

Tax Edge

Monthly Tax & Regulatory Updates



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Indirect Tax: GST

Indirect Tax: GST

Exemption from CGST & IGST on intra / inter-state supply of heavy water and nuclear fuels by the Department of Atomic Energy to the Nuclear Power Corporation of India Ltd

The Central Government has exempted supply of heavy water and nuclear fuel by the Department of Atomic Energy to the Nuclear Power Corporation of India Ltd from whole of CGST & IGST.

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

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

Exemption from CGST / IGST on Services by way of right to admission to the events organized under FIFA U-17 World Cup 2017

Central Government has amended the list of services which are exempt from CGST or IGST. A new entry has been made for exempting services by way of right to admission to the events organized under FIFA U-17 World Cup 2017 from CGST or IGST.

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

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

Exemption to supply of services associated with transit cargo to Nepal and Bhutan

Exemption from GST has been granted to supply of services associated with transit cargo to Nepal and Bhutan. The exemption is effective from 29th September, 2017.

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

Last date for applying cancellation of GST registration extended till 31st Oct 2017

Every person registered under any of the earlier laws but not liable to be registered under GST law, may submit an application electronically in FORM GST REG-29 before 31st October, 2017 for cancellation of registration. Earlier the last date for submission of the FORM was 30th September 2017.

Please [Click Here](#) to read the clarification dated Sept 29, 2017

Facility of furnishing Letter of Undertaking (LUT) extended to more exporters

Facility of export under LUT has been extended to all registered persons except those persons who have been prosecuted for any offence under CGST Act or IGST Act, 2017 involving an amount of tax evasion exceeding Rupees Two Crores Fifty Lakhs. Bond will be required to be furnished by those persons who are disqualified for submission LUT.

Please [Click Here](#) to read the notified dated Oct 4, 2017

Indirect Tax: GST

Decisions made in the 22nd GST Council Meeting

The 22nd GST Council Meeting was held at New Delhi on 6th October 2017 wherein decisions and changes pertaining to GST return filing, composition scheme, GST rates have been announced to improve ease of compliance for facilitating the trade and industry.

- The facility of availment of composition scheme for both migrated & new registrants has been extended up to 31.03.2018 and once exercised shall become operational from the first day of the immediately succeeding month
- The turnover limit for availment of composition scheme has been raised from Rs. 75 lakhs to Rs. 1 crore for states other than special category states and Rs. 75 lakhs from Rs. 50 lakhs for special category states except Jammu & Kashmir and Uttarakhand. The turnover threshold for Jammu & Kashmir and Uttarakhand shall be Rs. 1 crore
- It is decided to exempt persons making inter-State taxable supplies of services and having annual aggregate turnover less than Rs. 20 lakhs (Rs. 10 lakhs in special category states except Jammu & Kashmir) from obtaining mandatory registration
- Persons having annual aggregate turnover up to Rs. 1.5 crores shall be required to file quarterly returns (in FORM GSTR-1, 2 & 3) and pay taxes only on a quarterly basis, starting from the 3rd Quarter of the current Financial Year i.e. October - December 2017
- Person having annual aggregate turnover up to Rs. 1.5 crores shall not be required to pay GST at the time of receipt of advances on account of supply of goods
- Reverse charge liability of GST on purchase / receiving services from unregistered vendors has been suspended till 31.03.2018
- Services provided by a Goods Transport Agency (GTA) to an unregistered person shall be exempted from GST
- GST rates of around 60 goods and services have been reduced

Please [Click Here](#) to read the Press Release

Indirect Tax: GST

Amendment in scope of liability to pay GST under Reverse Charge mechanism on purchase of goods

Central Government has notified that 'used vehicles, seized and confiscated goods, old and used goods, waste and scrap' supplied by Central or State Govt, Union Territory or Local Authority to any registered person, shall be covered under reverse charge mechanism i.e. tax thereon shall be paid by such registered person under reverse charge.

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

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

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

State Tax officers can process refund under CGST Act, 2017

The Central Government has specified that the proper officers appointed under the respective SGST Act, 2017 or UTGST Act, 2017 to act as proper officers to process refund under CGST Act in respect of a registered person who applies for the sanction of refund and located in the territorial jurisdiction of such officers.

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



Indirect Tax: GST

Extension of time limits for filing GSTR 4, GSTR 5A, GSTR 6 and Form GST ITC-01

The Central Government has extended the time limit for filing the following forms:

Sr. No.	Returns	Description	Tax Period	Revised Due Dates
1	GSTR-4	Return for Composite dealers	July-Sept, 2017	15-Nov-2017
2	GSTR-5A	Return for persons providing online information and database access or retrieval services from a place outside India to unregistered person in India	July-Sept, 2017	20-Nov-2017
3	GSTR-6	Return for Input Service Distributors	July-Sept, 2017	15-Nov-2017
4	GSTR ITC-01	Return to be filed by registered person after taking registration to the effect that he is eligible to avail the input tax credit	30 days from the date person becoming eligible to avail ITC	31-Oct-2017

Please [Click Here](#) to read the notification for GSTR-4

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

Please [Click Here](#) to read the notification for GSTR-6

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



Indirect Tax: GST

Abatement on GST rate (including Compensation Cess) on leasing of vehicles purchased and leased prior to 1st July, 2017

In order to provide relief to old / existing leases of motor vehicles purchased and leased prior to 1st July, 2017. The changes are as given below-

- Leasing of vehicles purchased and leased prior to 1st July, 2017 would attract GST at a rate equal to 65% of the applicable GST rate (including Compensation Cess).
- Above vehicles when sold shall attract GST of 65% of the applicable GST rate (including Compensation Cess).
- Sale of vehicles by a registered person who had procured the vehicle prior to 1st July, 2017 and has not availed any Input Tax Credits of Central Excise duty, VAT or any other taxes paid on such motor vehicles, would also be subject to 65% of applicable GST rate (including Compensation Cess).
- This notification would be valid till 1st July, 2020.

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

Exemption from IGST and Compensation cess on goods imported by EOU's

The Central Government has prescribed that goods imported by EOU's will be exempt from integrated tax and compensation cess.

However, such exemption from integrated tax and compensation cess shall apply up to 31st March, 2018. This exemption will apply prospectively in respect of bill of entry for home consumption or ex-bond bill of entry filed on or after the said date of notification.

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

Exemption from IGST and Compensation cess on goods imported under notified schemes

Central Government has provided that goods imported under following schemes are exempt from integrated tax and compensation cess etc.

- Export Promotion Capital Goods (EPCG) Scheme
- Advance Authorization scheme
- Advance Authorization Scheme for annual requirement
- Advance Authorization Scheme for deemed export
- Advance Authorization Scheme for export of prohibited goods

However, such exemption from integrated tax and compensation cess shall apply up to 31st March 2018 only.

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

Indirect Tax: GST

GST revenue of Rs. 92,150 Cr in September with 42.91 lakhs returns

As per Finance Ministry Press Release, GST collection records Rs. 92,150 Cr revenue for September 2017 (upto October 23). This includes CGST revenue Rs. 14,042 Cr, SGST revenue Rs. 21,172 Cr, IGST revenue Rs. 48,948 Cr (including Rs. 23,951 Cr attributable to imports); Compensation Cess Rs. 7,988 Cr (including Rs. 722 crore from imports). Further, 42.91 lakhs GSTR-3B returns have been filed for month of September '17.

Waiver of late fee on filing of GSTR-3B for August and September, 2017

The Government has decided to waive late fee on filing of GSTR-3B for the months of August and September, 2017. Taxpayers who have already paid the late fee will be credited with the amount of late fee so paid in the Electronic Cash Ledger.

Please [Click Here](#) to read the notification the copy of Finance Ministry Press Release dated October 24, 2017. The enabling notifications are being issued shortly.

Extension of due date for filing GST TRAN-1

The Government has further extended Form GST TRAN-1 filing (with revision facility) to November 30, 2017 which is to be notified.



Direct Tax Updates

Direct Tax Updates

01

Direct Tax Collections for F.Y. 2017-18 show Growth of 15.8% up to September, 2017

As per press release by CBDT, provisional figures of Direct Tax collections up to first half year of current fiscal year show that net collections are at Rs. 3.86 lakh crore which is 15.8% higher than that of corresponding period of last year.

Advance tax of Rs 1.77 lakh crore, showing growth of 11.50% over the same period of last year has been received by exchequer. The growth in Corporate Income Tax (CIT) Advance Tax is 8.1% and that in Personal Income Tax (PIT) Advance Tax is 30.1%.

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

02

CBDT notifies Federation internationale de Football Association as an international sporting event

The Central Government has notified “Federation internationale de Football Association under-17 Football World Cup” as an ‘international sporting event’ and ‘person’.

Further, income from select national supporters and income from ticket sales shall be treated as ‘specified income’ for the purpose of Income tax Act.

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

***International
Taxation / Transfer
Pricing***

International Taxation

CBDT issues clarification on applicability of POEM rules to multinational companies with centralised administrative functions in India

The Central Board of Direct Taxes ('CBDT') has clarified that routine administrative functions of a multinational company carried out from India (including handling of payroll, accounting and human resources), will not make the company taxable in India in respect of its income earned outside India.

The move addresses a key concern of multinationals. There had been concerns that multinationals having regional offices in India where employees handle various administrative functions for multiple countries within the region would trigger an Indian 'Place Of Effective Management', or PoEM, making the firm liable to Indian tax. The Finance Act, 2015, provided that a company would be considered a resident in India in any previous year if it is an Indian company or its place of effective management in that year is in India. Previously, according to Section 6 (3) of the Income-Tax Act, 1961, a company was said to be a resident in India in any previous year if it was an Indian company or if during that year, control and management of its affairs was situated wholly in the country. This was amended by the Finance Act. The latest guidelines from CBDT help determine the POEM.

CBDT has now clarified that routine administrative functions carried out from a regional headquarters such as payroll, accounting, HR, routine banking, etc. will not lead to a PoEM in India since such functions do not constitute a case where the board of directors stands aside, according to a circular. However, such regional headquarters should be functioning according to the global policies of the parent entity and should not be specific to any entity or group of entities, the circular says.

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

Framing of rules in respect of Country-by-Country reporting and furnishing of master file

In line with OECD Base Erosion and Profit Shifting (BEPS) Project, section 286 of the Income-tax Act, 1961 was inserted vide Finance Act, 2016, providing for furnishing of a Country-by-Country report in respect of an international group by its constituent or parent entity.

Draft notification for proposed rules regarding maintenance and furnishing of transfer pricing documentation in the Master File and Country-by Country report has been released for comments and suggestions of stakeholders and general public.

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

CBDT extends due-date for furnishing CbCR for FY 2016-17 to March 31, 2018

CBDT extends 'due date' for furnishing Country by Country Report (CbCR) u/s 286(2) for accounting year 2016-17 to March 31, 2018; As per Sec 286(2), 'due date' for furnishing CbCR in respect of an international group by its constituent or parent entity is the date specified u/s 139(1) for furnishing tax return for the relevant year; CBDT considers that FY 2016-17 is the first reporting year for furnishing of CbCR and rules for furnishing of CbCR are still under consideration and therefore, extends due date

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

Company Law/ SEBI

Company Law

Clarification issued on applicability/ availability of new Form DPT-3

- The Government, vide Notification dated 19 Sep 2017, amended Companies (Acceptance of Deposit) Rules, 2014 by issue of Companies (Acceptance of Deposit) Second Amendment Rules, 2017. The said amended rules substituted existing Form DPT-3 with new Form DPT-3.
- The Ministry clarified that the new form shall be made available for filing after the month of November 2017. Till that time, the existing e-Form can be used.

Please [Click Here](#) for the Circular dated September 27, 2017

Government amends Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016

- The Government, vide Notification dated 13 October 2017, amended Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 by issue of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017.
- The due date for transfer of shares in respect of which unpaid / unclaimed dividend has been transferred by the companies, wherein the 7 years period is completed during 7 Sep 2016 to 31 Oct 2017 shall be deemed to be 31 Oct 2017. Such transfer shall be deemed to be transmission of shares and procedure of transmission should be followed by the companies for such transfer.
- For effecting the transfer of shares in physical form, the Company Secretary or the person authorise by the Board, shall make an application to the Company, on behalf of the shareholder, for issue of new share certificate. Earlier, the application was made for the issue of duplicate share certificate.
- Any cash benefit accruing on account of shares transferred to IEPF shall be transferred by companies to bank account opened by the IEPF authority with Punjab National Bank, Sansad Marg, New Delhi which has been linked to demat accounts.

Please [Click Here](#) for the Notification dated October 13, 2017

Company Law

Clarification issued on transfer of shares to IEPF (Investor Education and Protection Fund) Authority

- As per the Companies Act, the company has to transfer the funds (along with the interest accrued) under unclaimed/ unpaid dividend account to IEPF, if the dividend remains unclaimed/ unpaid for 7 years. All shares in respect of which unpaid/ unclaimed dividend has been transferred shall also be transferred by the company in the name of Investor Education and Protection Fund.
- The due date for such transfer by the companies, wherein the 7 years period is completed during 7 Sep 2016 to 31 Oct 2017 is 31 Oct 2017.
- The IEPF authority has opened demat accounts through Punjab National Bank and SBICAP Securities Ltd., as Depository Participants. All the above mentioned companies shall transfer such shares (whether held in dematerialized form or in physical form) to Demat account of IEPF authority.
- Any cash benefit accruing on account of shares transferred to IEPF shall be transferred by companies to bank account opened by the IEPF authority with Punjab National Bank, Sansad Marg, New Delhi which has been linked to demat accounts.\

Please [Click Here](#) for the Circular dated October 16, 2017



Company Law

Government notifies section 247 (Valuation by Registered Valuers) and Companies (Registered Valuers and Valuation) Rules, 2017

Section 247 (Valuation by Registered Valuers) and Companies (Registered Valuers and Valuation) Rules, 2017 were notified by the Government on 18 Oct 2017.

The Rules defines eligibility criteria to become a registered Valuer. Any person or Partnership firm or a company can be a registered valuer, on fulfilling the criteria as mentioned in the said Rules.

The procedure for making and disposal of Application for certificate of registration is also prescribed.

- An individual eligible for registration as a registered valuer, may make an application to the authority in Form-A of Annexure-II, along with a non-refundable application fee of ₹ 5000/- in favour of the authority.
- A partnership entity or company eligible for registration as a registered valuer may make an application to the authority in Form-B of Annexure-II along with a non-refundable application fee of Rs.10,000/- in favour of the authority.
- The authority shall examine the application, and may grant 21 days to the applicant to remove the deficiencies, if any, in the application. The authority may require the applicant to submit additional documents or clarification within 21 days.
- After considering the explanation, if any, given by the applicant, the authority shall either -
 - (a) accept the application and grant the certificate of registration; or
 - (b) reject the application by an order, giving reasons thereof.
- The authority shall communicate its decision to the applicant within 30 days of receipt of explanation.

Other provisions regarding valuation method, standards, cancellation/suspension of registration etc. are also prescribed in the said Rules.

Please [Click Here](#) for the Notification dated October 18, 2017

Categorization and Rationalization of Mutual Fund (MF) Schemes

Different schemes launched by a Mutual Fund are clearly distinct in terms of asset allocation, investment strategy etc. there is a need to bring in uniformity in the characteristics of similar type of schemes launched by different Mutual Funds. This would ensure that an investor of Mutual Funds is able to evaluate the different options available, before taking an informed decision to invest in a scheme.

Accordingly, it has been decided to categorize the MF schemes.

The Schemes would be broadly classified in the following groups:

- a. Equity Schemes
- b. Debt Schemes
- c. Hybrid Schemes
- d. Solution Oriented Schemes
- e. Other Schemes

In order to ensure uniformity in respect of the investment universe for equity schemes, it has been decided to define large cap, mid cap and small cap as follows:

- a. Large Cap: 1st-100th company in terms of full market capitalization
- b. Mid Cap: 101st-250th company in terms of full market capitalization
- c. Small Cap: 251st company onwards in terms of full market capitalization

Only one scheme per category would be permitted, except:

- i. Index Funds/ ETFs replicating/ tracking different indices;
- ii. Fund of Funds having different underlying schemes; and
- iii. Sectoral/ thematic funds investing in different sectors/ themes

Mutual Funds would be required to analyze each of their existing schemes in light of the list of categories stated herein and submit their proposals to SEBI after obtaining due approvals from their Trustees as early as possible but not later than 2 months from the date of this circular.

Please [Click Here](#) for the Circular dated October 6, 2017

About KrayMan

For any assistance, please write to us at:
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KrayMan is an Accounting and Advisory Firm specializing in Assurance, Tax, Regulatory, Compliance & Outsourcing, Corporate Secretarial, Transaction Advisory and HR Advisory services. We cater to International & Domestic Clients.

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.

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