

HAPPY
Dussehra



AINO COMMUNIQUE
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Dear Professional Colleague,

The secret of business is to know something that nobody else knows!!!

Size doesn't matter when it comes to workplace culture. The additional benefits of workplace culture can be taken by every organization. Workplace culture reinforces the way a business operates with spoken and unspoken beliefs, and also the values and norms shared between employees and the owner. From workplace culture, It would be pretty evident in everything that an employee does, from the way he dresses to his login time and also extends on how they spend their break times and their ability to provide solutions for internal and external issues.

We are pleased to bring you, our 47th edition of AINO Monthly Communiqué which summarizes latest significant developments in GST, Income tax and financial developments.

India GDP growth rate slumps to 5.7% in Q1 in challenge for economy.

The month of September is filled with due dates for both the direct tax as well as indirect tax.

The Income tax filing for Corporates and Tax audit applicable entities would be by September 30th which has been extended to October 31st. Also Income tax has come up ICDS Implementation guide for reporting purpose.

Also the New indirect Tax has mandated to file almost 9 returns i.e. GSTR 1,2,3 of the July month, GSTR 1,2,3,3B of August month and TRAN-1 and TRAN-2 (Stock Summary Returns) in the month of September right from the 5th September till 30th of September.

It is also to be noted that the last date for migration from old tax law to GST is 30thSeptember; further the issued Provisional ID would be cancelled.

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

With warm regards,



CA Sudheer Javali
On behalf of AINO team!

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❖ Statutory due dates in the month of September – 2017

Statutory Dues	Nature of payment/Return Filing	Due date
Income tax return	ITR Filing for Corporate other than Transfer Pricing filing	30 th Sept**
	ITR Filing for Non-corporate for whom Tax Audit is applicable	30 th Sept**
TDS/TCS	TDS payment	7 th Sept
Advance tax	Advance tax payment	15 th Sept
Companies Act, 2013	Last date for holding Annual General Meeting for the FY 2016-17	30 th Sept
PF	Monthly payment and return filing	15 th Sept
ESIC	Monthly payment and return filing	15 th Sept
PT	Monthly payment and return filing	20 th Sept
GST	Filing of GSTR 3B	20 th Sept
	Filing of GSTR 1 for July month	5 th Sept
	Filing of GSTR 1 for August month	20 th Sept
	Filing of GSTR 2 for July month	10 th Sept
	Filing of GSTR 2 for August month	25 th Sept
	Filing of GSTR 3 for July month	15 th Sept
	Filing of GSTR 3 for August month	30 th Sept
	Filing of Tran 1	30 th Sept
Filing of Tran 2	30 th Sept	

Extended up to 31st Oct 2017. **“IT’S A BIG RELIEF”.

Point to be noted: Income Tax Rates has been revised in case of Companies for AY 2017-18. The same are as follows;

In the case of a Domestic Company-

Sl.No	Particular's	% of Taxation
1	Companies engaged in manufacturing, setup after 1 st March, 2016 u/s 115BA	25%
2	Where the total turnover or gross receipt in the previous year 2014-15 does not exceed Rs.5 Crore	29%
3	In Case of other domestic companies	30%

Source: Press Note dated 29th August 2017

GST Revenue Analysis in the country	
Registrations in GST (in lacs)	
No of registered people	59.57
No of people who have filed returns	38.38
Percentage (%)	64.42
GST Revenue (in Crs)	
CGST	14,894.00
SGST	22,722.00
IGST	47,469.00
CESS	7,198.00
Total	92,283.00
Tax payer summary (in lacs)	
Total taxpayers in old law	72.33
Total Migrated Taxpayers	58.53
Yet to migrate	13.80
New Registration for GST	18.83

❖ FOREIGN EXCHANGE FLUCTUATION

Currency	As on 31 st July, 2017	As on 31 st August, 2017	Change
USD	64.0773	64.0154	0.0619
GBP	84.1591	82.6951	1.464
EURO	75.2203	76.0439	0.8326



❖ STOCK EXCHANGE FLUCTUATION

Stock Exchange	As on 31 st July, 2017	As on 31 st August, 2017	Change
BSE Sensex	32,514.81	31,730.49	784.32
Nifty	10,077.14	9,917.90	159.24



❖ COMMODITY MARKET (MCX)

Commodity	As on 31 st July, 2017	As on 31 st August, 2017	Change
Gold (10 grams) 22 carat	26,730.00	27,850.00	1,120
Silver (1 kg)	38,700.00	40,000.00	1,300





INCOME TAX

CBDT Notification on

❖ Revised Form No.29B for MAT audit with annexure

The existing Form No.29B has been substituted vide Notification No.80/2017 dated 18.08.2017 with immediate effect. Tax payers and CAs are advised to wait for the release of the new schema and utility to submit in the modified format.

http://www.incometaxindia.gov.in/communications/notification/notification80_2017.pdf

❖ Issue of Redeemable bond under section 54EC

Any redeemable bond issued by the Indian Railway Financial Corporation Limited formed and registered under Companies Act of 1956 shall be called as 'Long term specified asset' for the purpose of the said section.

http://www.incometaxindia.gov.in/communications/notification/notification79_2017.pdf

BRIEF NOTE:

143(1) (a) of Income tax Act, 1961

A communication for such an adjustment under Section 143(1) (a) is sent to taxpayers wherein there is a mismatch of the income/deductions/exemptions reported in the Income Tax Return and in the income/deductions/exemptions as shown in the Form 16.

This usually happens in cases where the employee has not intimated his employer about the deductions he intends to claim and claims these deductions/exemptions himself at the time of filing of the Income Tax Return. There is no harm in claiming such deductions/exemptions in the Income Tax Return and claiming these directly in the Income Tax Return is completely legal.

Solution for the same:

In such cases, the taxpayer need not get panic. This is a procedural compliance only wherein you are required to intimate the income tax department – the reason for variance in the income tax return and the Form 16. The taxpayer would also be required to submit the proofs of such deductions/exemptions.

The taxpayer shall reply to such a notice within 30 days of receiving such a notice. The taxpayer shall send his response by logging on to his account on the website incometaxindiaefiling.gov.in and then click "e-Assessment/Proceeding" under the "e-proceeding" section. The Home Page of the website of the Income Tax Dept also says the same.

Case Law: ACIT v/s Mohinder Kumar Jain (Delhi)

54F Relief allowable even when multiple flats are sold to purchase one big flat.

There has been confusion among assesses whether multiple properties could be sold and Capital gains arising on such sale could be invested in a single property in order to claim relief under Sec 54F of Income Tax Act, 1961.

ITAT has held in a case law whereby the assessee had sold multiple properties during the years 2009-10 to 2011-12 and invested in a single property, could be allowed relief under 54F.

The Delhi Tribunal has held in the case ACIT vs. Mohinder Kumar Jain (Delhi), where assessed owned only one residential house, it would be entitled to deduction under section 54F for investment in construction of another house property against capital gain on sale of house properties. Capital gains can be invested for second time or third time for same property, if cost of property is within capital gains that arose to assessee.

<https://www.taxmann.com/topstories/101010000000176390/sec-54f-relief-allowable-even-when-multiple-flats-are-sold-to-purchase-one-big-flat-itat.aspx>

Point to be noted:

Deadline for linking Aadhaar and PAN extended from August 31st 2017 to December 31st 2017

<http://economictimes.indiatimes.com/wealth/personal-finance-news/deadline-for-linking-aadhaar-pan-by-itr-filers-extended-to-december-31/articleshow/60309075.cms>

COMPANY LAW



❖ Amendments in Schedule III of the Companies Act, 2013 (w.e.f 30th March, 2017)

MCA has notified certain amendments in Schedule III to the Companies Act, 2013 applicable w.e.f 30th March, 2017 requiring the companies to disclose the details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016.

http://www.mca.gov.in/Ministry/pdf/AmendmentinScheduleIII_Notification31032017.pdf

Note: Every Company has to disclose in the Financial Statements. The format is as below:

Additional disclosure on details of Transactions made in Specified Bank Notes(SBN) during demonetisation period from 08-11-2016 to 30-12-2016

Particulars	Specified Bank Notes (OLD Rs. 500 and Rs. 1000)	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Permitted receipts:	-	-	-
a. Withdrawals from bank	-	-	-
b. Other Receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

FEMA/RBI



❖ FDI Policy

India's Consolidated FDI Policy 2017 has been notified by the DIPP (GOI) applicable w.e.f. 28 Aug. 2017, which subsumes and supersedes all Press Notes/ Press Releases/ Clarifications/ Circulars issued by it so far and in force as on 27 Aug. 2017. New FDI Policy 2017 of India will remain in force until superseded in totality or in part thereof

<https://cdn.caclub.in/wp-content/uploads/indias-consolidated-fdi-policy-2017-dipp-circular-dt-28-aug-2017.pdf>

GOODS AND SERVICE TAX



Circular on:

- ❖ Bond/LUT in case of exports without payment of integrated tax

Clarification on issues related to furnishing of Bond/Letter of Undertaking for Exports

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/circularno-5-gst.pdf>

Notifications on:

- ❖ 20/2017-Central Tax(Rate) dt 22-08-2017

Seeks to amend Notification No. 11/2017-CT(R) to reduce CGST rate on specified supplies of Works Contract Services, job work for textile and textile products, printing services of books, newspapers etc, admission to planetarium and also to provide option to GTA & transport of passengers by motorcab service providers to avail full ITC & discharge CGST @ 6%

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/Notification20-CGST.pdf>

- ❖ 22/2017-Central Tax(Rate) dt 22-08-2017

Seeks to amend notification No.13/2017-CT(R) to amend RCM Provisions for GTA and to insert explanation for LLP

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/Notification22-CGST.pdf>

- ❖ 23/2017-Central Tax(Rate) dt 22-08-2017

Seems to amend notification No.17/2017-CT(R) to make Electronic Commerce Operator responsible for payment of GST on services provided by way of house-keeping such as plumbing, carpentering etc.

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/Notification23-CGST.pdf>

- ❖ 28/2017-Central Tax(Rate) dt 01-09-2017

Seeks to waive the late fee for late filing of Form GSTR – 3B, for the month of Jul

http://www.cbec.gov.in/resources//htdocs-cbec/gst/Ntfn%2028_2017E.pdf

Press note dated 02-09-2017

<http://www.cbec.gov.in/resources//htdocs-cbec/press-release/press-relese-gst-02092017.pdf>

MONTHLY ARTICLE

Transactions between Employer and Employee

Employer to Employee -> Concept of Supply under GST

In terms of GST Laws, CGST and SGST or IGST shall be levied on **supply of goods or services** or both. Further, the supply includes activities as specified in **Schedule I to GST Act even if made without consideration**. Accordingly, tax will be levied on all such activities.

Entry 2 of Schedule I states

"Supply of goods or services or both between related persons or between distinct persons as specified in section 25 of CGST Act 2017, when made in the course or furtherance of business"

"Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both".

Further, as per Section 15 of the CGST Act, 2017, employer and employee are considered as "related parties". On reading of the said entry, we understand that gifts provided by an employer to employee exceeding fifty thousand rupees are leviable to tax. However, the term "Gift" has not been defined under the GST Laws. Accordingly, the term gift is open for interpretation.



RELATIONSHIPS
not just transactions

Any facility which is common to all employees (and there is no identified employee/ customer – such as free tea/ coffee etc. in office) should not be liable to GST



Any facility provided for official usage by employee in the 'normal' course of employment (such as office laptop, parking etc.) should not be liable to GST



Reimbursements to employee (such as mobile bills etc.) is not a supply per se by employer to employee and hence, should not be liable to GST



Any other supplies by employer which is not in normal course of employment need to analyzed on case to case to determine applicability of GST

Valuation for employer-employee transactions

Open market value

Full value in money for supply of goods at the same time of transaction between two unrelated parties where price is sole consideration

Value of supply of Goods of like kind And quality

Supply of goods under similar circumstances in respect of characteristics, quality, quantity, functional components, materials and reputation of Goods

Cost plus basis

110% of cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services

Residual method

Reasonable means consistent with the principles and general provisions of Section 15 of CGST Act and the Valuation rules

It is pertinent to note here that the **services by an employee to an employer** in the course of or in relation to his employment are outside the ambit of GST (neither supply of goods nor supply of services). It follows there from that supply by the employer to the employee in terms of contractual agreement entered into between the employer and the employee, will not be subjected to GST.

Thank you!!

We are encouraged by our readers and the complements received. In our endeavour to improve our quality, we request you to spend your two minutes time to give feedback.

Thanking you,
AINO team

Write us at: communique@ainoglobal.com