



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 Friends!!!!
Greetings!!

It's raining benefits, finally. Petrol and Diesel prices have been slashed once again and it will have its bearing on our day-to-day expenses. Job market is hot again and there are many takers for talent. It would have not been possible without recovery in industrial growth. Other sectors, which are driving growth and salaries, are e-commerce and digital space. A lot of funding is coming through various channels that in turn should lead to better GDP.

Another big announcement of this week is that Reserve Bank of India has doubled the foreign exchange remittance limit to \$250000 per individual per year. The scope of limit has also been increased. Now, the not so wealthy, can also buy properties abroad and can take care of their relatives better.

Further, the government is planning to defer or scrap altogether the implementation of General Anti Avoidance Rules (GAAR), which seeks to empower taxmen to clampdown on deals and income suspected to have been structured to avoid paying taxes. Finance Minister Mr. Arun Jaitley can announce these proposals in the budget. Even Prime Minister Mr. Narendra Modi hinted on the intentions of the government when, at a dinner with representatives of 21 top global fund houses, he said, "There is rising interest in India and we have to accept that responsibility. I believe in a fair, predictable and consistent tax system, and in economic policies that will drive growth."

So, with all this we can really hope for better and transparent tax system and policies.

Till then, Stay Fit and Have fun!!

CEO
ASC Group

TAX CALENDAR

| Due Date | Compliances from 08/02/15 to 14/02/15 |
|-----------------|---|
| 10th Feb | ER1, ER2, ER6 Return for Jan,2014 |
| 10th Feb | West Bengal Sales Tax TDS Payment for the month of Jan 2014 |
| 12th Feb | Advance information for 2nd fortnight of Feb of functions with booking cost > Rs 1 lakh in Banquet Halls, hotels etc in form BE-2 for D-VAT Furnish advance information for functions in Banquet Halls, hotels etc. where food &/or liquor items supplied & booking cost > Rs 1 lakh per function for 2nd fortnight of February in form BE-2 for D-VAT |

Country Wide Holidays for the Week

| Date | State | Occasion/Festival |
|-----------------|---------|-------------------------------------|
| 13th Feb | Orissa | Kumbha Sankranti |
| 14th Feb | Haryana | Maharshi Dayanand Saraswati Jayanti |

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CENTRAL TAXES

SERVICE TAX

COURT DECISIONS

COMMISSIONER OF SERVICE TAX, BANGALORE V/S BANGALORE METROPOLITAN TRANSPORT CORPORATION (Supreme Court)

BRIEF: Business undertaken by BMTC is to provide bus facility/transport facility to the citizens of Bangalore city and the main activity is running the buses in the city for the convenience of citizens. Department was of the view that such services amounted to rendering of rent a cab service and culminated a demand for service tax.

OUR TAKE: In the above case, the Hon'ble Supreme Court seconded the decision taken by CESTAT Bangalore where it was held that as per the provisions of Finance Act, rent-a-cab scheme operator means any person engaged in the business of renting of cabs. Thus the appeal filed by the Revenue was dismissed as BMTC could not be considered to be a person engaged in renting of cab service.

JSW STEEL LTD V/S COMMISSIONER OF CENTRAL EXCISE, THANE-I (CESTAT Mumbai)

BRIEF: The appellant is in appeal against the impugned order wherein input service credit has been denied on Clearing charges paid to the Custom House Agent in export of goods, Commission on export sale, Material handling charges, Aviation charges, etc. on the reason that the same does not qualify as input service as per Rule 2(I) of the Cenvat Credit Rules, 2004 and some of the services are availed by the appellant beyond the place of removal i.e. factory gate.

OUR TAKE: In the above case, the Hon'ble CESTAT Mumbai held that CHA services have been availed by the appellant in the course of export of goods and in the case of export goods, the place of removal is the port from where the goods have been exported. Therefore, it is clear that the CHA services have been availed by the appellant till the place of removal. Also, being a manufacturer of excisable goods if the assessee has availed any services, the assessee is entitled to take input service credit in the course of its business activity. Hence, the appellant is entitled to input service credit on all the services discussed. Accordingly, the impugned order is set aside.

M/S. PODDAR ALLOYS PVT. LTD. V/S CCE. MEERUT-I (CESTAT New Delhi)

BRIEF: During the course of audit of the balance sheets, it was revealed that during the period 1999-2000 a sum of Rs.72,12,008/- were received by the appellant as commission on the ground of supervision of fabrication and erection of supporting structures and equipment. The revenue is of the view that the same is covered under the category of Management Consultancy Services as appellant is providing technical assistance to their clients. Therefore a SCN was issued.

OUR TAKE: In the above case the Hon'ble CESTAT New Delhi held that the activity undertaken by the appellant is only supervision of fabrication and erection of supporting structures and equipments. From the records it does not reveal that appellant is providing any other assistance or any kind of advice to its clients. Thus, it cannot be said that appellant is providing technical assistance to its clients. Consequently, the activity of the appellant does not fall under the category of Management Consultancy Services.

RAJASTHAN DIESEL SALES & SERVICE V/S COMMISSIONER OF CENTRAL EXCISE, JAIPUR-II (CESTAT New Delhi)

BRIEF: Appellant is engaged in the sales and services of products of cumin. They are having their head office at Udaipur and are registered with the Service Tax department. They opened another branch office at Kota for undertaking the identical activities which received services of repair and maintenance. In as much as the Kota office was not registered with the Service Tax department and was not paying Service Tax and his Service Tax liability in respect of service provided by him was being discharged by head office at Udaipur. Revenue initiated proceedings on the ground that input services of maintenance and repair were received at Kota, invoices were raised in the name of Kota and as such, Udaipur was not entitled to avail the credit.

OUR TAKE: : In the above case the Hon'ble CESTAT New Delhi held that there is otherwise no dispute about the fact that Kota office has received the input services and were entitled to the benefit of Cenvat credit of service tax paid on the same. However, in as much as they were not registered with the service tax department for payment of service tax on the output service, which was being discharged by their

Udaipur Head Office, the credit was actually availed at Udaipur. Revenue's objection that invoices were in the name of Kota stand rectified by the appellant by way of producing a certificate from the service provider clarifying that address may be read as Udaipur head office address. Thus the impugned order was set aside.

Merely saying that the impugned order is not correct is not a ground for filing appeal before the Tribunal. A reason has to be given by the Revenue for mentioning that the order of the Commissioner is incorrect. Hence the appeal was dismissed.

CENTRAL EXCISE

COURT DECISIONS

COMMISSIONER OF CENTRAL EXCISE & CUSTOMS V/S AVISHKAR PROCESSING MILLS (P) LTD. (Gujarat HC)

BRIEF: The question to be answered is "Whether the Tribunal is correct in reducing penalty equivalent to 100% of duty evaded under Section 11AC of the CEA, 1944 and whether the Tribunal is empowered to do so?"

OUR TAKE: In the above case the Hon'ble Allahabad High Court held that penalty imposed under the Rule 173-Q read with Section 11AC of the Central Excise Act, 1944 is a mandatory penalty, neither lesser penalty can be imposed nor any discretion is available to the Tribunal or any other Authority to reduce the quantum of penalty.

COMMISSIONER OF CENTRAL EXCISE, PUNE-I V/S ANANT ENTERPRISES (CESTAT Mumbai)

BRIEF: The respondents are manufacturer of excisable goods and they have procured the capital goods during the period 2000-03. The respondent claimed depreciation as well as availed Cenvat credit on these capital goods. Therefore, impugned proceedings were initiated and CENVAT Credit on capital goods was denied as the respondent is not entitled to claim depreciation as well as Cenvat credit on these capital goods. Thereby, a revised Income Tax Return was filed disclaiming the depreciation of the capital goods. Hence, relying on the revised assessment orders, the learned Commissioner (Appeals) held that as the respondents have not claimed double benefit of CENVAT Credit as well as depreciation and are therefore entitled to CENVAT Credit. The Revenue is in appeal against the same.

OUR TAKE: In the above case the Hon'ble CESTAT Mumbai held that the Commissioner (Appeals) could rely on the order of the Income-tax Department issued under Section 154 of the Income-tax Act, 1961 which revised the Income-tax returns of the respondent on the ground that they have not claimed double benefit of Cenvat credit as well as depreciation. Therefore, the respondents are entitled for Cenvat credit and rejected the appeal of the Revenue.

COMMISSIONER OF CENTRAL EXCISE & ST, RAIPUR V/S M/S. RATUSARIA STEEL PVT. LTD. (CESTAT New Delhi)

BRIEF: Appellant is engaged in the manufacture of MS joist and MS billets and availing Cenvat credit on the capital goods and inputs services. On scrutiny of the records, it was found that appellant is availing 100% Cenvat credit on spares / components of rolling mill i.e. capital goods. As per Rule 4 of the Cenvat Credit Rules, 2004, the assessee is entitled to take Cenvat credit on Capital goods to the tune of 50% in the first year and the remaining 50% in the next year. A SCN was issued to the assessee.

OUR TAKE: In the above case the Hon'ble CESTAT New Delhi held that Machined rolls made from forged rolls is an essential component of rolling mill and classifiable under Central Excise tariff Chapter Heading 84; thus forged rolls are inputs used for manufacture of specified capital goods i.e. machine rolls and as such are admissible for Cenvat credit in terms of Rule 2(k) of Cenvat Credit Rules, 2004, cannot be found faulted. The decision was thus made in favour of the assessee.

CUSTOMS

COURT DECISIONS

ANINUL KHAN V/S COMMISSIONER OF CUSTOMS (Delhi HC)

BRIEF: The petitioner is a 'G' Card holder which allows him to access the Customs Areas to carry out activities on the part of its principal/employer. He is aggrieved by orders dated 22-1-2014 and 14-3-2014 issued by respondent no. 2 to the Customs House Agent (current employer of the petitioner) to surrender the 'G' Card. The petitioner contends that as per the provisions of the Customs Brokers Licensing Regulations, 2013 in the absence of express substantial order, the direction to surrender the 'G' Card in fact, amounts to depriving him of his right to livelihood without affording him any hearing.

OUR TAKE: In the above case, the Hon'ble Delhi High Court held that petitioner is not a CHA licensee, yet the action of the respondent directing him to surrender the 'G' Card has factually deprived him for his livelihood for the past four months. The Respondents may grant a hearing to the petitioner and thereafter, pass a speaking order as in terms of the Regulation 19(2). A direction is accordingly issued to the concerned Commissioner to afford a hearing to the

petitioner. It is only after this hearing that the Commissioner shall pass an order either revoking or confirming the direction to surrender the 'G' Card.

SRI RAGAVENDRA TRADERS V/S CESTAT, CHENNAI (Madras HC)

BRIEF: The appellant is engaged in doing aluminium scrap and liable to pay Customs duty. Under the said circumstances, a show cause notice has been issued whereby demanded Customs duty together with redemption fine and penalty and the same has been upheld in Order-in-Original. Against the order passed in Order-in-Original, an appeal has been preferred before the Commissioner of Appeals wherein both penalty and redemption fine are reduced. Against the order passed by the Commissioner of Appeals, an appeal has been preferred before the Appellate Tribunal wherein also some reductions with regard to redemption fine and penalty have been given. Against the order passed by the Appellate Tribunal, the present Civil Miscellaneous Appeal has been filed.

OUR TAKE: In the above case, the Hon'ble Madras High Court held that as per Section 112 clause (b) if there is any misdeclaration of goods as well as value, penalty can be imposed more than the value of goods and in the instant case, such things have had happened and therefore, the assessee cannot take shelter under clause (ii) of Section 112(b) of the said Act. Since the present proceeding has become emanated only due to misdeclaration of goods as well as duty, Clause (ii) of Sub-Section (b) of 112 of the said Act is not applicable. As a result, the contention put forth by the appellant is not accepted and the Department is entitled to impose penalty on the basis of Section 112(b) (v) of the said Act.

MULRAJ D GALA V/S COMMISSIONER OF CUSTOMS (EXPORT), NHAVA SHEVA (CESTAT Mumbai)

BRIEF: M/s. Elit had imported polyester knitted fabrics under DEEC scheme from Nhava Sheva Port for issuance of the DEEC certificate from DGFT, the appellant issued a Chartered Accountant certificate. Those certificates were taken as evidence of the financial turn over for the purpose of issue of license. M/s. Elit has contravened the licensing provisions by which huge amount of Customs duty was evaded. On the issuance of the false Chartered Accountant certificate by the appellant, the adjudicating authority has imposed a penalty of Rs 2 lakh under Section 112 (a) of Customs Act, 1962. The appellant has filed an appeal against this.

OUR TAKE: In the above case, the Hon'ble CESTAT Mumbai held that Appellant had issued the certificate which was proved to be false. This certificate was issued on the basis of documents which were unsigned and unaudited. A Chartered Accountant is bound to issue any certificate only on the basis of audited books of accounts. Since the certificate was issued without any audited balance sheet or books of accounts, it is an offence on the part of the CA and thus the penalty is rightly imposed on the appellant.

INCOME TAX

NOTIFICATIONS, CIRCULARS & INSTRUCTIONS

PROSECUTION IN TDS RELATED OFFENCES

The **CBDT vide Circular-Income Tax dated 2nd February 2015** hereby seeks to process cases where there are instances of repeated defaults and/or tax has not been deposited till detection.

A list of prosecutable cases, where TDS has been deducted but not deposited is Rs 1 lac, shall be mandatorily processed on the basis of the following 2 parameters:

- i) where Late Payment Interest had not been paid completely/not paid at all
- ii) where deduction had been made but no challan was available in the account of the deductor i.e. the amount was not at all paid to the Government account.

CPC- TDS will generate another list of cases involving defaults of delay in payment of Rs 25,000 to Rs 1,00,000/- along with default sheets for the year as well as preceding year and subsequent year to identify cases fit for prosecution based on facts and circumstances of the case.

TDS cases otherwise dealt by the International Taxation Division, with respect to payments made to non-residents shall also be dealt in the same manner.

In cases of default in furnishing the quarterly TDS statement, CPC-TDS shall generate the list of such non-filers within one month from due date and communicate to the AO(TDS) for issue of notice and further pursuit.

The A.O. (TDS) after collecting the required necessary information/documents as specified in the circular shall issue show cause notices to the concerned person responsible for deduction within 45 days of receipt of the list of prosecutable cases from CPC-TDS.

The roles of the Different TDS Authorities in addressing the issue of prosecution and compounding of TDS cases is defined in the circular.

OUR TAKE: The guidelines mentioned in the circular shall be strictly followed. Defaulters are required to obtain the show cause notices from the online module on TRACES and reply to the same within the time specified. No relaxation other than the time limit mentioned in the circular shall be granted.

COURT DECISIONS

AMBALAL SARABHAI ENTERPRISES LTD. V/S ASSISTANT COMMISSIONER OF INCOME TAX (Gujarat HC)

BRIEF: The assessee company is engaged in the business of manufacturing and marketing of various pharmaceutical drugs. For the assessment years under consideration, the assessee company filed its income tax return declaring loss. The A.O. during the course of assessment proceedings determined Nil income after granting set off of brought forward unabsorbed losses and allowances but disallowed the payment of employer's contribution to P.F., ESI etc mentioning that the payment is not to be reckoned with reference to date of disbursement or payment of salaries/wages but with reference to close of the month to which salaries/wages pertain.

OUR TAKE: In the above case, the Hon'ble Gujarat High Court held that the payments could not be disallowed because the amended Section 43B mentions that any sum actually paid by the assessee by way of contribution to provident fund/superannuation fund or any other fund on or before the due date applicable in case for furnishing returns u/s 139(1) shall be eligible for deduction.

FENOPLAST LIMITED, SECUNDERABAD V/S DEPUTY COMMISSIONER OF INCOME TAX, HYDERABAD (Andhra Pradesh HC)

BRIEF: The appellant is a company and it used to file returns under the Income Tax Act, 1961 (for short the Act) year after year. For the assessment year 2001-2002, it filed returns showing nil income. Being a Company, it is governed by the provisions of Section 115JB of the Act, in case the income determined in accordance with the provisions of the Act for assessment year is below 18.5% of the book profit reflected in the books of account maintained under the Companies Act, the assessable income of the appellant shall be 18.5% of the book profits. Under this impression, the assessee did not pay any advance tax. As a result interest u/s 234B and 234C was levied.

OUR TAKE: In the above case, the Hon'ble Andhra Pradesh High Court held that an assessee covered by the provisions of Sections 115JA and 115JB of the Act is also under

obligation to pay advance tax and delay or failure to pay that, would result in levy of interest.

COMMISSIONER OF INCOME TAX, DELHI-VIII, NEW DELHI V/S M/S. MUTHOOT FINANCIERS, NEW DELHI (Delhi HC)

BRIEF: The respondent assessee is a partnership firm involved in the business of banking. The assessee had filed return of income after which notice under Section 148 of the Act was issued to the respondent-assessee. During the course of the assessment proceedings, it was found that the firm had accepted payments from the partners, during the relevant year corresponding to the Assessment Years, in cash. The Assessing Officer, in his order, was of the view that the partners and the firm being two distinct and separate entities/persons are in the mischief of Section 269SS of the Act and accordingly imposed penalty under Section 271D of the Act.

OUR TAKE: In the above case, the Hon'ble Delhi High Court held that the partners and the partnership firm are not separate entities/persons. The amount accepted by the firm was in nature of capital contribution. The transactions between the partner and the firm do not take the character of a loan or deposit and therefore, there is no applicability of the provisions of Section 269-SS of the Act.

STATE TAXES

ALL INDIA VAT

NOTIFICATIONS & CIRCULARS

ANDHRA PRADESH

The Govt. of Andhra Pradesh vide Notification No.G.O.Ms.No. 27 dated 5th February 2015 hereby amended Schedule VI in the following manner:

- 1.) in the table, against item No.2, Petrol, in column No.(4) rate of tax, for the figure and percentage "31%", the figure and percentage "31% + Rs.4/- per liter" shall be substituted.
- 2.) in the table, against item No.5, All kinds of Diesel Oils including C-9, in column No.(4) rate of tax, for the figure and percentage "22.25%", the figure and percentage "22.25% + Rs.4/- per liter" shall be substituted.

OUR TAKE: There is an increase of Rs 4/- per liter against both the entries.

RAJASTHAN

The Govt. of Rajasthan vide Notification No. F.12(89)FD/Tax/2012-184 dated 5th February 2015 has inserted the following entry in Schedule II after Sl. No. 65 :

“66. M/s. Eicher Polaris Private Limited”

OUR TAKE: The notification is self explanatory.

Also, vide Notification No. F26 (315) ACCT/MEA/2015 dated 30th January 2015 has extended the dates of furnishing the following return(s) up to February 28, 2015, namely:

- i) annual return in Form VAT-10A for the year 2013-14, required to be furnished by the class of dealers as enumerated in sub-rule (6) of Rule 19 of the Rajasthan Value Added Tax Rules, 2006.
- ii) revised return(s) in Form VAT-10 or in Form VAT-10A for the year 2013-14, required to be furnished under sub-rule (8) of Rule 19 of the said Rules.

OUR TAKE: The Department has extended the due dates of filing the returns which would have otherwise been delayed.

TELENGANA

The Govt. of Telengana vide Notification No. G.O.MS.No. 16 dated 5th February 2015 hereby amends Schedule VI in the following manner:

- 1.) in the Table, against item No.(2) “PETROL”, in column No.(4), the rate of tax for the figure and percentage “31%”, the figure and percentage “35.20%”, shall be substituted;
- 2.) in the Table, against item No.(5) “DIESEL OIL [All kinds of Diesel Oils including C-9]”, in column No.(4), the rate of tax for the figure and percentage “22.25%”, the figure and percentage “27%”, shall be substituted.

OUR TAKE: The notification is self explanatory.

GOA

The Govt. of Goa vide Trade Circular/2014-15/130 dated 30th January 2015 has provided the facility of online payment of tax under the Goa Value Added Tax Act, 2005, The Central Sales Tax Act, 1956, The Goa Tax on Entry of Goods Act, 2000, The Goa Entertainment Tax Act, 1964 &

The Goa Tax on Luxuries Act, 1988 w.e.f. 1/2/2015 through SBI payment gateway.

OUR TAKE: All dealers will have to now first generate e-challan before proceeding for online payment and hence forth only e-challans will be accepted. The pre-printed challans currently used for physical payment will not be accepted by the banks w.e.f 01/02/2015. Those dealers not registered for e-services will have to first register before generating e-challan by visiting the department’s website www.goacomtax.gov.in.

COURT DECISIONS

M/S. JKS ENGINEERING PVT. LTD. V/S THE DEPUTY COMMERCIAL TAX OFFICER (Madras HC)

BRIEF: The goods vehicle carrying kitchen equipment products of the petitioner from Chennai to Gurgaon was intercepted at Puzhal Check Post on 25.7.2014. Upon verification of Form JJ, the respondent found that the serial number was not printed. Further, tax payer identification number (TIN) was also not noted. Therefore, the goods are detained demanding a tax of ₹ 1,84,223/- and a compounding fee of Rs. 3,68,446/-. Hence, the petitioner is before this Court.

OUR TAKE: In the above case, the Hon’ble Madras High Court held that according to the petitioner, the goods are being moved to a new office opened at Gurgaon and they have time of 30 days to apply for TIN. The petitioner claims that TIN will be obtained soon. Thus the writ petition is disposed of directing the respondent to release the goods upon payment of the tax amount.

OTHER UPDATES

RBI

INFLATION INDEXED NATIONAL SAVINGS SECURITIES-CUMULATIVE, 2013 - EARLY REPAYMENT/REDEMPTION

The RBI vide Notification IDMD(DGBA).CDD.No. 3476/13.01.999/2014-15 dated 6th February 2015 has hereby made further provisions regarding early repayment/redemption of Inflation Indexed National Savings Securities-Cumulative (IINSS-C), 2013. In terms of Para 15(ii) of previous Circular DGBA.CDD.No.2589/13.01.999/2014-2015 dated December 11, 2014, an investor could seek early repayment/premature redemption,

- i) after one year of holding if he/she is a senior citizen (over 65 years of age)
- ii) after 3 years of holding in all other cases,

subject to deduction of penalty at the rate of 50% of the last coupon payable. The early redemption was allowed only on coupon date.

In this regard, keeping in view the problems being faced by the investors and the Agency banks, it has been decided that repayment/early redemption of IINSS-C may be kept open till the next coupon date and the premature repayment/early redemption requests can be entertained by the Agency banks on any day after the coupon date, subject to the penalty of 50% of last coupon. However, no interest would be paid for the period between the coupon date and the date of the repayment.

MAINTENANCE OF STATUTORY LIQUIDITY RATIO (SLR)

The **RBI vide Notification DBR.Ret.BC.70/12.02.001/2014-15 dated 3rd February 2015** has decided to **reduce the Statutory Liquidity Ratio (SLR)** of Scheduled Commercial Banks, Local Area Banks and Regional Rural Banks from **22.0 per cent** of the Net Demand and Time Liabilities (NDTL) to **21.5 per cent** with effect from the fortnight beginning February 07, 2015.

FOREIGN INVESTMENT IN INDIA BY FOREIGN PORTFOLIO INVESTORS

The **RBI vide A.P. (DIR Series) Circular No.72 dated 3rd February 2015** has hereby permitted **FPIs** to invest in government securities, the coupons received on their existing investments in government securities. These investments shall be kept outside the applicable limit (currently USD 30 billion) for investments by FPIs in government securities. AD Category – I banks shall ensure reporting of such investments as may be prescribed from time to time.

All other existing conditions for investment by FPIs in the Government securities market remain unchanged for this additional facility as well.

MCA

CONSTITUTION OF A HIGH LEVEL COMMITTEE TO SUGGEST MEASURES FOR IMPROVED MONITORING OF THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY POLICIES BY THE COMPANIES UNDER SECTION 135 OF THE COMPANIES ACT, 2013

The **MCA vide General Circular 01/2015 dated 3rd February 2015** has constituted a High Level Committee to suggest measures for monitoring the progress of implementation of **Corporate Social Responsibility (CSR) policies** by companies at their level and by the Government under the provisions of Section 135 of the Companies Act, 2013 and Rules there under.

Terms of Reference of the Committee are as under:

- i) To recommend suitable methodologies for monitoring compliance of the provisions of Section 135 (Corporate Social Responsibility) of the Companies Act, 2013 by the companies covered there under.
- ii) To suggest measures to be recommended by the Government for adoption by the companies for systematic monitoring and evaluation of their own CSR initiatives.
- iii) To identify strategies for monitoring and evaluation of CSR initiatives through expert agencies and institutions to facilitate adequate feedback to the Government with regard to efficacy of CSR expenditure and quality of compliance by the companies.
- iv) To examine if a different monitoring mechanism is warranted for Government Companies undertaking CSR, and if so to make suitable recommendations in this behalf.
- v) Any other matter incidental to the above or connected thereto.

FAQS ON GST

Q.1. What will be the taxable event under GST system??

A. The taxable event will be the “supply of goods” and the “supply of services”. The current taxable event such as “manufacture”, “sale of goods” “render of services” will not be relevant under GST system. Further it is a destination based tax.

Q.2. Will there be uniform classification of goods (like Central Excise) under GST system?

A: It is expected that there would be uniformity in the classification of goods under GST system.

Q.3. Will the Central GST and State GST would apply on all the transactions?

A: Yes. In every transaction (whether goods or services) both Central GST and State GST would apply at a predetermined rates. In case of inter-state transactions, IGST (Integrated GST) will apply. It will apply also on inter-state branch transfer. IGST will be available as input tax credit and hence it is not a cost to the company.

Q.4. What will be the rate of taxation in case of inter-state trade of goods?

A. At present inter-state trade of goods is subject to payment of Central Sales Tax which is origin based. However, GST is a consumption based or destination based tax system. With the implementation of GST, CST is expected to be phased out. As a result, there would be IGST when goods are sold/ transferred on inter-state basis.

Q.5. Whether GST would apply to stock transfers?

A. In GST, taxable event will be the “supply of goods” and the “supply of services” at the destination state. Therefore, stock transfers will be subject to GST.

Q.6. Whether inter-state supply of services will be subject to GST?

A. Yes. However, detailed “place of supply “rules are to be framed for such transactions. It is a major challenge to the policy makers.

Q.6. What are the major challenges with regard to implementation of GST?

A. The introduction of the GST system is by far the most important tax reform in India. Consensus and co-ordination among states is required for it to succeed. Before it can be introduced, the Centre and states have to sort out issues like agreement on GST rates, constitutional amendments empowering states to tax services, taxation on inter-state transactions of goods and services, place of supply rules, drafting of Central GST and State GST legislation, consultation with all stakeholders including trade and industry associations before finalization, administrative preparedness to implement the new tax regime and resolution of all other issues under discussion. This is a formidable challenge given that we have only limited time left.

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