.10.2017 or 79/2017-Customs dated 13.10.2017. Detailed Notification:

[http://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular\\_No.45.pdf](http://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular_No.45.pdf)

## Applicability of Integrated Goods and Services Tax (integrated tax) on goods

## supplied while being deposited in a customs bonded warehouse- Circular No. 3/1/2018-IGST- 25<sup>th</sup> May, 18

It is seen that the "transfer/sale of goods while being deposited in a customs bonded warehouse" is a common trade practice whereby the importer files an into-bond bill of entry and stores the goods in a customs bonded warehouse and thereafter, supplies such goods to another person who then files an ex-bond bill of entry for clearing the said goods from the customs bonded warehouse for home consumption

It is therefore, clarified that integrated tax shall be levied and collected at the time of final clearance of the warehoused goods for home consumption i.e., at the time of filing the ex-bond bill of entry and the value addition accruing at each stage of supply shall form part of the value on which the integrated tax would be payable at the time of clearance of the warehoused goods for home consumption. In other words, the supply of goods before their clearance from the warehouse would not be subject to the levy of integrated tax and the same would be levied and collected only when the warehoused goods are cleared for home consumption from the customs bonded warehouse.

## Late fees waiver for those who were unable to file GSTR-3B due to technical issues of TRAN-1 filing- Notification No. 22/2018-Central Tax -14th May, 18

The Central Government, on the recommendations of the Council, hereby waives the late fee payable under section 47 of the said Act for failure to furnish the return in FORM GSTR-3B by the due date for each of the months from October, 2017 to April, 2018, for the class of registered persons whose declaration in FORM GST TRAN-1 was submitted but not filed on the common portal on or before the 27th day of December, 2017

Provided that such registered persons have filed the declaration in FORM GST TRAN-1 on or before the 10th day of May, 2018 and the return in FORM GSTR-3B for each of such months, on or before the 31st day of May, 2018.

**GST on Priority Sector Lending Certificate under Reverse Charge Mechanism - Notification No. 11/2018-Central Tax (Rate)- 28th May, 18**

it has been clarified that supply of such PSLCs shall be treated as supply of goods and will be taxed at standard rate of 18% under the residuary S. No. 453 of Schedule III of Notification No. 1/2017-Central Tax(Rate)

PSLCs are tradable certificates issued against priority sector loans of banks so as to enable banks to achieve their specified target and sub-targets for priority sector lending through purchase of these instruments in the event of a shortfall and at the same time incentivizing the surplus banks to lend more to these sectors.

**FORM GSTR-6 due date extended till 31.07.2018- Notification No. 25/2018-Central Tax- 31st May, 18**

The last date for filing of return in FORM GSTR-6 by Input Service Distributors for the months from July, 2017 to June, 2018 is being extended till 31.07.2018.





# GST RETURNS SIMPLIFICATION

Three stage transition to the new monthly return system.

**Stage 1:** Present system of filing of return GSTR 3B and GSTR 1. GSTR 2 and GSTR 3 shall continue to remain suspended. Stage I will continue for a period not exceeding 6 months by which time new return software would be ready.


**Stage 2:** the new return will have facility for invoice-wise data upload and also facility for claiming input tax credit on self declaration basis, as in case of GSTR 3B now. During this stage 2, the dealer will be constantly

fed with information about gap between credit available to them as per invoices uploaded by their sellers and the provisional credit being claimed by them.

**Stage 3:** After 6 months of this phase 2, the facility of provisional credit will get withdrawn and input tax credit will only be limited to the invoices uploaded by the sellers from whom the dealer has purchased goods.

GST Council approved following principles for simplification of GST returns

- 1. One monthly Return:** All taxpayers excluding a few exceptions like composition dealer shall file one monthly return. Return filing dates shall be staggered based on the turnover of the registered person to manage load on the IT system. Composition dealers and dealers having nil transaction shall have facility to file quarterly return.
- 2. Unidirectional Flow of invoices:** There shall be unidirectional flow of invoices uploaded by the seller on anytime basis during the month which would be the valid document to avail input tax credit by the buyer. Buyer would also be able to continuously see the uploaded invoices during the month. There shall not be any need to upload the purchase invoices also. Invoices for B2B transaction shall need to use HSN at four digit levels or more to achieve uniformity in the reporting system.
- 3. Simple Return design and easy IT interface:** The B2B dealers will have to fill invoice wise details of the outward supply made by them, based on which the system will automatically calculate his tax liability. The input tax credit will be calculated automatically by the system based on invoices uploaded by his sellers. Taxpayer shall be also given user friendly IT interface and offline IT tool to upload the invoices.
- 4. No automatic reversal of credit:** There shall not be any automatic reversal of input tax credit from buyer on non-payment of tax by the seller. In case of default in payment of tax by the seller, recovery shall be made from the seller however reversal of credit from buyer shall also be an option available with the revenue authorities to address exceptional situations like missing dealer, closure of business by supplier or supplier not having adequate assets etc.
- 5. Due process for recovery and reversal:** Recovery of tax or reversal of input tax credit shall be through a due process of issuing notice and order. The process would be online and automated to reduce the human interface.

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6. **Supplier side control:** Unloading of invoices by the seller to pass input tax credit who has defaulted in payment of tax above a threshold amount shall be blocked to control misuse of input tax credit facility. Similar safeguards would be built with regard to newly registered dealers also. Analytical tools would be used to identify such transactions at the earliest and prevent loss of revenue.

# INTRA STATE EWAY APPLICABILITY

STATE	APPOINTED DATE	STATE	APPOINTED DATE
Andaman and Nicobar Island	25-May-18	Mizoram	1-Jun-18
Andhra Pradesh	15-Apr-18	Nagaland	1-May-18
Arunachal Pradesh	25-Apr-18	Odisha	1-Jun-18
Assam	16-May-18	Puducherry	25-Apr-18
Bihar	20-Apr-18	Punjab	1-Jun-18
Chandigarh	25-May-18	Rajasthan	20-May-18
Chhattisgarh	1-Jun-18	Sikkim	25-Apr-18
Dadar & Nagar Haveli	25-May-18	Tamil Nadu	2-Jun-18
Daman and Diu	25-May-18	Telangana	15-Apr-18
Delhi	Not Appointed yet	Tripura	20-Apr-18
Goa	1-Jun-18	Uttar Pradesh	15-Apr-18
Gujarat	15-Apr-18	Uttarakhand	20-Apr-18
Haryana	20-Apr-18	West Bengal	3-Jun-18
Himachal Pradesh	5-May-18		
Jammu and Kashmir	1-Jun-18		
Jharkhand	20-Apr-18		
Karnataka	1-Apr-18		
Kerala	15-Apr-18		
Lakshadweep Island	25-May-18		
Madhya Pradesh	25-Apr-18		
Maharashtra	25-May-18		
Manipur	25-May-18		
Meghalaya	25-Apr-18		

  
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