

Aino Communique

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August 2017



INTERNATIONAL
YOUTH DAY

Happy Friendship
Day



15th of August
INDEPENDENCE DAY


...Your Business Partner

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Dear Professional Colleague,

Continuous improvement is better than delayed perfection!

A winning workplace culture doesn't happen by chance. Nor can it be forced. For some, it carries the stamp of a strong leader; for others, it's more of an institutional thing that involves planning and careful nurturing. We, at **AINO**, improve our self at every stage and strive for providing the best to our clients.

We are pleased to bring you, our 46th edition of AINO Monthly Communique which summarizes latest significant tax and financial developments.

The time for filing the tax audit report is fast approaching, the Income Tax Department is coming out with the changes in form 3CD along with clarifications on the same.

Where income is assessed on the basis of deeming provisions it would not amount to non-disclosure and as such it is not proper to impose penalty under Section 271 of the Act.

Summary Return for computation of Tax liability for the month of July 2017 on or before 20th Aug 2017 – GSTR 3B

Clarifications are provided for the export procedure to be followed by the exporter of goods and for claiming of refund under GST.

The services imported by a unit or a developer in the SEZ for authorized operations will be exempt from IGST.

Due date for filing the ITR to the assessee's other than companies and who are liable for Tax audit being extended to 5th August, 2017

We hope you find this **journal** is informative and of continued interest. We welcome your feedback at communique@ainoglobal.com.



CA. Sudheer Javali

On behalf of **AINO** team!

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STAUTORY DUE DATES IN THE MONTH OF AUGUST - 2017



Statutory Dues	Particulars	Due Dates
ITR Filing	For filing of Income Tax Return for Non Corporate Non Tax Audit	5 th August
TDS/TCS	For Payment	7 th August
Service Tax	For the Filing of returns of the first quarter	15 th August
RBI / FEMA	Annual Return	15 th August
PF	For Monthly Payment & Return Filing	15 th August
PT	For Monthly Payment & Return Filing	20 th August
GST	Filing of GSTR-3B & Tax payment	20 th August
ESIC	For Monthly Payment & Return Filing	15 th August

FOREIGN EXCHANGE FLUCTUATIONS

Currency	As on 30 th June, 2017	As on 31 st July, 2017	Change
USD	64.74	64.0773	0.6627 ↓
GBP	84.26	84.1591	0.1009 ↓
EURO	74.00	75.2203	1.2203 ↑



STOCK EXCHANGE FLUCTUATION



Stock Exchange	As on 30 th June, 2017	As on 31 st July, 2017	Change
BSE Sensex	30,921.61	32,514.81	1593.2 ↑
Nifty	9,520.90	10,077.14	556.24 ↑

COMMODITY MARKET (MCX) Fluctuations

Commodity	As on 30 th June, 2017	As on 31 st July, 2017	Change
Gold (10 grams) 22 carat	28,639.00	26,730.00	1909.00 ↓
Silver (1 kg)	38,798.00	38,700.00	98.00 ↓



INCOME TAX



Extension of Due date for Filing ITR:

The CBDT has provided extension for filing the ITR upto 5th August, 2017. It is also giving a relief to people by allowing them to file their returns without linking of PAN and Aadhaar. However, quoting of Aadhaar or Enrolment ID in the return is mandatory as before and those filing the return without linking PAN-Aadhaar must link the two by August 31, 2017. The returns will be processed by the department only after the two ID proofs are linked.

CBDT circular on MAT calculation

In regard to the computation of MAT, the CBDT has issued the circular giving clarifications as this is the first year of Implementation of ICDS and IFRS.

http://incometaxindia.gov.in/communications/circular/circular_24_%202017.pdf

Changes made in Form 3CD

The due date for filing the tax audit report in Form No 3CA/3CB/3CD is 30th September, 2017 for AY 2017-18. In this regard There are few changes that are made by the department in the form 3CD for the AY 2017-18. They are mentioned in the below link.

http://incometaxindia.gov.in/communications/notification/notification58_2017.pdf

http://incometaxindia.gov.in/communications/notification/notification60_2017.pdf

COMPANY LAW

Exemption for the IFC reporting

The Ministry of Company Affairs, has given Clarification from financial year 16-17 the exemp relating to IFC is applicable.

http://www.mca.gov.in/Ministry/pdf/GeneralCircular8_25072017.pdf



Second Amendment for Board Meetings and Powers

The MCA has notified the Companies (Meetings of Board and its Powers) Second Amendment rules 2017. The same is effective from 13th of July 2017.

http://www.mca.gov.in/Ministry/pdf/CompaniesMeetingBoardPowersSecondRules_14072017.pdf

Procedural aspects on shifting of registered Office.

MCA has notified on 27th July, 2017 for the procedural aspects of shifting the office. It includes the procedure for shifting the office to a place within the state and to a place outside the state.

<http://www.mca.gov.in/Ministry/pdf/CompaniesIncorporationSecondAmendmentRules2017.pdf>

RBI / FEMA



Recording of Details of Transactions

To avoid inscrutable entries in passbooks
Or statements of account and ensure that brief, intelligible particulars are invariably entered in passbooks / statements of account with a view to avoid inconvenience to depositors.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11053&Mode=0>

Documents to be relied upon for classification as MSME.

The RBI have clarified that for ascertaining the investment in plant and machinery for classification of an enterprises as Micro, Small and Medium, the documents notified to be relied upon

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11050&Mode=0>

Rate of Special Deposit Scheme WEF 1st July, 2017

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) shall with effect from 1st July, 2017 to 30th September, 2017, bear interest at 7.8% This rate will be in force w.e.f. 1st July, 2017



GST

GST Interstate movement of Goods through specified conveyance

It is hereby clarified that “the inter-state movement of goods like movement of various modes of conveyance*, between distinct persons as specified in section 25(4) of the Central Goods and Services Tax Act, 2017, may not be treated as supply and consequently IGST will not be payable on such supply provided it shall not be in the nature of involving further supply of such conveyance.

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/igst-circu-1.pdf;jsessionid=FEF9D2A5C1B21D0994BACD73B7383A16>

Supply not considered as supply under CGST in certain cases

The Ministry of Finance has notified the supplies which shall be treated neither as a supply of goods nor a supply of service under the CGST Act. on the recommendations of the Council hereby notifies that the following activities or transactions undertaken by the Central Government or State Government or any local authority in which they are engaged as public authority, shall be treated neither as a supply of goods nor a supply of service

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/Notification14-CGST.pdf>

Deputation of officers and their functions under GST

The Ministry of finance, has further to the appointment of officers for registration and composition scheme, has appointed the officers for other functions. This provides the details about the designation and their functions under GST.

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/circularno-3-gst.pdf>

Extension of date for opting composition scheme

The due date for the filing option for the composition scheme has been extended up to 16th August, 2017.

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/order1-gst.pdf>

Compensation cess on zero rated goods

Clarification regarding applicability of section 16 of the IGST Act, 2017, relating to zero rated supply for the purpose of Compensation Cess on exports is given by way of circular

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/compnsation-cess-circul.pdf>

GST Rate finder App

CBEC has launched an android app for GST rate finder, find the link below

<https://play.google.com/store/apps/details?id=in.gov.cbec.gsttaxratemaual&hl=en>

Refund of IGST on export of Goods and services

The clarifications are provided regarding the Refund of integrated tax paid on export of goods or services under bond or Letter of Undertaking.

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/circularno-4-gst.pdf>

Export without payment of IGST

Prior to export of goods or services or both if a registered person availing the option to supply goods or services for export (including zero rated supply made to SEZ) without payment of IGST shall furnish Form GST RFD-11 along with Bond or Letter of Undertaking to the proper officer.

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/circularno-4-gst.pdf>

Monthly Article

Export Procedure under GST

Rule 96A of Central Goods and Services Tax Rules, 2017 provides that in case of export of goods or services without payment of GST, the exporter has to furnish a bond or letter of undertaking (LUT) in form **RFD-11**. This is also required in the case of provision of goods or services to SEZ units/ developer.



Considering the difficulties faced by exporters, the Government has issued **notification no. 16/2017- Central Tax and circular no. 4/4/2007-GST, both dated 07 July, 2017 to clarify certain aspects relating to bond/ LUT**. The clarifications are summarized below:

Exports would be allowed under existing bonds/ LUTs by 31 July 2017. New LUT/ bonds need to be submitted in the **revised format by 31 July 2017**.

• **Submission of LUT in place of a Bond**

1. The following persons would be eligible to provide a LUT instead of a bond:
 - Status holder as per Para 5 of Foreign Trade Policy 2015-2020; or
 - A person who has received foreign inward remittances equal to minimum of 10% of the export turnover, which should not be less than INR 10 million, in the preceding financial year.
2. Such a person should not have been prosecuted for any offence under the CGST Act or any existing law where the amount of tax evaded exceeds INR 25 million.
3. The LUT should be furnished in duplicate for a financial year in the prescribed format. The LUT should be executed by the working partner, the Managing Director, the Company Secretary, the proprietor or by a person duly authorized by such working partner or Board of Directors of such company or proprietor on the letter head of the registered person.
4. The LUT would be valid for 12 months.
5. If the exporter fails to comply with the conditions of LUT, he may be asked to provide a bond.

Submission of bond

With regard to submission of bond, circular no. 4/4/2017-GST provides as follows:

- All persons not eligible to issue LUT would need to submit a bond.
 - A running bond will be submitted and the bond amount should cover the amount of tax involved in the export based on estimated tax liability as assessed by the exporter. A fresh bond is to be submitted if the amount in the bond is less than the outstanding tax liability on exports.
 - The amount of bank guarantee would be decided by the jurisdictional Commissioner and it should not exceed 15% of bond amount. The Commissioner has the power to accept the bond without any bank guarantee in case of assessee with good track record.
 - The bond shall be furnished on non-judicial stamp paper of the value as applicable in the State in which the bond is being furnished.
- **Jurisdiction for submission of LUT/ Bond**

Bond/ LUT shall be accepted by the jurisdictional Deputy/ Assistant Commissioner having jurisdiction over the principal place of business of the exporter. Until a specific administrative officer is assigned, the exporter can furnish bond/ LUT before any officer (Centre or State). However, State Commissioners have power to direct exporters to submit bond/ LUT to Central tax officers till the administrative framework is ready.

Comments

These clarifications bring much needed relief for the exporters with regard to export without payment of IGST. Exports had come to a halt in the absence of clarity on procedure for submission of bond/ LUT for exports. While exporters have option to export on payment of IGST and subsequently claim refund of IGST paid, this would impact the cash flow. Further, there is no clarify on payment of IGST on export out of the carried forward CENVAT balance since the credit amount would be credited to the electronic credit ledger only after submission of the Transition forms. Now, the assesseees can continue exports without payment of IGST under the relaxed procedure.

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