
NEWSLETTER – JANUARY 2018

IMPORTANT UPDATES IN MVAT, CST AND PROFESSION TAX

1. Various notifications no VAT 1517/ CR 97 (1 to 14)/ Taxation 1 all dt Jun 30, 2017 issued to give effect to transition from VAT to GST.
2. Noti VAT 1517/ CR-56/ Taxation – 1 dt Jul 20, 2017: Under Rule 45(6) of MVAT Rules, instalments for payment could be given for twelve months. It is increased to 24 months.
3. Noti VAT 1517/ CR-86/ Taxation -1 dt July 6, 2017: Remission in interest payable u/s 30(1) or 30(2) of MVAT Act in case of dealers who obtained registration during May 25, 2016 to Sep 30, 2016 and who were not able to pay tax due to technical problems. Extent of remission is provided. It is 100% for tax paid upto Nov 30, 2016. Remission in excess of 1.25%/ 1.50% pm is given for other periods upto Feb 28, 2017.
4. Noti VAT 1517/ CR-99/ Taxation – 1 dt Oct 10, 2017: VAT on petrol/ diesel reduced by Re 1/ Rs 2 per litre wef Oct 11, 2017.
5. Cir 57T of 2017 dt Dec 30, 2017: In case of PTRC dealers registered on or after May 25, 2016, late fee for PTRC returns for the period April 2016 to Dec 2016 is waived subject to fulfilment of certain conditions and provided returns are filed before Jan 31, 2018.
6. Cir 56T of 2017 dt Dec 30, 2017: Distribution of GST provisional id and access token of Phase 17 dealers.
7. Cir 55T of 2017 dt Dec 29, 2017:
 - Maharashtra Sales tax Department had gone live with SAP wef May 25, 2016. To access SAP based services, there was a link on www.mahavat.gov.in. A new website has been made operational wef Dec 26, 2017 and its domain name is www.mahagst.gov.in.
 - Dealers registered after May 25, 2016 shall be eligible to access this website with their existing credentials.
 - However, dealers registered prior to May 25, 2016 shall be compulsorily required to create their profile to access SAP based e-services.
 - New features available on this new website are given.
8. Cir 54T of 2017 dt Dec 26, 2017: Distribution of GST provisional id and access token of Phase 16 dealers.
9. Cir 53T of 2017 dt Dec 22, 2017: Procedure for grant of refund of security deposit paid at the time of voluntary registration is given. It would be applicable only for following three circumstances and not for others:
 - Application is withdrawn or dealer fails to apply for registration.
 - Registration application is rejected by officer.
 - Payment made twice or excess.
10. Cir 52T of 2017 dt Dec 11, 2017: Clarification regarding manual filing and processing of refund claims in respect of zero-rated supplies.
11. Cir 51T of 2017 dt Dec 8, 2017:
 - Dealers registered prior to May 25, 2016 are able to file their audit report in Form 704 on www.mahavat.gov.in.



- Dealers registered after May 25, 2016 on SAP system were not able to file their audit reports on www.mahavat.gov.in. They shall now be able to upload the same on enrolling themselves on this website. Procedure given.
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12. Cir 50T of 2017 dt Dec 7, 2017: Submission of bond/ letter of undertaking by the exporter in respect of exports without payment of IGST.
13. Cir 49T of 2017 dt Nov 28, 2017: This is a 15 page circular related to Manual filing and processing of refund claims under GST in respect of zero rated supplies.
14. **Internal Cir 20A of 2017 dt Nov 22, 2017: Very important circular related to allowance of set off upto Rs 1,000 per supplier per year.**

As per Cir 16A of 2017 dt 7-8-2017, it was decided that ledger confirmations are not required for mismatches upto Rs 1,000 per supplier per year.

Now, as per this circular, it is decided that unmatches of upto Rs 1,000 may be allowed without supplementary annexures to be uploaded.

15. Cir 48T of 2017 dt Nov 23, 2017: This is a detailed 8 page circular elaborating Method of e-payment under SAP system for MVAT, CST, PTRC and PTEC dues. Even facility to make payment of dues under BST Act has been incorporated.

Basically, there are three options under which payments have to be made:

- Advance e-payment: To be used by taxpayers having login id and password.
- Advance e-payment without login: To be used by taxpayers who do not have login id and password are payments are to be made by using PAN or TAN.
- Order dues payment: Should be used for making payment of assessment order dues, part payment, instalment payment, payment as per revised return to be filed post CDA/**filing of audit report in form e704.**

16. Cir 47T of 2017 dt Nov 17, 2017: Relates to issuance of C forms wef July 1, 2017.

- In view of change in definition of goods in CST Act, wef July 1, 2017 C forms can be issued only for following six commodities:

Petroleum Crude, High Speed Diesel, Motor Spirit (commonly known as Petrol), Natural gas, Aviation turbine fuel and Alcoholic liquor for human consumption.

- C forms can be issued for above goods for the following purposes:

Resale of above six goods, Manufacture of above six goods or use of above six commodities in the telecommunication network or mining or generation or distribution of electricity or any other form of power.

17. Cir 46T of 2017 dt Nov 6, 2017: Distribution of GST provisional id and access token of Phase 15 dealers.
18. Cir 45T of 2017 dt Oct 13, 2017: Distribution of GST provisional id and access token of Phase 14 dealers.



19. Cir 44T of 2017 dt Oct 9, 2017: Relates to refund of VAT and GST on their purchases to UN agencies and Diplomatic authorities.
20. Cir 43T of 2017 dt Sep 25, 2017: Particulars to be displayed on board and penalty provisions under Maha GST:
 - Rule 5(1)(f) of MGST Rules: Invoice issued by composition dealer should contain “**Composition taxable person not eligible to collect tax on supplies**”.
 - Rule 46(b) of MGST Rules: Invoice issued should bear Consecutive serial no not exceeding 16 characters in or multiple series unique for a financial year.
 - Rule 5(1)(g) of MGST Rules: In case of composition dealer, “**Composition taxable person**” should be mentioned at the prominent place.
 - Rule 18 of MGST Rules: Certificate of registration should be displayed at prominent place.
 - Penalty of Rs 10,000/- u/s 122(1)(i) shall be invited in case of non compliance of Rule 5(1)(f) or Rule 46(b).
 - Penalty upto Rs 25,000/- u/s 125 shall be invited in case of non compliance of Rule 5(1)(g) or Rule 18.
21. Cir 42T of 2017 dt Sep 22, 2017: Distribution of GST provisional id and access token of Phase 13 dealers.
22. Cir 41T of 2017 dt Sep 19, 2017: Distribution of GST provisional id and access token of Phase 12 dealers.
23. Cir 40T of 2017 dt Sep 12, 2017: Exemption from late fee in relation to PTRC returns for the months of Apr 2017 to Aug 2017 if, inter alia, following conditions are satisfied:
 - Dealer has obtained PTRC registration on or after May 25, 2016.
 - Amount payable is paid before due date.
 - Returns are filed before Sep 30, 2017.

Dealers who obtained PTRC TIN on or after May 25, 2016, shall make payment through following path:
www.mahavat.gov.in>>Dealer services>>New Automation>>e-pmt from 16-17 onwards.
24. Cir 39T of 2017 dt Sep 8, 2017: Schedules A to E for rate of tax under MVAT are already repealed and new Schedules A and B have been made applicable wef July 1, 2017. Natural gas (entry B-15) is taxable at 13.50%. New entry B-16 is inserted whereby natural gas can be purchased by manufacturing dealer at 3% MVAT if it is not resold by him and subject to compliance of certain conditions and obtaining certificate from Joint Commissioner. Name of Schedule D is changed to Schedule B vide Noti VAT 1517/ CR-97 (10)/ Taxation -1 dt Jun 30, 2017.
25. Cir 38T of 2017 dt Sep 4, 2017: Distribution of GST provisional id and access token of Phase 11 dealers.
26. Cir 37T of 2017 dt Aug 24, 2017:
 - Dealers registered under MVAT or CST are deemed to be cancelled wef July 1, 2017 due to introduction of GST. However, dealers dealing in any of the following six goods shall be liable to continue under VAT/ CST and are given an option to choose so online:



Petroleum Crude, High Speed Diesel, Motor Spirit (commonly known as Petrol), Natural gas, Aviation turbine fuel and Alcoholic liquor for human consumption.

- Dealers eligible to file monthly returns should choose the option to continue under VAT on or before Aug 31, 2017. No late fees would be applicable if such dealers file their monthly return for July 2017 on or before Sept 8, 2017.
- Dealers eligible to file quarterly returns should choose the option to continue under VAT on or before Sep 15, 2017.

27. Cir 36T of 2017 dt Aug 18, 2017: Distribution of GST provisional id and access token of Phase 10 dealers.

28. Cir 35T of 2017 dt Aug 11, 2017: Distribution of GST provisional id and access token of Phase 9 dealers.

29. Internal Cir 17A of 2017 dt Aug 10, 2017: Very important circular related to guidelines for passing assessment orders. Various shortcomings in the assessment orders passed by various officers have been aptly pointed out in this circular.

30. Internal Cir 16A of 2017 dt Aug 7, 2017: Mis-matches upto Rs 1000 per supplier per year shall be allowed without ledger confirmations.

31. Cir 34T of 2017 dt Aug 3, 2017: Security deposit at the time of registration is eligible for refund under Rule 61A of MVAT Rules. Procedure for refund of such refund in case of deemed cancelled dealers is provided in this circular.

32. Cir 33T of 2017 dt July 21, 2017: Distribution of GST provisional id and access token of Phase 8 dealers (GST registration rejected for PAN validation error).

33. Cir 32T of 2017 dt July 21, 2017: Any employer or other notified person shall deduct TDS u/s 31 of MVAT Act in respect of any works contract executed upto Jun 30, 2017 and for which payments are made on or after July 1, 2017.

34. Cir 28T of 2017 dt July 7, 2017: Distribution of GST provisional id and access token of Phase 7 dealers (registered, RC restoration and PAN amendment cases till June 30, 2017).

35. Cir 25T of 2017 dt June 27, 2017: Distribution of GST provisional id and access token of Phase 6 dealers (registered till June 15, 2017). Also, RC restoration and PAN amendment cases upto June 15, 2017 are considered in Phase 6.

36. Noti VAT 1517/ CR 97(1)/ Taxation 1 dt Jun 30, 2017: Around 23 notifications issued on various dates under various schedule entry nos are rescinded.

37. **Very important notification:** Noti VAT 1517/ CR 102/ Taxation 1 dt June 30, 2017: Changes as per this notification shall be effective from July 1, 2017.

- **For submission of appeals, clause (f-1) inserted in Rule 31 to state that appeal should be accompanied with the challan as per Sec 26(6A) or Sec 26(6B).**
- Sub rule (3) added to Rule 52A and 52B to provide that if excess set off is claimed earlier, it has to be reversed in the return for the period ending on June 30, 2017.



- Rule 53(5) amended to provide for reversal of set off on closing stock as on June 30, 2017 in following situations:
 - If business is discontinued and is not transferred to anyone.
 - If registration of dealer is deemed to be cancelled u/s 16(6A).
 - Not liable to be registered under GST or not enrolled on common portal of GST.
 - **If the dealer had not opted for composition u/s 42 or 43 of MVAT Act but opts for composition under GST.**
 - SI No 9 of Form 310 (for appeals) has been replaced with the chart as given in notification.
38. Noti No. GST.1017/CR 104 / Taxation-1 Dt June 29, 2017: This is Noti No 1/ 2017 – State Tax (Rate) notification specifying various schedule entries and rates on goods.
39. Noti No. GST.1017/CR 103 / Taxation-1 Dt June 29, 2017: Certain sections of MGST made effective from July 1, 2017.
40. Noti No MGST 1017 / CR 100(2)/ Taxation 1 dt June 29, 2017: Certain rules and forms under MGST notified wef July 1, 2017.
41. Noti No MGST 1017 / CR 100(1)/ Taxation 1 dt June 29, 2017: Amendment in certain MGST Rules.
42. Noti No MGST 1017 / CR 90/ Taxation 1 dt June 22, 2017: Certain rules and forms under MGST notified wef June 22, 2017.
43. Noti No. GST.1017/CR 94 (A)/ Taxation-1 Dt June 21, 2017: Certain sections of MGST made effective from June 22, 2017.
44. Ordinance published in official gazette on June 15, 2017 for implementation of Maharashtra GST Act.
45. Maharashtra Goods and Services Tax related Laws (Amendments, Validation and Savings) Act, 2017 (Mah. Act No.XLII of 2017) published on May 29, 2017. Following are important amendments:
 - In profession tax, new entry no 20A added to make persons registered under GST to be liable to pay Rs 2500 pa.
 - Other procedural amendments in VAT to give effect to implementation of GST.
46. Noti No VAT 517/C.R.69 /Taxation-1. dt May 16, 2017: VAT rate increased on goods covered by Sch entry D-10 (petrol, diesel etc)
47. Noti/ Order No VAT 1517/ CR 43(C)/ Taxation 1 dt Apr 19, 2017: Remission upto 75% of interest payable u/s 30(1) in case of dealers who failed to obtain registration within time subject to fulfilment of certain conditions.
48. Noti/ Order No VAT 1517/ CR 43(B)/ Taxation 1 dt Apr 19, 2017:

Sec 8(3D) was inserted last year according to which tax on transfer of property in goods involved in the sizing and warping of yarn was exempted wef Apr 1, 2016. This effective date is made retrospective from Apr 1, 2005 subject to main condition that whatever is collected or recovered is to be paid.
49. Cir 22T of 2017 dt June 23, 2017: Registration under GST begins from June 25, 2017.



50. Cir 21T of 2017 dt June 23, 2017: Reopening of GST portal on June 25, 2017 for migration of existing dealers.
51. Cir 20T of 2017 dt June 16, 2017: There were many circulars earlier for requirement of registration documents. This circular is issued to consolidate all those circulars and issue final list of documents required for registration.
52. Cir 19T of 2017 dt June 6, 2017: CDA reports for FY 2014-15 generated.
53. Cir 18T of 2017 dt May 31, 2017: New composition scheme for builders and developers wef June 1, 2017. There is a change in time of taxation @ 1%. Earlier it was payable on full agreement value at the time of agreement. **Now, it would be at the time of receipt of amount from prospective buyer.** New sub-section 42(3B) added for the same.
- 54. Cir 17T of 2017 dt May 30, 2017: Distribution of GST provisional id and access token of Phase 4 dealers (registered till May 12, 2017). GST portal will remain open from Jun 1, 2017 to Jun 15, 2017.**
- 55. Cir 16T of 2017 dt May 17, 2017: Late fees would not be levied if VAT return for any of the periods and periodicity for FY 2016-17 is filed on or before June 15, 2017.**
56. Internal Cir 11A of 2017 dt May 3, 2017: Guidelines regarding cross checking of ITC for FY 13-14, 14-15 and 15-16. XXXX (to be updated properly)
57. Cir 15T of 2017 dt Apr 26, 2017: Conditional remission in interest payable as per Sec 30(1) explained. XXXX (to be updated properly)
58. Cir 14T of 2017 dt Apr 26, 2017: Due date of filing returns for certain periods upto Mar 2017 further extended.
59. Cir 13T of 2017 dt Apr 26, 2017: Amendments in Profession tax:
- **Late fee exempted if employer files returns on or before Sep 30, 2017 for periods upto Mar 31, 2017.**
 - Insurance companies to deduct profession tax from insurance agents as in case of employees. Agents have option to continue their enrolment (however, primary liability to ensure that taxes paid shall be on insurance company) or cancel it wef Apr 1, 2017.
60. Cir 12T of 2017 dt Apr 25, 2017: Distribution of GST provisional id and access token of Phase 4 dealers (registered till Mar 31, 2017).
61. Cir 11T of 2017 dt Apr 20, 2017: Budget proposals for FY 2017-18 received assent of Governor on Apr 15, 2017. Following are important amendments:

Profession tax:

- **Profession tax: Maximum liability restricted to four years (instead of eight years as earlier). It is applicable to persons who obtain enrolment certificate on or after Apr 1, 2017.**
- **As per existing provisions, an employer who was not registered was liable to pay tax from the date he became first liable. Thus, there was no time limit. But there is a very important amendment now according to which such unregistered**



employer shall not be liable to pay tax for more than 4 years preceding the year in which RC is granted to him or the year in which proceeding for registration initiated against him, whichever is earlier.

- New Sec 4A inserted. Where commission is paid to person on the basis of business done by them, profession tax is currently not to be deducted, since no employer-employee relationship. Those would now be treated at par with employees. Modus operandi of the same shall be specified separately.
- Currently, rate of interest is 1.25% pm. It shall now be aligned with interest rates as per Rule 88 of MVAT Rules. It will be effective for the default period from May 1, 2017.
- Entry 20A inserted in schedule I – Service providers who are registered under Finance Act, 1994 shall also be liable to pay PT.

MVAT:

- By virtue of an amendment to Sec 26, the appellate authority in first appeal is empowered to set aside and refer the case back to the assessing authority for making fresh assessment u/s 23(7) within 18 months of communication of appeal order. This power is restricted only in case of ex-parte assessments.
- **Proviso to Sec 23(11): If the ex-parte assessment order is passed on or after Apr 15, 2017, then it cannot be cancelled by accepting Form 316. Instead an appeal may be filed u/s 26 and case may be referred back.**
- **In case of appeals filed against order passed on or after Apr 15, 2017, power of first appellate authority of fixation of part payment is withdrawn. Appeal shall not be admitted unless accompanied by proof of part payment as per amended Sec 26(6A). Similarly, part payment is now specified in Sec 26(6B) for the purpose of filing appeal with Tribunal against the orders passed on or after Apr 15, 2017.**
- **On payment of above part payment, the dealer shall get permanent stay and there shall not be any requirement of ad-interim stay.**
- Period for filing appeal before High Court u/s 27 has been increased from 120 days to 180 days.
- Amendment in Sec 30: Interest may be remitted if dealer was not able to pay tax due to technical reasons related automation system or where registration obtained is late.
- Sec 44(6) inserted to make director of a private company liable for dues of the company.
- Time limit for interest u/s 53 on delayed refund has been reduced from 90 days to 60 days.

62. Cir 10T of 2017 dt Apr 6, 2017: This circular gives effect to following budget proposals:

- Commodities covered by Sch entries A-9A, A-51 and A-59 were tax free upto Mar 31, 2017. Those shall continue to be tax-free till introduction of GST.



- Amsul (Kokum) was taxable @ 12.50/ 13.50% till Mar 31, 2017. Sub-entry (ix) added in entry A-51 to make it tax-free wef Apr 1, 2017. It will be tax-free till introduction of GST.
- Card swipe machines were taxable @ 12.50/ 13.50% till Mar 31, 2017. Entry A-8A inserted to make it tax-free wef Apr 1, 2017.
- Gas or electric fired human body incinerators were taxable @ 12.50/ 13.50% till Mar 31, 2017. Entry A-25A inserted to make it tax-free wef Apr 1, 2017.
- Geo membrane used for farm pond, of thickness less than 500 microns, having BIS specification was taxable @ 5/ 6% till Mar 31, 2017. Entry A-25B inserted to make it tax-free wef Apr 1, 2017.
- Milk testing kits for detecting of milk adulteration were taxable @ 12.50/ 13.50% till Mar 31, 2017. Entry A-33A inserted to make it tax-free wef Apr 1, 2017.
- Soil testing kits for determination of soil nutrients were taxable @ 12.50/ 13.50% till Mar 31, 2017. Entry A-44A inserted to make it tax-free wef Apr 1, 2017.
- Concessional rate of tax @ 6% on tea (Sch entry C-108) shall continue till introduction of GST.
- Aviation turbine fuel sold under regional connectivity scheme would be taxable @ 1% wef Apr 1, 2017 (Sch entry D-11A). Conditions for availing this concessional rate shall be published separately.
- Tax on liquor covered by schedule entries D-1, D-2 and D-3 was 60% subject to maximum of MRP x 30/ 130. Wef Apr 1, 2017, it would be 60% subject to maximum of MRP x 35/ 135.

63. Cir 9T of 2017 dt Apr 1, 2017: Due dates of filing of returns for various return periods starting from April 2016 further extended.

64. Cir 8T of 2017 dt Mar 16, 2017:

- Facility to view draft return before uploading the same is started for the return periods starting from April 2016. Process of filing of returns explained in detail. Currently, the process of automatic disallowance of ITC (where it does not match with seller's data) is not implemented and it is stated that it shall be implemented with the prior intimation to the trade.
- Sometimes, sales returns, rate difference, discount etc in a particular period are more than the regular sales. In such cases, negative figures are not accepted in CST returns. It is stated that now such figures can now be entered in the same manner as are enterable in the VAT return.
- The dealers registered under VAT and CST are getting error message while filing return in form 232. Such dealers are requested to choose the combination of form 233_CST to file their returns.
- No late fees if monthly/ quarterly returns from April 2016 upto periods ending Feb 2017 shall be levied if such returns are filed on or before Mar 31, 2017.



- Employers under Profession tax and hoteliers under Luxury tax who obtained SAP based registration after May 25, 2016 would now be able to file their returns under the new system. Late fee would not be applicable if they file their returns before Apr 15, 2017 provided tax due was paid within due date provided. Process of filing of these returns is explained in this circular.
 - Process of filing refund application for the period starting from April 2016 is explained in detail in this circular. However, this facility is not made live. It is stated in circular that date of its getting live shall be declared very soon.
 - Process of obtaining and cancellation of CST declarations for the dealers who obtained registration after May 25, 2016 is explained in detail.
 - For any difficulty, helpdesk no provided is 1800 225 900.
65. Cir 7T of 2017 dt Mar 8, 2017: Last date for disabling provisional id and access token of phase 1 and 2 dealers who did not activate their account on GST portal is extended to Mar 15, 2017.
66. Cir 6T of 2017 dt Mar 4, 2017:
- The words that “dealers who fail to comply shall be denied benefit of transitional provisions” in Cir 5T of 2017 shall stand deleted.
 - Provisional id and access token for phase 3 dealers are now made available by GSTN.
 - Dealers with active registration no and not covered in phase 1, 2 or 3 shall be covered in subsequent phase of GST registration.
67. Cir 5T of 2017 dt Feb 27, 2017:
- Last date for disabling provisional id and access token of non-compliant phase 1 and 2 dealers is Mar 6, 2017. Dealers who fail to comply shall be denied benefit of transitional provisions.
 - For phase 3, dealers registered as on Feb 14, 2017 with valid PAN are considered. Distribution of provisional id and access token for phase 3 dealers shall start very soon.
 - Last date for submission of signed enrolment application is Mar 31, 2017.
68. Cir 4T of 2017 dt Feb 2, 2017: Improved functionality of new registration integrated payment gateways and functionality of amendment and cancellation of registration certificate.
- If any dealer has made payment under old system but could not file application under old system (ie upto Dec 19, 2016), then he shall have to make the payment again under new system. He can claim refund of payment made under old system or treat it as payment of tax in the returns filed by him for FY 2016-17.
- Queries regarding amendment or cancellation can be mailed on e-mail id mstdamendcancel@gmail.com.
69. Cir 3T of 2017 dt Jan 11, 2017: Due date for uploading VAT audit report for FY 2015-16 extended from Jan 15, 2017 to Feb 9, 2017. Acknowledgement and statement of submission of audit report may be submitted till Feb 20, 2017.
70. Cir 2T of 2017 dt Jan 6, 2017: Activity of distribution of GST provisional id and password for phase 2 dealers begins. Dealers with no PAN, incorrect PAN or multiple TIN on same PAN not included in this phase. Such dealers should contact their nodal officers for necessary correction. Their names shall be included in subsequent phase.



71. Noti No VAT 1516/ CR 178/ Taxation-1 dt Dec 28, 2016 and Cir 1T of 2017 dt Jan 2, 2017:

Sec 20(6) provides for late fee for filing of belated VAT returns. Noti No VAT 1513/ CR 124/ Taxation-1 dt Jan 1, 2014 provides for certain situations where late fee would not be levied or it would be levied at lesser amount. This notification amends the notification to provide for relief in late fee as follows:

If any return is not filed for any of the periods upto March 31, 2016, then those may now be filed without late fee, if those returns are filed at any time between Jan 1, 2017 to Jan 31, 2017.

Similarly, the above returns may be filed on payment of late fee of Rs 2,000/- if those returns are filed at any time between Feb 1, 2017 to Feb 28, 2017.

INCOME TAX:

1. Instruction No 8/ 2017 dt Sept 29, 2017 is issued by CBDT relating to conduct of assessment proceedings electronically in time barring scrutiny cases.
2. Noti No 44/ 2017 dt June 5, 2017: New cost inflation index new chart is out. It is as below:

SI No	Financial Year	Cost inflation index (CII)
1	2001-02	100
2	2002-03	105
3	2003-04	109
4	2004-05	113
5	2005-06	117
6	2006-07	122
7	2007-08	129
8	2008-09	137
9	2009-10	148
10	2010-11	167
11	2011-12	184
12	2012-13	200
13	2013-14	220
14	2014-15	240
15	2015-16	254
16	2016-17	264
17	2017-18	272

3. Govt issued notification on June 5, 2017 regarding situations under which transactions in shares would be exempt from tax u/s 10(38).
4. Due date for filing Form 16 to employees for FY 16-17 extended from May 31, 2017 to June 15, 2017.
5. Due date for submission of SFT for FY 2016-17 extended from May 31, 2017 to June 30, 2017.
6. CBDT enables filing of SFT at TIN facilitation centers.



7. **Statement of Financial Transactions (SFT):** Earlier requirement of filing annual information return has now been totally replaced by SFT. Following are points to be noted in relation to SFT:
- i. It is to be filed in Form 61A on or before May 31 from the end of financial year as per provisions of section 285BA read with Rule 114E. Under Section 271FA, there is penalty (not late fee) of Rs 100 per day for delay in filing this return. If the default continues even after receipt of notice, then penalty of Rs 500 per day of delay can be levied.
 - ii. This provision has come wref financial year 2015-16. For that year, it was applicable to banks, mutual funds, company issuing bonds/ shares, registrar or sub-registrar (for property related transactions) and Reserve Bank of India.
 - iii. However, wef financial year 2016-17, its applicability has been extended for more persons. Also, the parameters of reporting have been increased.
 - iv. Important addition related to us is applicability to every person who is liable to audit u/s 44AB of the Income tax Act. Such person has to report receipt of cash payment exceeding two lac rupees for sale of goods or services. It may be received from any person. Important question here is whether receipt of more than two lac rupees in the whole financial year to be reported or against a single transaction as contemplated u/s 269ST. Careful reading of Rule 114E indicates that wherever annual transactions were expected by the department, they have mentioned it accordingly at various serial numbers. However, in this case (and also in case in case registrar or sub-registrar of immovable properties), the word 'during a financial year' is not used. **Therefore, in our considered view, we opine that this reporting is on the basis of per transaction.** There is further scope to raise questions as to what would mean single transaction. For this purpose, a conservative view may be taken. Accordingly, if more than two lac rupees are received (may be on different dates put together) against a single bill/ invoice, such transaction should be reported.
 - v. Another important question is whether Nil returns to be filed? Careful reading of Section 285BA indicates that SFT is to be furnished in respect of any specified financial transaction or any reportable account which may be prescribed. Thus, if a particular financial transaction as prescribed by Rule 114E is not carried out by any person, then there is no need to file the statement by him. **It means a Nil return may not be filed.** However, this is our personal opinion. One may file Nil statement also to avoid penal consequences.
 - vi. Further, among other persons, banks are required to furnish following details:
 - Payment made in cash for purchase of bank drafts or pay orders or banker's cheque of an amount aggregating to ten lakh rupees or more in a financial year.
 - Payments made in cash aggregating to ten lakh rupees or more during the financial year for purchase of pre-paid instruments issued by Reserve Bank of India under section 18 of the Payment and Settlement Systems Act, 2007 (51 of 2007).
 - Cash deposits or cash withdrawals (including through bearer's cheque) aggregating to Rs 50 lac or more in a financial year , in or from one or more current account of a person.



- Cash deposits aggregating to ten lakh rupees or more in a financial year, in one or more accounts (other than a current account and time deposit) of a person.
- One or more time deposits (other than a time deposit made through renewal of another time deposit) of a person aggregating to ten lakh rupees or more in a financial year of a person.
- Payments made by any person of an amount aggregating to—
 - (i) one lakh rupees or more in cash; or
 - (ii) ten lakh rupees or more by any other mode,against bills raised in respect of one or more credit cards issued to that person, in a financial year.
- Cash deposits during the period 09th November, 2016 to 30th December, 2016 aggregating to—
 - (i) twelve lakh fifty thousand rupees or more, in one or more current account of a person; or
 - (ii) two lakh fifty thousand rupees or more, in one or more accounts (other than a current account) of a person.
- Cash deposits during the period 1st of April, 2016 to 9th November, 2016 in respect of accounts that are reportable above (ie from Nov 9, 2016 to Dec 30, 2016).

Thus, all above information shall be available with the income tax department.

- vii. Also, registrar or sub-registrar office has to report Purchase or sale by any person of immovable property for an amount of thirty lakh rupees or more or valued by the stamp valuation authority referred to in section 50C of the Act at thirty lakh rupees or more.
8. There are some changes in the new ITR forms for AY 2017-18. The NINE major changes in the ITR forms are as follows
- i. Most important is: Mentioning Aadhar No./ Enrollment No. is compulsory for all income tax returns. In case of partnership firms, Aadhar No. of all partners has to be mentioned. This will reduce the use of duplicate PAN and will help find the correct address of tax evaders, etc.
 - ii. Next Change is: Details of cash deposited equal to or above Rs.200000 in the period of Demonetization from 9/11/2016 to 30/12/2016 have to be mentioned in the income tax return. When the details are already available from the Banker to the IT department in this regard, why this information is asked again is not known. It may be for cross checking and finding tax evaders post demonetization.
 - iii. Unexplained credit or investment attracts tax @ rate of 60% plus surcharge irrespective of slab rates. New column is inserted in ITR forms to report such unexplained income.
 - iv. If income from dividend exceeds Rs. 10 Lakhs, then tax at the rate of 10% is applicable. New Column is inserted in ITR Forms for such dividend income in "Schedule OS". New column has been inserted to report dividend income upto Rs.10 Lakhs and Long Term Capital gain exempt u/s 10(34),10(38) respectively.



- v. Government has notified a simple one page form ITR-1 Sahaj for individuals earning income from salary, pension, one house property and income from other sources. New ITR-1 Sahaj has retained those deductions which are most frequently used by the taxpayers under sec 80C which includes LIC premium, PPF contribution etc, 80D which means mediclaim premia, 80G means donation and sec 80TTA means interest on saving bank for which they have provided a separate column.
 - vi. A new field has been provided in new ITR forms for deduction under 80EE which allows deduction on home loan interest for first time home buyers.
 - vii. The government has introduced a new schedule requiring individuals and HUF to declare the value of Assets and Liabilities if their total income exceeds Rs.50Lakhs. Now taxpayers are also required to disclose address of immovable property and description of movable properties under new ITR forms. Further, a new field has been introduced for the disclosure of 'Interest held in the assets of a firm or AOP as a partner or member'. Such members or partners are also required to disclose name, address, PAN of the firm or AOP.
 - viii. The taxpayers under presumptive taxation need not maintain any books of accounts which means they have to pay tax on profit calculated on the turnover.
 - (a) In F.Y 2016-17 in case of an assessee whose income does not exceed Rs.2 Crore, a new column has been inserted in ITR to show income at the rate of 8% of the turnover realized in cash and at the rate of 6% of turnover realized through digital receipts.
 - (b) In new ITR-4 form, a new column has been inserted which shows an option to avail presumptive taxation scheme for professionals whose total receipts do not exceed Rs.50 lakhs under Section 44ADA. ITR-4 which is now applicable for taxpayer opting for presumptive taxation scheme has a new column under the Schedule TDS-2 to show the receipts as mentioned in form 26AS.
 - ix. Now in case of trusts it is compulsory to mention the internal audits conducted under any other act in form ITR-7. Similarly details will have to be provided about the utilization of funds toward capital or charity purpose.
9. Important amendments as per Finance Act, 2017. These are applicable from FY 2017-18, unless specified otherwise.
- Income tax rate in case of individual and HUF for first slab, ie from Rs 2.50 lacs to Rs 5 lacs reduced from 10% to 5%.
 - Rebate u/s 87A reduced to Rs 2500 if income does not exceed Rs 3.50 lacs.
 - In case of Individuals, HUF, AOP, BOI, Firm, Co-op Soc, Local authority; Surcharge @10% with annual income exceeds Rs 50 lacs and @ 15% if it exceeds Rs 1 crore.
 - Long term capital asset: Sec 2(42A): Period of holding for immovable property (land or building or both) reduced from 36 months to 24 months. There is no change for other capital assets such as gold etc.
 - Sec 47: Conversion of preference shares into equity shares shall not be deemed to transfer and accordingly shall not be liable to capital gains tax.



- Sec 10(12B): Partial withdrawal from National Pension System Trust shall be exempt to the extent of 25% of contribution made by employee. Earlier, exemption was 40% of amount withdrawn on closure and remaining 60% was taxable.
- Base year for indexation changed from Apr 1, 1981 to Apr 1, 2001. Thus, fair market value as on Apr 1, 2001 shall be considered for all the capital assets acquired before Apr 1, 2001.
- Changes related to taxation of trusts:
 - Corpus donation to other trusts registered u/s 12AA shall not be treated as utilization for the donor trust. Amendment in Sec 11(1) and 10(23C).
 - Amendment in Sec 12A - To claim benefits of Sec 11 and 12, trust shall have to file return u/s 139(4A) within time allowed u/s 139(1).
 - Donation of more than Rs 2000 cannot be accepted in cash if receipt is eligible for deduction u/s 80G. PAN should also be obtained from the donor.
- Amendment in Sec 13A: Political parties shall not be able to accept donations in cash of more than Rs 2000.
- Sec 23(5) – Builders – House property income in case of building is held as stock in trade: Annual value of property for period upto one year from end of FY in which completion certificate is obtained shall be treated as Nil. Subsequently, it would be taxable as house property income.
- Sec 40A(3) amended to reduce cash expenses limit from Rs 20,000 to Rs 10,000.
- Also, Second proviso added to Sec 43(1) to provide that payment for acquisition of asset of more than Rs 10,000 in cash would not be considered for calculation of actual cost. It means depreciation on the same would not be allowed and for calculation of gain at the time of sale, its cost would be less to that extent.
- Sec 43B: Interest payable to co-operative banks also covered.
- Sec 44AA: Monetary limit for maintenance of books of accounts raised. For Individual or HUF, income limit of Rs 1.20 lacs raised to Rs 2.50 lacs and turnover limit raised from Rs 10 lacs to Rs 25 lacs.
- Sec 45(5A): Taxability of land owner in case of development by builder would be on receipt of completion certificate and stamp duty value as on that date would be considered as consideration.
- New Sec 50CA: Where consideration received for un quoted shares is less than fair market value, FMV shall be deemed to be full value of consideration.
- Sec 71: Loss under house property of more than Rs 2 lacs cannot be set off against income under any other head. It is applicable for both self occupied and let out property. Such excess loss will have to be carried forward and would be eligible for set off against income from house property for next eight years.
- Sec 80CCD: Limit of benefit for self employed individual raised from 10% of gross total income to 20% of GTI.



- Sec 194IB: If any individual or HUF pays rent of more than Rs 50,000 pm to any person, then he shall deduct TDS @ 5%. Such TDS to be deducted even if tax audit is not applicable to such individual or HUF. Also, obtaining TAN is not required for such person.
- Sec 194-IC: TDS @ 10% to be deducted in case of payment u/s 45(5A) (ie payment by builder to land owner). TDS not applicable in case of payment in kind.
- Sec 194LA: TDS not to be done on payment of compensation on acquisition of certain immovable properties under Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 ('RFCTLARR Act').
- Sec 206CC: TCS at double the applicable rate would be applicable if PAN is not furnished by the person.
- Sec 234E: Late fee if late return filed. Rs 5,000 upto Dec 31 and Rs 10,000 thereafter. However, this late fee would be restricted to Rs 1000 if total income of the person is upto Rs 5 lacs. This late fee would be applicable from AY 2018-19 onwards.
- 269ST: Payment of more than Rs 2 lacs cannot be accepted otherwise than by an account payee cheque or bank draft or use of ECS through a bank account—
 - On single day,
 - Against a single transaction or
 - Transactions related to one event.Otherwise, penalty equal to amount of such receipt shall be applicable u/s 271DA. Correspondingly, provision of collection of 1% TCS u/s 206C on acceptance of more than Rs 2 lacs in cash has been deleted wef financial year 2017-18 (ie from Apr 1, 2017).
- Sec 271J: Penalty of Rs 10,000 payable by accountant, merchant banker or registered valuer for wrong certificate.
- Processing of return u/s 143(1) shall not be necessary if notice u/s 143(2) is issued.
- **Time limit for completion of assessment - Sec 153:**

For AY 18-19, assessment to be completed within 18 months (instead of 21 months earlier) from end of assessment year. It means assessment for AY 18-19 shall be completed by Sep 30, 2020 instead of Dec 31, 2020.

From AY 19-20, assessment to be completed within 12 months from end of assessment year. It means assessment for AY 19-20 shall be completed by Mar 31, 2021.

In case of income escapement, assessment to be completed within nine months from end of financial year (ie Dec 31) in which notice u/s 148 is issued. This period of 9 months is increased to 12 months in case of notice u/s 148 is issued on or after Apr 1, 2019.

10. The Central Board of Direct Taxes (CBDT) has notified new Income Tax Return Forms for AY 2017-18 by issuing a press release dated 31st March, 2017.

Following are the highlights of the revised ITR Forms:-



ITR Form	Applicable to	Remarks, if any
1 (or SAHAJ)	Individual/ HUF having income from salaries/ One house property/ other source income, provided that: (a) Total income doesn't exceed Rs.50 lakh or (b) Dividend income doesn't exceed Rs 10 lakh or (c) No income u/s 115BBE or (d) No relief claimed u/s 90 or 90A. This form not applicable if agricultural income exceeds Rs 5,000/-	-
2	Individual/ HUF having no business/ professional income.	ITR 2 and 2A have been merged into ITR 2 now.
3	Individual/ HUF having business/ professional income.	ITR 3 and 4 have been merged into ITR 3 now.
4 (or SUGAM)	Individual/ HUF having income taxable on presumptive basis as their business & professional income. This form not applicable if agricultural income exceeds Rs 5,000/-	Present ITR 4 is similar to ITR 4S earlier.

All the ITR forms are required to be filed electronically. However, in case of ITR 1 or 4, return may be filed in paper form in following cases:

- i. An individual of the age of 80 years or more at any time during the previous year; or
- ii. An individual or HUF whose income does not exceed Rs. 5,00,000/- and who has not claimed any refund in the return of income.

SERVICE TAX:

1. Due date of filing of service tax return for half year ending Mar 31, 2017 extended from Apr 25 to Apr 30, 2017.

Disclaimer:

All efforts have been made to ensure completeness of data. However, readers are advised to confirm from their own sources also. Further, interpretations given above are our personal opinions at M/s Umesh Agrawal and Associates. We are not responsible for any loss arising due to the above information.

