



# ASC Times

All India Taxes Weekly Referencer

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Solving  
any **tax**  
puzzle

Tax saving advice  
across all the taxes



## From the CEO's Desk



Dear Reader,

As Indian economy is growing at a fast pace with more of business occurrence at international level, depreciation of rupee remains a concern. So to curb ill effects and to protect the interest of businesses, Government is taking a lot of measures.

One of these is an increase in the limit of rupee drawing arrangements (RDAs) for trade-related transactions from the existing Rs. 5,00,000 to Rs. 15,00,000 per transaction with immediate effect. The central bank has also permitted authorized dealer banks to regularize payments exceeding the prescribed limit under the RDA, provided they are satisfied with the genuineness of the transaction.

In another initiative the limit for investment by registered foreign institutional investors (FII's) in Government securities (G-Secs) has been increased from \$15 billion to \$20 billion. RBI has also given a nod to manufacturing and infrastructure sector to avail of external commercial borrowing (ECB) for repayment of rupee loans used for capital expenditure and/or for fresh Rupee capital expenditure under the approval route. The overall ceiling for such ECBs would be \$10 billion.

On May 11, 2015 Indian Institute of Science's (IIS'c) Supercomputer Education and Research Centre (SERC) inaugurated the Cray XC40 petaflop supercomputer named as SahasraT in Bengaluru. This supercomputer will strengthen country's position in the global high-power computing race that is currently led by China. "This unprecedentedly large, powerful computer gives our scientists the opportunity to do all the things they could not previously," told IIS's Director Anurag Kumar to the press.

Another validation of developing India comes from the return of top Indian talent to India. Top of the line Silicon Valley variety is moving back from global giants to Indian star startups. And homes are being shifted from Bay Area to Bangalore. From Google to Flipkart (Peeyush Ranjan), from Disney and Facebook to Zomato

(Tanmay Saksena and Namita Gupta) and from Symantec to Snapdeal (Gaurav Gupta) are few examples. Matching dollar salaries, improved infrastructure, boom in the technology and variety of future career opportunities are some of the benefits offered by the blue chip companies to Indian talent. Cultural advantage is the cherry on the cake. We all look to get back to Motherland given a chance.

Best Wishes  
Alok Kumar Agarwal  
CEO  
ASC Group

## TAX CALENDAR

Due Date	Compliances from 25/05/2015 to 31/05/2015
25th May	Sales Tax TDS Certificate Issue for the month of April, 2015 for West Bengal and Mizoram
28th May	WCT Return for Delhi
29th May	Extended Due Date of filing Q4 2014-15 Return in Form DVAT-16, DVAT-17 and DVAT-48
30th May	Issue of TDS/TCS Certificate (Form 16A/27D) for March Quarter.
31st May	Issue of TDS Certificate (Form 16) to Employees Extended Due Date for filing WB Professional tax Return VAT/CST/WCT/ET Payment for the month of April for Mizoram, Himachal Pradesh, Jammu & Kashmir, Arunachal Pradesh

## Country Wide Holidays for the Week

**NO HOLIDAYS FOR THE WEEK**

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# CENTRAL TAXES

## SERVICE TAX

### NOTIFICATIONS & CIRCULARS

The **MOF** vide **Notification No 17/2015-ST dated 19th May 2015** hereby exempts taxable services provided under the Power System Development Fund Scheme of the Ministry of Power from the whole of the service tax leviable thereon by way of:

- A) re-gasification of Liquefied Natural Gas imported by the Gas Authority of India Limited (GAIL);
- B) transportation of the incremental Re-gasified Liquefied Natural Gas (RLNG) (e-bid RLNG) to the power generating companies or plants as specified in the Annexure-I and Annexure -II to this notification subject to the conditions mentioned therein.

Please refer the annexures attached and the conditions mentioned in the notification for further information.

**OUR TAKE:** Provided that the exemption shall not be available if such Re-gasified Liquefied Natural Gas (RLNG) and Liquefied Natural Gas (LNG), is used for generation of electrical energy by captive generating plant as defined in section 2(8) of the Electricity Act, 2003 (36 of 2003). Provided further that nothing contained in this notification shall apply on or after the 1st day of April, 2017.

### FURTHER UPDATES

Vide **Notifications 13/2015-ST, 14/2015-ST, 15/2015-ST and 16/2015-ST dated 19th May 2015**, the **Central Govt.** has made several changes which shall be applicable from **1st June, 2015**, which mainly relate to '**Rate of Tax**' and '**Services**'. The same are listed as under:

1. Service Tax rate will be 14%.  
Consequential impact shall also effect the composite rate of tax payable in case of:
  - a) Air Travel Agent Services
  - b) Services of an Insurer
  - c) Money Changing Services
  - d) Lottery Distributor / Selling Agent Services
2. No more Education Cess and Secondary & Higher Education Cess will be applicable.
3. 'Admission to entertainment events or access to amusement facility' are out of Service Tax net by virtue

of the negative list entry [Section 66D(j)]. This entry will be omitted from the negative list and such services shall be taxable.

However, the following exemptions will be applicable vide entry 47 of Mega Exemption Notification No. 25/2012-ST (as amended):

#### **Services by way of right to admission to:**

- (i) exhibition of cinematographic film, circus, dance or theatrical performances including drama or ballet,
  - (ii) recognized sporting events;
  - (iii) award function, concert, pageant, musical performance or any sporting event other than a recognized sporting event, where the consideration for admission is not more than Rs.500 per person.
4. Service tax will be levied on contract manufacturing/job work for production of potable liquor. Further, intermediate process for production of alcoholic liquor for human consumption shall also be taxable.
  5. Although betting, gambling and lottery will continue to be covered by the negative list entry [Section 66D(i)]; Services provided by a lottery distributor or selling agent in relation to promotion, marketing, organising, selling of lottery or facilitating in organizing lottery of any kind will be taxable.

#### **Other Changes**

- 1.) Services by foreman of a chit fund are taxable with effect from 14.05.2015.
- 2.) Date of applicability of Service Tax on 'any service' instead of only 'support services' provided by the Government to a business entity is kept in abeyance.
- 3.) Date of applicability and extent of Swachh Bharat Cess is not yet notified.

### COURT DECISIONS

#### **AJAY KUMAR GUPTA V/S CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL AND ANOTHER (Punjab & Haryana HC)**

**BRIEF:** The appellant provides liaisoning and consultancy services. He had raised three invoices dated 29.03.2008

with service tax element of Rs.6,52,207/-. He deposited the service tax on 15.11.2008 and was issued SCN on 24.06.2009 that he had deposited the service tax late and not deposited the interest due. Accordingly penal provisions u/s 76 & 78 were also invoked.

**OUR TAKE:** In the above case, the Hon'ble Punjab & Haryana High Court held that the taxability of the abovementioned service came in the gamut of service tax only from 01.09.2009. Once the service tax was not leviable under Section 68 at that point of time, the penalty u/s 76 could not be levied. The liability was only to deposit the tax under Section 73A(2), which has been done on 15.11.2008, after delay, but due to the service not being taxable at the relevant time when the invoices were raised, penalty u/s 78 could not be invoked. Therefore, there is no suppression of facts. **[Decided in favour of assessee]**

#### JANATA SAHAKARI BANK LTD V/S COMMISSIONER OF CENTRAL EXCISE, PUNE-III (CESTAT Mumbai)

**BRIEF:** The appellant is engaged in providing services under the category of Banking and other Financial Services. During scrutiny it was observed that appellant had received commission amounting to Rs. 8,35,348/- during the period April 2004 to September 2007 for disbursement of Govt. teachers salary. Revenue authorities entertained a belief that the said commission which is received by the appellant was covered under the category of Business Auxiliary Services. A SCN was issued demanding service tax and interest along with penalties.

**OUR TAKE:** In the above case, the Hon'ble CESTAT Mumbai held that amount received from the Govt. Maharashtra through Zilha Parishad as service charges for disbursement of salaries of Govt. teachers cannot be considered as commission received though it may be entered in the records of the appellant as commission received. This means that amount received as a consideration for disbursement of salaries to the Govt. teachers on direction of Zillha Parishad can never be an activity covered under the definition of Business Auxiliary Service and more so it cannot be termed as an amount received by the appellant as commission agent. **[Decided in favour of assessee]**

## CENTRAL EXCISE

### COURT DECISIONS

#### M/S. SERVO-MED INDUSTRIES PVT. LTD. V/S COMMISSIONER OF CENTRAL EXCISE, MUMBAI (Supreme Court)

**BRIEF:** The assessee purchased syringes and needles in bulk from the open market. They would then sterilize the

syringes and the needles and put one syringe and one needle in an unassembled form in a printed plastic pouch. They were then sold to an industrial customer, bearing the brand name of the purchaser. By an SCN the Dept. ordered the assessee to pay excise duty as a new product had come into existence with the process of sterilization being an integral and inextricable part of the manufacturing process to make the product marketable.

**OUR TAKE:** In the above case the Hon'ble Supreme Court has made a distinction between manufacture and marketability.

Excise duty is levied on the manufacture of excisable goods. "Excisable goods" are those goods which are capable of being sold in the market. On the other hand, manufacture is distinct from saleability. Manufacture takes place on the application of one or more processes. Each process may lead to a change in the goods, but every change does not amount to manufacture. There must be a transformation by which an article which has a distinctive name, character or use must emerge.

It was held that sterilization does not lead to any value addition in the said product. Neither the character nor the end use of the syringe and needle has changed post-sterilization. The syringe and needle retains its essential character as such even after sterilization. **[Decided in favour of assessee]**

#### CROMPTON GREAVES LTD. V/S COMMNR. OF CENTRAL EXCISE, AURANGABAD (Supreme Court)

**BRIEF:** The appellant herein manufactures Vacuum Interrupter Tube (VIT) which is used in the production of Vacuum Circuit Breakers. It pays central excise duty for the goods cleared for its Nasik unit. The Revenue found that the price shown for various models of VIT cleared for captive consumption of the appellant's own unit at Nasik is much lesser than the price at which the appellant had been selling such products to the other parties. Thus, a SCN was issued for the period 1996-2000 demanding differential duty of Rs. 94.48 lacs.

**OUR TAKE:** In the above case, the Hon'ble Supreme Court held that for the period under review the clearances have been made at arm's length prices. Even though the Nasik Unit was to be treated as a related party, the clearances have been made on the basis of sale made to another party (Beicco Lawrie) during the years 1997-2000. The prices cannot be fixed on a ground that one unit of the product was sold at a much higher price to another party (Ovac Switchgear). The prices at which sales were made to Beicco Lawrie were the most comparable prices and the plea of the appellant should have been accepted. **[Decided in favour of assessee]**

## THE UNION OF INDIA & OTHERS V/S M/S. ASAHI INDIA SAFETY GLASS LTD. (Supreme Court)

**BRIEF:** The respondent herein is engaged in the manufacture of Toughened (Tempered) and Laminated Safety Glass for Automobiles. For the manufacture of the glass of aforesaid nature, the respondent has been supplying float glass which is the main raw material of the respondent's product. The assessee also avails modvat credit of duty paid on the aforesaid raw material, under Rule 57A of the Central Excise Rules, 1944. SCNs were issued alleging that respondent had availed Modvat credit of inputs that were inherently defective and were neither used nor usable 'in or in relation to the manufacture of the final products'. The Settlement Commission after going through the issue directed the assessee to pay Rs. 3,47,38,325/- in settlement of the SCN. The assessee filed a writ petition questioning that the order of the Settlement Commission was erroneous. The High Court accepted the plea of the assessee and remanded the case back to the Settlement Commission. The Dept. is in appeal against the order that once the Settlement Commission had passed the orders under Section 32E, the High Court could not interfere in the decision.

**OUR TAKE:** In the above case the Hon'ble Supreme Court held that High Court had not interfered with the facts which were recorded by the Settlement Commission. The High Court had only stated the correct legal position where the Settlement Commission had gone wrong in law. The High Court had simply applied the **correct principle of law** on the admitted facts. Such remand of case by the High Court was permitted in **Jyotendrasinghi vs. S.I. Tripathi and Others (Supreme Court- 1993)** which was also concerning the **powers of the Settlement Commission** u/s 245(D)(4) of the Income Tax Act. The **principle of law remains the same** and can be applied in **case of orders passed by the Settlement Commission under the Central Excise as well.** [Decided against Revenue]

## CUSTOMS

### NOTIFICATIONS & CIRCULARS

The CBEC vide Notification No. 46/2015 Customs (N.T.) dated 18th May 2015 has made amendments in the DECLARATION Part of the Shipping Bill (Electronic Declaration) Regulations, 2011, in the Annexure.

**OUR TAKE:** Readers are requested to go through the amendments made.

Also, vide Circular No. 16/2015 Customs dated 19th May 2015 the CBEC has simplified the transit procedure for relief supplies destined to Nepal supplied by foreign governments

and multilateral relief agencies such as UNWFP, Red Cross etc.

Nothing contained in these guidelines shall preclude the customs from examining the goods where there is reason to believe that the goods are not as per Customs Transit Declaration or are in violation of any law for the time being in force.

**OUR TAKE:** The aforesaid simplified procedure for transit of cargo of relief supplies shall be applicable for a period of six months from the issue of this circular and may be extended for a further period as bilaterally agreed between Government of India and Government of Nepal.

Readers are requested to go through the procedure and the guidelines issued with respect to such transit procedure.

### COURT DECISIONS

#### BENUDHAR SAMAL V/S COMMISSIONER OF CUSTOMS (EXPORT), NHAVA SHEVA (CESTAT Mumbai)

**BRIEF:** It is seen that the appeal have been dismissed on the ground of limitation. The Ld. Appellate Commissioner have observed that the appeal have been filed after 63 days which is more than 60 days, being the prescribed period of limitation and accordingly dismissed the appeal in the absence of any condonation application filed by the appellant.

**OUR TAKE:** In the above case the Hon'ble CESTAT Mumbai held that in terms of the provisions of the General Clause Act, 1877 (Section 10) and Indian Limitation Act, 1963 (Section 4) which provide that when the compliance date falls on holidays, then the assessee can make compliance on the following working day. Under the facts and circumstances of the case, the 60th and 61st day were both holidays and non-working days of the Dept. and the compliance has been made on following working day by filing the appeal, which is deemed to be filed on the 60th day. Therefore, in the interest of justice, the impugned order is set aside and the matter was remanded back. [Decided in favour of assessee]

#### MR SAEED AHMED MOHAMMED ALI WADWAN V/S COMMISSIONER OF CUSTOMS (CSI AIRPORT), MUMBAI (CESTAT Mumbai)

**BRIEF:** The issue involved in the present case is confiscation of Indian Currency from the appellant, who is a passenger. In the impugned order, the Id. Commissioner (Appeals) allowed the redemption of currency on a fine of ₹ 80,000/-.

**OUR TAKE:** In the above case the CESTAT Mumbai held that the present case involves the attempt of export of Indian currency as baggage. From clause (a) of first proviso to

Section 129A, it is clear that in case of any goods of import and export as baggage, the appeal does not lie before this appellate Tribunal. However, the appellant was supposed to file Revision Application before the Revisionary Authority of Government of India under Section 129DD of Customs Act, 1962. Thus, the appeal was north maintainable BEFORE THE Tribunal. **[Decided against assessee]**

## INCOME TAX

### COURT DECISIONS

#### VARINDER KUMAR SOOD V/S COMMISSIONER OF INCOME TAX-II JALANDHAR (Punjab & Haryana Court)

**BRIEF:** The assessee opened a Joint Bank A/C with Lakhbir Singh and had given his own PAN Number. There is no relationship between the assessee, who is an ayurvedic doctor and Lakhbir Singh, who was just an agriculturist. A sum of Rs 8.75 lacs had been deposited into the Joint A/c. The assessee stated that the amount had been withdrawn from another bank account of his and that the source of such amount was clear. However, since there didn't exist any relationship between the two, the amount has been added to the assessee's income.

**OUR TAKE:** In the above case, the Hon'ble Punjab & Haryana High Court held that even if the source was clear there does not exist any reason for the assessee opening the Joint A/c with the agriculturist. It was also found that Lakhbir Singh was entitled to operate the account. There is no reason whatsoever to have authorized Lakhbir to operate the account when there was no relationship between the two. **[Decided against assessee]**

#### COMMISSIONER OF INCOME-TAX, BANGALORE V/S SAINT GOBAIN CRYSTALS & DETECTORS INDIA (P.) LTD. (Karnataka HC)

**BRIEF:** The assessee is in the business of assembling of instruments and apparatus for measuring and detecting ionizing radiators. The assessee claimed deduction under Section 10B of the Income Tax Act, 1961. The Assessing Authority was of the view that the assessee has not manufactured or produced articles or things as required under Section 10B(1) of the Act but only is engaged in assembling of items as per 3CD audit report and therefore the claim of the assessee for deduction, was negated.

**OUR TAKE:** In the above case, the Hon'ble Karnataka High Court held that the finished product which is sold by the assessee is different from the materials which are procured for making such a finished product. A series of processes are carried out and a new product is arrived. A new commodity with a different name, character and use comes into existence which means that assessee was entitled to the

benefit of Section 80(IA) of the Act. **[Decided against Revenue]**

#### INDO INDUSTRIES LTD. V/S INCOME-TAX OFFICER, 2 (2) (2) (1), MUMBAI (ITAT Mumbai)

**BRIEF:** The assessee is engaged in exporting cotton yarn and trading in various types of fabrics in domestic markets. During the year under consideration assessee has made foreign remittance of ₹ 92.14.509/- by way of commission payment to foreign agents without deducting TDS on the same. Assessee was asked to show cause as to why TDS as per provisions of Section 195 of the IT Act was not deducted on such commission payment to foreign agents. Later on, the remittance made was disallowed.

**OUR TAKE:** In the above case, the Hon'ble ITAT Mumbai held that the non-resident brokers have not rendered any services in India, therefore, commission income neither accrued nor arose in India as decided by Hon'ble Delhi High Court in the case of CIT v. Eon Technology (P.) Ltd. [2011]. Merely because payments have been made from India, the same cannot be made liable to be taxed in India as payment was made to non-resident for the services rendered outside India as was held in the case of Dr. Reddy's Laboratory v. ITO [ITAT Hyderabad - 1995]. **[Decided in favour of assessee]**

## STATE TAXES

### ASSAM

The Govt. of Assam vide Notification No.FTX.55/2005/Pt-VI/100 dated 12th May 2015 hereby directs that the tax payable in respect of all tea sold in auction at Guwahati Tea Auction Centre or any other such Tea Auction Centre constituted by the Government shall be at the rate of 5%. Further in respect of all tea sold through broker by private arrangement to registered auction buyers, the tax payable by a broker shall be at the rate of 2%, provided such tea were lying in the warehouse recognized by the Guwahati Tea Auction Committee and was for sale through auction.

**OUR TAKE:** The notification is self-explanatory.

Also vide Notification No.FTX.60/2013/21 dated 12th May 2015 the Governor of Assam hereby grants exemption to all State Government Departments from payment of entry tax on import of vehicles provided that such vehicles are the exclusive property of such State Government Departments and such vehicles are supplied by the Central Government under a scheme sponsored by it.

**OUR TAKE:** The notification is self-explanatory.

Also, vide **Circular No. 05/2015 dated 15th May 2015** all officers are hereby directed to complete all audit assessments under the Central Sales Tax Act, 1956 of dealers having annual inter-state sales turnover including stock transfer and export of Rs. 10 lakhs or more for central sales tax returns for the year 2013-2014 within 31-12-2015.

**OUR TAKE:** The notification is self-explanatory.

### GUJARAT

The **Govt. of Gujarat vide Notification No. (GHN-17) VAR-2015(36) / TH dated 18th May 2015** hereby amends the Gujarat Value Added Tax Rules, 2006.

These rules shall be called **Gujarat Value Added Tax (Amendment) Rules, 2015** vide which after rule 18D, following rule shall be added namely:

"**18E** - Notwithstanding anything contained in rule 18A, any sick industrial unit registered as such by the Board for Industrial and Financial Reconstruction under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and where the Board for Industrial and Financial Reconstruction has issued directions to extend the benefit of G.R. of the Industries and Mines Department No. MIS-102012-593970-I dated the 8th July, 2013 to such sick industrial unit and where such unit has made an application within ninety days as provided in the said G.R and which has been issued an eligibility certificate by the Industries Commissioner specifying the extension of time equal to the time of closure of such industrial units as also the option with regard to the deferment or the remission of the tax, as the case may be, shall be entitled to the benefits available under the relevant scheme as provided in such eligibility certificate and the provisions of aforesaid G.R. shall mutatis mutandis apply in respect of such industrial unit."

**OUR TAKE:** The notification is self-explanatory.

### JAMMU & KASHMIR

The **Govt. of Jammu & Kashmir vide Notification dated 20th May 2015** has introduced a new format of Return to be filed by the Govt. Department (Central or State)/Local Authority/Corporation/Govt. Company/ Cooperative Society/ Board **under section 16-C of the J&K GST Act, 1962** in form ST-61.

**OUR TAKE:** Readers are requested to go through the notification to know more about the return.

### JHARKHAND

The **Govt. of Jharkhand vide Notification No. L.G.-07/2015-25/Leg.** has made amendments to the Jharkhand Vat Act, 2005.

**OUR TAKE:** Readers are requested to go through the notification for more information.

Also, vide **Notifications S.O.44, S.O.45, S.O.46 and S.O.47 dated 20th May 2015** the **Governor of Jharkhand** exempts the following from levy and payment of Tax payable on the consumer goods:

1. Central Master Canteen of Central Reserve Police Force (CRPF), Group Centre, Sembo, Ranchi
2. Canteen Stores Defence Regimental Units for the bonafide use of all Defence personnel including ex-servicemen of Jharkhand State
3. Central Police Canteen of 106 Rapid Action Force (RAF), Jamshedpur
4. Central Master Canteen of Central Reserve Police Force (CRPF), Post-Tiril Ashram (Dhurwa), Ranchi TIN – 20270106103

in the following manner:

Sales of any Consumer goods (excluding Automobiles & Luxury items like Cosmetics, Electronics Goods and Electrical Goods) in the State of Jharkhand, as certified by an officer not below the rank of a Commanding Officer and required for the bonafide use of the above mentioned in 1 to 4.

Luxury items like Cosmetics, Electronics Goods, Electrical Goods and Automobiles will be taxable @ 5%.

**OUR TAKE:** This Notification shall be effective from the date of its issuance and shall remain effective till 31.03.2016 or till such date on which Goods and Services Tax System is implemented whichever is earlier.

### HIMACHAL PRADESH

The Govt. of Himachal Pradesh vide **Notification No. EXN-F(10)-8/2013-Loose dated 15th May 2015** amended Form VAT-XV appended to the Himachal Pradesh VAT Rules, 2005.

**OUR TAKE:** Readers are requested to update themselves with the changes made by going through the amended form XV in the notification.

Also vide Notifications **EXN-F(10)-8/2013-Loose and L.L.R-D(6)-6/2015-Leg dated 15th May 2015 and 16th May 2015** respectively the **Government Of Himachal Pradesh** has made amendments to **Himachal Pradesh CST (Himachal Pradesh) Rules, 1970** and **Himachal Pradesh VAT Act, 2005**.

**OUR TAKE:** Readers are requested to go through the amendments and keep themselves updated.

## MADHYA PRADESH

The **Government of Madhya Pradesh vide Notification No. F-A-3-24-2015-1-V (23) dated 15th May 2015** has made amendments to the Madhya Pradesh Vat Rules, 2006.

**OUR TAKE:** Readers are requested to go through the amendments and keep themselves updated.

## MAHARASHTRA

The **Government of Maharashtra vide Notification dated 20th May 2015** has made amendments to the Maharashtra VAT Rules, 2005.

**OUR TAKE:** Readers are requested to go through the amendments and keep themselves updated.

## DELHI

The **Government of National Capital Territory of Delhi vide Circular No. 11 of 2015-16 dated 22nd May 2015** hereby extends the last date of filing of online/hard copies of fourth quarter return for the year 2014-15, in Form DVAT-16, DVAT-17 and DVAT-48 along with required annexures /enclosures to **29/05/2015**.

However, the tax due shall continue to be paid in the usual manner as per the provisions of section 3(4) of the Delhi VAT Act, 2004.

**OUR TAKE:** The notification is self-explanatory.

## KERALA

The **Government of KERALA vide CIRCULAR No. 13/2015 dated 15th May 2015** has extended the last date for filing option for the payment of compounded tax under Section 7 of KGST Act, Section 5A of KTL Act and Section 8 of KVAT Act for the year 2015-16 upto **5th June, 2015**.

The last date for filing application for renewal of registration under KVAT Act, KGST Act and KTL Act for the year 2015-16 is extended upto **20th May, 2015**.

**OUR TAKE:** To mitigate the hardships on account of present load caused on the KVATIS server and the resultant

connectivity issues, the following instructions are issued in supersession of the circulars issued earlier.

# OTHER UPDATES

## RBI

### RUPEE DRAWING ARRANGEMENT - INCREASE IN TRADE RELATED REMITTANCE LIMIT

The **RBI vide A. P. (DIR Series) Circular No. 102 dated 21st May 2015** has decided to increase the limit of trade transactions from the existing Rs.5,00,000/- (Rupees Five Lakh only) per transaction to Rs.15,00,000/- (Rupees Fifteen Lakh only) per transaction, with immediate effect.

Further, it has been decided to permit AD banks to regularize payments exceeding the prescribed limit under RDA provided that they are satisfied with the bonafide of the transaction. Further they must take additional steps as under:

1. AD banks must ensure the remittances received under RDA are from FATF compliant countries,
2. AD banks must ensure the remittances received under RDA are from FATF compliant countries,
3. Individual Exchange Houses which are frequently sending large value trade related remittances must be reviewed and reported to the Reserve Bank of India,
4. AD banks must contact their correspondents that maintain accounts for, or facilitate transactions on behalf of Exchange Houses in order to request additional information regarding high value trade related transactions and the parties involved. The collected details should be kept on record and it may be made available for scrutiny,
5. AD banks must ensure that the proceeds of export payment through RDA is applied to the outstanding export finance if any, availed by the exporter from any bank for the concerned export transaction and obtain a declaration to that effect from the exporter.



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