

# KrayMan

*Demystifying Complexities*

## TAX EDGE

Monthly Tax & Regulatory Updates

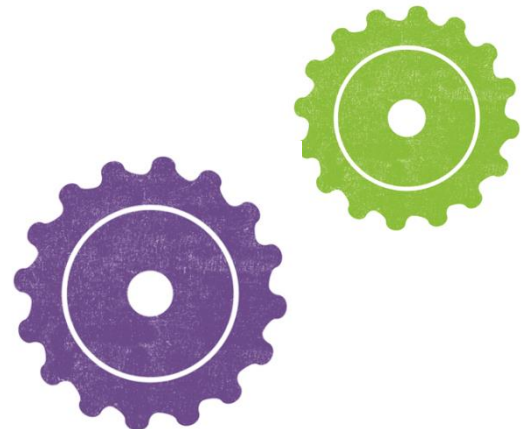
December 2017



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# Contents

- 1 Goods & Services Tax**
- 2 Direct Tax**
- 3 Companies Act, 2013**
- 4 Foreign Exchange Regulations**
- 5 Securities Exchange Board of India (SEBI)**
- 6 Employees' Provident Fund**



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# ***Goods & Services Tax***

## Decisions made in the 24th GST Council Meeting

The GST Council in its 24th Meeting held on 16th December 2017 through video conference recommended implementation of much awaited Electronic Way Bill (e-way bill) system in the country.

E-way bill is an electronic way bill for movement of goods which can be generated online through the GST portal.

A registered dealer / supplier of goods can cause movement of goods worth Rs 50,000 or more in value by generating an e-way bill on the common GST portal.

### **Highlights of the decisions taken by the GST Council in its 24th Meeting:**

- Nationwide e-way bill system will be deployed on a trial basis by 16th January, 2018
- Traders and transporters can start using e-way bill system on voluntary basis from 16th January 2018 onwards
- Rules for implementation of nationwide e-way bill system for inter-State movement of goods to be notified with effect from 1st February, 2018
- While the e-way bill generation for both inter-State and intra-State movement of goods will be ready by 16<sup>th</sup> January, 2018, the States have been provided flexibility to choose their own implementation date by 1st June, 2018.

Please [Click Here](#) to read about our alerts on GST.



## Revision of Due Dates of GST Returns

Central Board of Excise & Customs (CBEC) has extended the due dates for some of the GST returns by issuing notifications. The revised due dates are tabulated below:

Sr.	Returns	Description	Tax Period	Revised Due Dates
1	ITC 01	Declaration for input tax credit on inputs in stock and WIP, capital goods for specified persons (viz. new registrants or persons ceasing to pay tax under composition scheme or becoming liable for tax payment for the first time or exempt supply becomes taxable)	July to November, 2017	31- Jan-2018
2	GSTR 5	Return for the non-resident taxable person	July to December, 2017	31- Jan-2018
3	GSTR 5A	Return for person supplying OIDAR services from outside India to non-taxable online recipient in India	July to December, 2017	31- Jan-2018

Please [Click Here](#) to read the notification for ITC 01

Please [Click Here](#) to read the notification for GSTR 5

Please [Click Here](#) to read the notification for GSTR 5A

## Monthly and Quarterly GSTR 1 (Return for Outward Supply) made available on GST Portal for filing

### **Monthly GSTR 1:**

Taxpayer having aggregate turnover of more than Rs. 1.50 crore in previous financial year are required to file monthly GSTR 1.

- Taxpayers, who have opted for monthly filing of GSTR 1, can do so for the month of July, August, September, October and November 2017, sequentially.
- Return for a particular period can be filed if corresponding returns (GSTR 3B and GSTR 1) for the previous months have been filed.
- Once opted for the monthly filing, there can be no change under this option for the remaining part of the financial year 2017-18.

### **Quarterly GSTR 1:**

Taxpayer having aggregate turnover of upto Rs. 1.50 crores in previous financial year can file quarterly GSTR 1 or monthly GSTR 1 at their option.

- Taxpayers, who have opted for quarterly return and have filed the GSTR 1 of July 2017, have to file GSTR 1 for August and September 2017 by choosing the Return period 'September 2017'.
- Taxpayers, who have opted for quarterly return and have not filed the GSTR 1 of July 2017, have to first file GSTR 1 for July 2017 and then file GSTR 1 for August and September 2017 by choosing the Return period 'September 2017'.
- Once opted for the quarterly filing, there can be no change under this option for the remaining part of the financial year 2017-18.



## Exporters advised to file Table 6A and GSTR 3B for processing of IGST Refund and for Refund of the unutilized Input Tax Credit

With regard to IGST paid on goods exported out of India, majority of refund claims for exports made in July, 2017, wherever due, have been sanctioned as per Government records. Refund claims of IGST paid for exports made in August, September and October 2017 are being sanctioned seamlessly wherever returns have been accurately filed.

The pre-requisites for sanction of refund of IGST paid are filing of GSTR 3B and table 6A of GSTR 1 on the GSTN portal and Shipping Bill(s) on Customs EDI System by the exporter. It is essential that exporters should ensure that there is no discrepancy in the information furnished in Table 6A of GSTR 1 and the Shipping Bill. Government has noticed certain common errors such as incorrect Shipping Bill number in GSTR1, mis-match of invoice number and IGST amount paid, wrong bank account etc. are being committed by exporters while filing their returns.

As per Government, these errors are the sole reason for delay in grant of refunds, or rejection thereof. While information has been made available to exporters on the ICEGATE portal if they are registered, they may also contact jurisdictional Customs authorities to check the errors they have committed in furnishing information in GST returns and Shipping Bill, and rectify them at the earliest.

Exporters are, therefore, advised to immediately file (a) Table 6A and GSTR 3B, if not already done, for processing of IGST refund (b) RFD 01A on GSTN portal for refund of the unutilized input tax credit on inputs or input services used in making exports and (c) GSTR 1 for August 2017 for amending details provided in July GSTR1 wherever required.

Please [Click Here](#) to read the press release



## **CBEC clarifies provisions for applying for refund on account of inverted duty structure, deemed exports and excess balance in electronic cash ledger**

CBEC clarifies that provisions for applying for refund in respect of zero-rated supplies shall also apply to refund claims on account of inverted duty structure, deemed exports and excess balance in electronic cash ledger. Refund claims in respect of zero rated supplies and on account of inverted duty structure, deemed exports and excess balance shall be filed for a tax period on monthly basis in Form GST RFD-01A but registered persons with turnover upto Rs. 1.5 Cr who opt to file GSTR-1 quarterly, can apply for refund on quarterly basis. Refund claim for a tax period may be filed only after filing the details in Form GSTR-1, and taxpayers must ensure that valid Form GSTR-3B has been filed for previous tax period; Considering the extension of due date for July's Form GSTR-1 and pendency of due date notifications for Forms GSTR-2 & 3, it has been decided to sanction refund of provisionally accepted ITC subject to a manual undertaking from registered persons. Also clarifies that the drawback of all taxes under GST (Central Tax, Integrated Tax, State / Union Territory Tax) should not have been availed while claiming refund of accumulated ITC on account of export and in case of refund claim for balance amount in electronic cash ledger, the amount shall get debited therein.

Please [Click Here](#) to read the Circular for above clarification

Please [Click Here](#) to read the Circular for provision for refund in respect of zero-rated supplies

## **CBEC issues Circulars clarifying procedures under GST and order extending filing of FORM GST CMP-03**

CBEC prescribes conditions and procedure for manual filing and processing of applications for advance ruling and appeals before Appellate Authority for Advance Ruling. Application for advance ruling shall be made in quadruplicate in Form GST ARA-01 clearly stating the question on which advance ruling is sought, and shall be accompanied by a fee of Rs. 5000 which shall be deposited online.

An appeal against advance ruling shall also be filed in quadruplicate in Form GST ARA-02 along with an online fee of Rs. 10000, while appeal by concerned officer / jurisdictional shall be filed in Form GST ARA-03. Further, the application for advance ruling / appeal before Appellate Authority shall be filed in jurisdictional office of respective State Authority for Advance Ruling or the State Appellate Authority for Advance Ruling.

Please [Click Here](#) to read the circular

## **National Anti-profiteering Authority under GST**

On 16th November 2017, Union Cabinet under the chairmanship Prime Minister approved the creation of the posts of Chairman and Technical Members of the National Anti-profiteering Authority (NAA) under GST.

After Cabinet approval for creation of the posts of Chairman and Technical Members, the Government issued order on 28th November for appointing senior IAS officer Shri B.N. Sharma, as the first Chairman of this apex authority in the rank of Secretary to Government of India.

The authority has been set up for a two-year period, which began from the date chairman assumed charge.

In addition to the authority, the institutional mechanism for effective implementation of the "anti-profiteering" measures enshrined in the GST rules consists of a Standing Committee, State level Screening Committees and the Directorate General of Safeguards in the CBEC. The Screening Committee will look into the complaints of local nature while the Standing Committee would ordinarily enquire into the cases of macro impact.

Please [Click Here](#) to read the press release



## GST Returns due dates

Sr.	Returns	Description	Tax Period	Due Dates
1	GSTR-1	Return for outward supply on quarterly basis  (For aggregate turnover up to Rs. 1.50 crores)	July - September, 2017	31 <sup>st</sup> December 2017
2	GSTR-1	Return for outward supply on monthly basis  (For aggregate turnover more than Rs. 1.50 crores)	July, August, September & October 2017	31 <sup>st</sup> December 2017
3	GSTR-1	Return for outward supply on quarterly basis  (For aggregate turnover up to Rs. 1.50 crores)	October - December, 2017	15 <sup>th</sup> February 2018
4	GSTR-1	Return for outward supply on monthly basis  (For aggregate turnover more than Rs. 1.50 crores)	November 2017	10 <sup>th</sup> January 2018
5	GSTR-4	Quarterly Return for Composite Dealers	October - December, 2017	18 <sup>th</sup> January 2018
6	GST TRAN-1	Return for claiming transitional credit	--	27 <sup>th</sup> December

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# ***Direct Tax***

## **Direct Tax Collections for Financial Year 2017-18 show Growth of 14.4% upto November, 2017**

The provisional figures of Direct Tax collections up to November, 2017 show that net collections are at Rs. 4.8 lakh crore which is 14.4% higher than the net collections for the corresponding period of last year.

The Net Direct Tax collections represent 49% of the total Budget Estimates of Direct Taxes for the Financial Year 2017-18 (Rs. 9.8 lakh crore). Gross collections (before adjusting for refunds) have increased by 10.7% to Rs.5.82 lakh crore during April-November, 2017. Refunds amounting to Rs. 1.02 lakh crore have been issued during April, 2017 to November, 2017.

Please [Click Here](#) to read the press release

## **CBDT extends date till 31 March 2018 for linking of Aadhaar with PAN**

Under the provisions of Income-tax Act, 1961, with effect from 01.07.2017, all taxpayers having Aadhaar Number or Enrolment Number are required to link the same with Permanent Account Number (PAN). In view of the difficulties faced by some of the taxpayers in the process, the date for linking of Aadhaar with PAN was initially extended till 31<sup>st</sup> August, 2017 which was further extended upto 31<sup>st</sup> December, 2017.

It has come to notice that some of the taxpayers have not yet completed the linking of PAN with Aadhaar. Therefore, to facilitate the process of linking, it has been decided by Government to further extend the time for linking of Aadhaar with PAN till 31.03.2018.

Please [Click Here](#) to read the press release



## Constitution of Task Force for drafting a New Direct Tax Legislation

During the Rajaswa Gyan Sangam held on 1st and 2nd September, 2017, the Prime Minister of India had observed that the Income-tax Act, 1961 (the Act) was drafted more than 50 years ago and it needs to be re-drafted. Accordingly, in order to review the Act and to draft a new Direct Tax Law in consonance with economic needs of the country, the Government has constituted a Task Force with the following Members:

- I. Shri Arbind Modi, Member (Legislation), CBDT - Convener
- II. Shri Girish Ahuja, practicing Chartered Accountant and non-official Director, State Bank of India;
- III. Shri Rajiv Memani, Chairman & Regional Managing Partner of E&Y;
- IV. Shri Mukesh Patel, Practicing Tax Advocate, Ahmedabad;
- V. Ms. Mansi Kedia, Consultant, ICRIER, New Delhi;
- VI. Shri G.C. Srivastava, Retd. IRS (1971 Batch) and Advocate.

Dr. Arvind Subramanian, Chief Economic Adviser (CEA) will be a permanent Special Invitee in the Task Force.

The Terms of Reference of the Task Force is to draft an appropriate Direct Tax Legislation keeping in view:

- I. The direct tax system prevalent in various countries,
- II. The international best practices.
- III. The economic needs of the country and
- IV. Any other matter connected thereto.

The Task Force shall set its own procedures for regulating its work and shall submit its report to the Government within six months.

Please [Click Here](#) to read the press release

## Extension in due date of deposit of TDS / TCS for the month of October 2017

Due to certain technical issues faced by NSDL's gateway for e-payment of tax on 7<sup>th</sup> November, 2017, some taxpayers / deductors were unable to make e-payment of tax deducted (TDS) / collected (TCS) for certain period on that date. In order to redress genuine hardship faced by such taxpayers / deductors, the Central Board of Direct Taxes extended the due date of deposit of tax deducted at source / tax collected at source during the month of October 2017 from 7<sup>th</sup> November, 2017 to 8<sup>th</sup> November, 2017.

Please [Click Here](#) to read the order

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# ***Companies Act, 2013***

## Companies Amendment Bill, 2017 passed in Rajya Sabha

Companies Amendment Bill, 2017 passed in Rajya Sabha on 19th Dec 2017. The Bill shall come into force from the date President of India gives his consent.

### Highlights of Amendment Bill:-

- 1. Loan to Directors** - Under the Companies Act, 2013, companies are not allowed to advance any loan etc. to its directors or persons related to the Director. The Companies (Amendment) Bill, 2017 seeks to relax this restriction and allow companies to extend loan etc. to its Directors or related persons, after passing a special resolution. However, an additional clause has also been introduced to punish those directors who use loans against conditions under which it was extended.
- 2. Related Party Definition** - At present under the Companies Act, 2013, a 'related party' in relation to a company includes:
  - a holding, subsidiary or an associate company of such company; or
  - a subsidiary of a holding company to which it is also a subsidiary.
- 3. The Amendment Bill** has proposed to make an investing company or the venture of a company a related party as well.
- 4. Annual Return of Companies**- Currently, all companies are required to file an annual return with the Ministry of Corporate Affairs annually. The Companies (Amendment) Bill, 2017 proposes to provide an abridged form of annual return for One Person Company (OPC) and small company, which will make annual compliance for a company simpler for small businesses. The Amendment Bill has also mandated for all companies to place a copy of the annual return on the website of the company and provide the web link for the annual report in the Board's report.
- 5. Private Placement**-
  - Return of allotment to be filed within 15 days instead of 30 days.
  - Money received under the private placement shall not be utilized unless the return of allotment is filed with the ROC.
- 6. Corporate Social Responsibility**- Eligibility criteria for the purpose of constituting the corporate social responsibility committee and incurring expenditure towards CSR is proposed to be calculated based on immediately preceding financial year. Currently this eligibility is decided based on preceding 3 financial years.
- 7. Signing of financial statements**- The provisions of Companies Act, 2013 require that, amongst others, the financial statement shall be signed by the Chief Executive Officer, if he is a director in the company. The amendment proposes that the Chief Executive Officer shall sign the financial statements irrespective of whether he is a director or not because Chief Executive Officer is a Key managerial Personnel.

Please [Click Here](#) to read for Companies (Amendment) Bill, 2017

## Secretarial Standards on Dividend (SS-3) introduced by the Institute of Company Secretaries of India (ICSI)

The Council of ICSI introduced SS-3 on Dividend. These standards are recommendatory and not mandatory.

Please [Click Here](#) to read for full text on SS-3.

## Master Circular on Cost Accounting Records and Cost Audit issued by the Government

Ministry has from time to time, issued various circulars/notifications on matters related to Cost Accounting Records and Cost Audit. All these circulars have been reviewed, and in supersession of the earlier circulars, a Master Circular is issued.

### **Highlights are as mentioned below:-**

1. Cost auditor cannot also be the internal auditor of a company for the period for which he is conducting the cost audit, irrespective of the fact whether he is conducting cost audit for one or all of the company's products/activities;
2. Appointment of cost auditor shall be deemed to have concluded for the relevant financial year, as soon as he renders a report to the Central Government in accordance with the said rules;
3. The obligation to answer queries from the Government arising out of review of cost audit reports, will not debar him from accepting another appointment as cost auditor of a company.
4. The duties of the cost accountants appointed to conduct an audit of cost accounts of the company shall be governed from the provisions under section 233B of the Companies Act, 1956.

Please [Click Here](#) to read the Circular.

## Relaxation of additional fees and extension of last date of filing of Form CRA-4 under the Companies Act, 2013

The Government extended the last date for filing of Form CRA-4, for the financial years starting on or after 1st April, 2016, without additional fees till 31st December, 2017.

Please [Click Here](#) to read the notification

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***Foreign Trade Policy /  
Foreign Exchange /  
RBI regulations***



## Mid-term review of Foreign Trade Policy 2015-20

The Indian Government has recently come up with revised Foreign Trade Policy 2015-20. This much awaited mid-term review of the FTP Policy focuses on resolving the issue of blocked working capital for exporters, increase in export of goods & services, incentivize labor intensive MSME & services sector and employment generation in the country. The revised policy measures are announced considering the feedback from industry after the launch of Goods and Services Tax (GST). On a whole, the revised Policy aligns with the Government's initiatives of 'Ease of Doing Business' and 'Make in India'. These measures are expected to enhance the participation of India in the world trade.

Please [Click Here](#) to read our detailed alert on the matter.

## Limits for Investment by Foreign Portfolio Investors (FPI) in Government Securities revised

The limits for investment by FPIs for the quarter January – March 2018 is increased by INR 64 billion in Central Government Securities (Central G-Secs) and INR 58 billion in State Development Loans (SDLs).

The revised limits will be effective from January 01, 2018.

The operational guidelines relating to allocation and monitoring of limits has been issued by SEBI on 20 Dec 2017.

Please [Click Here](#) for the Notification

## Clarification issued for applicability of Aadhaar as an identity document for Non-Resident Indians (NRIs)/ Person of Indian Origin (PIOs) and Overseas Citizen of India (OCIs)

Several representations were received from NRIs/ PIOs/ OCIs for the difficulties being faced by them on demand of Aadhaar by various authorities for availing benefits. Off lately, different departments have been insisting NRIs/ PIOs/ OCIs to submit/ link their Aadhaar to avail benefits, regardless of the fact that they are eligible to obtain Aadhaar under the provisions of Aadhaar Act, 2016.

Aadhaar Act, 2016, lays down that "every resident shall be entitled to obtain an Aadhaar number by submitting his demographic information and bio metric information by undergoing the process of enrollment." A 'resident' as per the Act is an individual who has resided in India for a total of 182 days or more in the 12 months, immediately preceding the date of application for enrollment.

Therefore, the Ministry has come up with a Clarification dated 15 Nov 2017 for the requirement regarding submitting/ linking of Aadhaar for availing the services/ benefits applies to the resident as per the Aadhaar Act, 2016. Accordingly, most of the NRIs/ PIOs/ OCIs may not be required to obtain Aadhaar. However, the concerned authorities might devise a suitable mechanism to ascertain the genuineness of such persons

Please [click here](#) to read the circular

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# *Securities Exchange Board of India (SEBI)*

## Investments by FPIs in Government Securities- Limits revised

The limits for investment by Foreign Portfolio Investors ('FPIs') for the quarter January – March 2018 has been revised by RBI with effect from 1 January 2018.

Accordingly, the revised FPI debt limits would be as follows with effect from January 01, 2018:

All other conditions specified in SEBI circular dated October 06, 2017 shall remain unchanged.

Type of Instrument	Upper Cap as on December 31, 2017 (INR cr)	Revised Upper Cap with effect from January 01, 2018 (INR cr)
Government Debt –General	1,89,700	1,91,300
Government Debt –Long Term	60,300	65,100
SDL –General	30,000	31,500
SDL –Long Term	9,300	13,600
<b>Total</b>	<b>2,89,300</b>	<b>301,500</b>

All other existing conditions with regard to allocation and monitoring of debt limits shall continue to apply. Please [click here](#) to read the circular

## Government enhances governance for Mutual Funds

Government takes steps to strengthen the governance structure for Mutual Funds vide a circular dated 30 November 2017.

Guidelines issued with respect to Tenure of Auditors, Independent Trustees and Independent Directors.

They can hold the office for a maximum of 2 terms (each term cannot be of more than 5 consecutive years). Independent Directors & Trustees can be re-appointed after a cooling off period of 3 years, while cooling off period for Auditors is 5 years.

Please [click here](#) to read the circular

## Categorization and Rationalization of Mutual Fund Schemes

SEBI, vide Circular dated 6 Oct 2017, issued guidelines regarding categorization and rationalization of Mutual Fund Schemes.

The said Circular has been partly modified vide Circular dated 4 Dec 2017. Additional requirement for preparing the single consolidated list of stocks, average full market capitalization of the previous six month of the stocks shall also be considered.

Mutual Funds are further required to submit their proposals to SEBI after obtaining due approvals from their Trustees as early as possible but not later than December 15, 2017.

All other conditions specified in SEBI circular dated October 06, 2017 shall remain unchanged.

Please [click here](#) to read the circular.

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# *Employees' Provident Fund*

# 13 Employees' Provident Fund

## Introduction of Direct Universal Account Number (UAN) allotment to any citizen at Unified Portal

UAN is mandatory for filing the member contribution and at present, UAN can be generated by Employer only. Establishments are facing problem in generation of UAN due to mismatch of input data with Aadhaar.

Considering the difficulties faced by Employers, the Department has introduced a new functionality through which any citizen (prospective employee) can generate his/her UAN on the basis of Aadhaar. Employee will get OTP (One Time Password) on Aadhaar linked mobile and after verification of input data, the system will fetch the basic details like Name, Date of Birth, Gender and Father's/Husband's Name etc. from Unique Identification Authority of India (UIDAI), based on which UAN will be generated. The new facility shall be of great help to the employees as well as employers.

Please [click here](#) to read the circular.

## Online request functionality to EPF Subscribers for correction in Name, DOB and Gender

At present, an employee can correct his/her basic details against UAN, by submitting a joint request (along with the employer) to the concerned EPFO field office.

Online facility for correction of basic details has been introduced. Now, employee can give online request to his/ her employer at Member Interface in the Unified Portal for correction in basic details. The system will compare the requested changes with similar fields received from UIDAI (AADHAAR). After successful verification, this request will be automatically transferred to employer's login for online transmission to EPFO field office, who will process the request.



# About KrayMan

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We are a team of professionals comprising of Chartered Accountants, Company Secretaries, Cost and Management Accountants, Lawyers and MBAs who are truly committed in providing timely, professional and quality services to our Clients thereby building a long term relationship with them.

We handhold our Clients in international arena through memberships in two prestigious Global Accounting and M&A Networks: Cross Border Associates (CBA) – HQ, Germany and Prime Advisory Network (PAN) - HQ, London.

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