

## NEWSLETTER – MARCH 2019

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### IMPORTANT UPDATES IN MVAT, CST AND PROFESSION TAX

1. MRPS/ AMD/ 928/ ADM – 11 dt Mar 15, 2019: Notification under Maharashtra Right to Public Services Act. It specifies time limit within which various services would be provided under MVAT, CST and PT.
2. ORD/ MMB-2019/ 1/ 2019/ ADM-8 dt Mar 7, 2019: Specifies various forms (including Form I and Form IA for application) under Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Ordinance, 2019.
3. Sett/ MMB 2019/ 1/ ADM – 8 dt Mar 7, 2019: Notifies certain transactions as 'issues' for the purpose of Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Ordinance, 2019.
4. Ordinance No 5 of 2019 dt Mar 6, 2019: Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Ordinance, 2019 – Amnesty Scheme. Gist of this scheme are given below under Cir 9T of 2019.
5. Mah Ordinance No VI of 2019 dt Mar 6, 2019:
  - Amendment in Sec 6(3) of Profession tax Act – Late of Rs 1,000 reduced to Rs 200 if PTRC return is filed within 30 days.
  - Sec 24(2A) inserted in MVAT Act: If any set off is disallowed and appeal is not filed against the same or where appeal is withdrawn, then rectification application may be filed within two years from the end of the financial year in which the order of assessment is served. The dealer has to produce sufficient documents to substantiate his claim.
  - Explanation added after Sec 26(6C): Provisions of sub-sec 6A, 6B and 6C of Sec 26 shall be applicable to all appeals, irrespective of date of commencement of proceedings.
6. Noti VAT. 1519/C.R.02/Taxation-1 dt Jan 9, 2019: Due date for submission of VAT audit report extended to Feb 28, 2019.
7. LA Bill LXIX of 2018 dt Nov 22, 2018: Proviso to Sec 16(2) of MVAT Act deleted – no need of security deposit of Rs 25,000 in case of voluntary registration. Department can cancel the registration if current account is not submitted within prescribed time limit. As per Noti VAT 1518/CR 39/ Taxation 1 dt Apr 25, 2018, there is amendment in Rule 8(12) and accordingly there is no need to obtain current bank account for obtaining registration. Thus, it appears that even though current account is not necessary at the time of registration, it is to be provided within prescribed time, otherwise registration would be liable for cancellation.



8. Ordinance No XXIII dt Oct 24, 2018 and subsequently enacted vide Mah Act No LXVIII of 2018 dt Dec 14, 2018: Time limit of 18 months for completion of assessment u/s 23(7) in case of referred back cases has been increased to 24 months.
9. Noti VAT 1518/ CR 23A/ Taxation 1 dt Oct 11, 2018: Under Maharashtra Criteria for selection (on the basis of probable revenue earlings) of the cases for Assessment Scheme, 2018 enacted under clause Sec 26B(ii) of MVAT Act, assessment proceedings may be dropped if probable revenue involved is less than Rs 2.50 lacs. Detailed procedure given in the notification.
10. Noti VAT/AMD-2018/1B/ADM-8 dt Jun 5, 2018: New Form 704 (audit report) prescribed. However, this notification is rescinded by Noti VAT/ AMD-2018/1-B/ADM-8 dt Oct 10, 2018 and restores earlier NotificationNo. VAT/AMD-2013/1B/Adm-8, dated the 23rd August 2013.
11. Noti CST 1418/ CR 44/ Taxation 1 dt May 9, 2018: New Form VII (B-1) for assessment order under CST prescribed.
12. Noti PT1218/ CR 33/ Taxation 3 dt May 9, 2018: Amendment in Profession tax rules:  
  
Proviso added in Rule 3(1) – single application for PTRC for all premises to be done. One place to declared as principal place and other as additional places of business.
13. Noti VAT 1518/CR 39/ Taxation 1 dt Apr 25, 2018: MVAT rule amendment: These rules would be effective from Apr 1, 2018.
  - In Rule 8(12), the word 'current bank account and' shall be deleted. It means, for obtaining registration under VAT, current account is no more mandatory. But it is to be updated within prescribed time.
  - Rule 40(2A) added: Principal contractor to claim VAT TDS credit for the period from Jul 1, 2017 to Dec 31, 2018 by filing revised return provided employer has issued TDS certificate in Form 402 upto Dec 31, 2018 and filed return in Form 424 upto Jan 5, 2019.
  - Rule 40(2B) added: Similarly, credit to sub-contractor may be transferred subject to fulfilment of certain conditions.
14. Noti Maharashtra Act No XXVI of 2018 dt Mar 31, 2018: State Budget 2018 amendments effective from April 1, 2018.

Profession tax:

- Separate entry 18A for LLP. So, separate PTEC no to be taken for LLP like in case of Pvt Ltd Co.
- Sec 4C inserted to incorporate provisions related to TCS under profession tax.

MVAT:

- Sec 31: TDS may be deducted from payments made upto Dec 31, 2018. Credit for the same would be available to the supplier in FY 17-18.
- Sec 32A: Limit of non recovery of tax, interest etc of Rs 100 raised to Rs 500.
- **Sec 61: Turnover limit of audit for FY 17-18 in case of dealers whose registration is deemed to be cancelled u/s 16(6A) (ie deemed cancellation due to migration to GST) would be Rs 25 lakh.**

15. Cir 14T of 2019 dt Mar 31, 2019: As ease of doing business measure, Govt of Maharashtra has launched MAITRI (Maharashtra Industry, Trade and Investment Facilitation Cell)



Portal. Name of the portal is <https://maitri.mahaonline.gov.in>. Registration facility under MVAT, CST and PT is also made available from this portal. Procedure for the same is explained in this circular.

16. Cir 13T of 2019 dt Mar 30, 2019: Clarification with regards to the taxability of the Fabric and Furnishing Cloth as covered under Entry 101(a) and 101(b) of the Schedule-C appended to the MVAT Act.
17. Cir 12T of 2019 dt Mar 30, 2019: As per provisions of Rule 60A, application for refund of deposit of Rs 25000 paid for voluntary registration was to be made upto Mar 31, 2019. It being Sunday, such applications may be filed on Monday, ie Apr 1, 2019.
18. Cir 11T of 2019 dt Mar 30, 2019: Late fee for PTRC returns for the periods from Apr 2016 to Mar 2019 waived if tax was paid in time and returns are filed on or before Apr 30, 2019.
19. Cir 10T of 2019 dt Mar 16, 2019: **Important** - TDS u/s 31 of MVAT Act after Jul 1, 2017:
  - TDS in case of works contracts executed upto Jun 30, 2017 should have been deducted by employer even if payment was made after Jul 1, 2017.
  - **In no case, VAT TDS shall be done by employer (including Government departments) after Dec 31, 2018.**
  - Employer to issue TDS certificate in Form 402 on or before Dec 31, 2018 and file TDS return in Form 424 on or before Jan 5, 2019.
  - Principal contractor can claim above TDS by filing revised return for the period ended Jun 30, 2017 on or before Jan 10, 2019.
  - If TDS to be transferred to sub-contractor, then principal contractor to e-file return in Form 424A on or before Jan 5, 2019 and issue TDS certificate in Form 402A on or before Jan 10, 2019. In such cases, sub-contractor can claim above TDS by filing revised return on or before Jan 15, 2019.
  - If business is discontinued or transferred before Jul 1, 2017, then instead of return for the period ending Jun 30, 2017, last return to be revised.
20. Cir 9T of 2019 dt Mar 8, 2019: **Important** - Settlement of arrears of tax, interest, penalty or late for the period ending on or before Jun 30, 2017 under various acts administered by MGST Department. In order to give effect to announcement made in State Budget 2019, Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Ordinance, 2019 ('Ordinance') was promulgated on Mar 6, 2019, salient features of which are as below:
  - Waiver is available in respect of many acts including BST, CST, MVAT, Profession tax and many others.
  - There are two phases. First phase is like early bird and has more waiver than second phase. First phase ends Jun 30, 2019 and second phase ends Jul 31, 2019.
  - Different benefit for periods upto Mar 31, 2010 and for periods from Apr 1, 2010 to Jun 30, 2017.
  - Dues as on Apr 1, 2019 (after reducing of any payment made upto Mar 31, 2019) are eligible for waiver.
  - Waiver (complete waiver) for late fee is available only if pending returns upto Jun 30, 2017 are filed during Apr 1, 2019 to Jul 31, 2019.
  - Table of available waiver:

**a) For the Period up to 31<sup>st</sup> March, 2010:**



Particulars	Amount to be Paid	Waiver	Amount to be Paid	Waiver
	First Phase		Second Phase	
Undisputed Tax	100%	Nil	100%	Nil
Disputed Tax	50%	50%	60%	40%
Interest as per Statutory orders or returns or revised returns	10%	90%	20%	80%
Penalty as per statutory order	5%	95%	10%	90%
Post Assessment interest or penalty leviable but not levied till date of application	0%	100%	0%	100%
Late fees for returns filed from 1st April 2019 to 31st July 2019	0%	100%	0%	100%

**b) For the Period from 1<sup>st</sup> April 2010 to 30<sup>th</sup> June 2017:**

Particulars	Amount to be Paid	Waiver	Amount to be Paid	Waiver
	First Phase		Second Phase	
Undisputed Tax	100%	Nil	100%	Nil
Disputed Tax	70%	30%	80%	20%
Interest as per Statutory orders or returns or revised returns	20%	80%	30%	70%
Penalty as per statutory order	10%	90%	20%	80%
Post Assessment interest or penalty leviable but not levied till date of application	0%	100%	0%	100%
Late fees for returns filed from 1st April 2019 to 31st July 2019	0%	100%	0%	100%

- Even the tax payers who were never registered under any relevant act but desire to avail benefit under this ordinance can avail benefit of this. Further, even where the dealer has availed benefit under any of the earlier amnesty schemes shall also be eligible for waiver in this scheme.
- Benefit under this ordinance shall be available for the statutory orders passed upto Jul 15, 2019 only.
- Payments made upto Mar 31, 2019 shall not be considered as payment towards the requisite amount.
- Separate application for settlement to be made for each statutory order.



- Please go through the ordinance for more details.
21. Cir 8T of 2019 dt Mar 8, 2019: In some cases, it was observed that even if audit report in Form 704 was uploaded in time (ie Feb 28, 2019), acknowledgement for the same was generated 3-4 days later with a later date. In such cases, dealers are advised to download the acknowledgement again and submit. However, if acknowledgement already submitted, no need to submit again. Last date of submission extended to April 10, 2019.
  22. Cir 7T of 2019 dt Feb 14, 2019: Cir 47T of 2017 (issued to clarify inter-state purchases against declaration form under CST) stand withdrawn.
  23. Cir 6T of 2019 dt Jan 14, 2019: Late fee for PTRC returns for the periods from Apr 2016 to Jan 2019 waived if tax was paid in time and returns are filed on or before Feb 28, 2019.
  24. Cir 5T of 2019 dt Jan 1, 2019: Services by business facilitator (BF) and business correspondent (BC) provided to banking company would be classified under heading 9971. Those would be exempt only provided with respect to accounts in rural area branches (as per RBI guidelines).
  25. Cir 4T of 2019 dt Jan 1, 2019: **Important** – CBIC Cir 85/04/2019 GST dt Jan 1, 2019 - Supply of food and beverages by an educational institution to its students, faculty and staff, where such supply is made by an educational institution itself, is exempt under Noti 12/2017 CTR vide entry no 66 wef July 1, 2017 itself. However, if such supply is by any person other than educational institution based on contractual agreement with such institution is leviable to GST @ 5%.
  26. Cir 3T of 2019 dt Jan 1, 2019: **Important** – CBIC Cir 84/03/2019 GST dt Jan 1, 2019 - Printing of pictures falls under service code 998386 (photographic and videographic processing services) and therefore chargeable at 18% GST. Those are **not** covered under service code 998912 (printing and reproduction services of recorded media) which is chargeable at 12% GST.
  27. Cir 2T of 2019 dt Jan 1, 2019: Services provided by Asian Development Bank (ADB) and International Finance Corporation (IFC) would be exempt from GST.
  28. Cir 1T of 2019 dt Jan 1, 2019: GST on long duration programs (one year and above) would be exempt and GST on short duration programs (less than one year) would be taxable @ 18%.
  29. Cir 49T of 2018 dt Dec 31, 2018: Clarification of GST rates – GST on sprinklers (including laterals) and drip irrigation system (including laterals) would be 12% under entry 195B to Noti 1/2017 CTR.
  30. Cir 48T of 2018 dt Dec 31, 2018: Clarification of GST rates and classification of certain goods:
    - GST on LPG for domestic use.
    - Embroidered fabric (for salwar suit etc) is to be taxed at 5% as fabric only and not as apparels.
    - **Important – Movement of cranes, rigs, tools, concrete plants, mixers etc (whether on wheels or otherwise) from one state to another by a person on his own account (not involving distinct person) for their use for supply of service (and where no transfer of title in goods takes place) would not constitute supply and hence would not be liable to GST. Also refer CBIC Cir 21/21/2017 GST dt 22-11-2017.**



31. Cir 47T of 2018 dt Dec 31, 2018: Clarification on refund related issues in reference with CBIC Cir No 79/53/2018 GST dt Dec 31, 2018. Gives clarification on
- Physical submission of documents,
  - calculation of refund amount in case of inverted duty structure (ITC on input services and capital goods not eligible for refund),
  - refund to be issued within 60 days of ARN otherwise interest @ 6% would be paid after 60 days,
  - **In case of refund from cash ledger which are not received in jurisdictional office, amount to re-credited in their cash ledger.**
  - Refund of compensation cess in case of exports.
  - Eligibility of ITC for a particular tax period claimed in subsequent tax periods as allowed under GST Act.
  - **ITC on spares, stores, packing materials etc are equally eligible as other ITC.**
32. Cir 46T of 2018 dt Dec 31, 2018: Clarification on export of services under GST. If A is exporting service to B in USA and part of the service is outsourced by A to C in Canada. Then value of service provided by C to B shall also be considered as export even payment is directly done by B to C. Further, A would have to pay IGST under RCM on services provided by C to B and credit for the same would be available.
33. Cir 45T of 2018 dt Dec 31, 2018: Effective date of withdrawal from composition under various situations. In case of voluntary application, date of withdrawal shall not be before commencement of next financial year.
34. Cir 44T of 2018 dt Dec 31, 2018: Clarification on certain important issues, viz,
- sale by government department to unregistered person,
  - rate of tax in case of debit/ credit notes issued u/s 142(2) of MGST Act,
  - applicability of noti 50/2018 state tax,
  - **amount of TCS to be included in value of supply,**
  - definition of owner of goods under GST.
35. Cir 43T of 2018 dt Dec 31, 2018: Scope of principal and agent relationship under Schedule I of MGST Act, 2017 in the context of del-credre agent ('DCA') (commission agent with responsibility of payment). One important clarification is given which states if invoice is issued by supplier, **either himself or through such DCA**, then DCA does not fall under ambit of agent. However, entire circular should be followed for more clarity.
36. Cir 42T of 2018 dt Dec 31, 2018: To clarify the procedure in respect of return of time expired drugs or medicines.
37. Cir 41T of 2018 dt Dec 31, 2018: Clarifications of issues under GST related to casual taxable person and recovery of excess Input Tax Credit distributed by an Input Service distributor.
38. Cir 40T of 2018 dt Dec 31, 2018: Clarification on processing of application (in form REG 16) for cancellation of registration under GST.
39. Cir 39T of 2018 dt Dec 31, 2018: **Very important** clarificatory circular on GST liability in case of **principal agent relationship**. It a detailed 6 page circular with specific examples. In case of buying of agricultural produce by a commission agent (adatiya) it would not be taxable if billing is done directly by seller (ie agriculturist) to the buyer. Otherwise, it would be taxable.





40. Cir 38T of 2018 dt Dec 31, 2018: Clarifications on refund related issues under GST.
41. Corrigendum to Cir 36T of 2018: No change in limit of Rs 1 lac for e-way bill in case of intra state movement.
42. Cir 37T of 2018 dt Dec 3, 2018: If periodicity for filing PTRC returns for FY 18-19 is wrong, one may e-mail the same to [changeperiodicity1819@gmail.com](mailto:changeperiodicity1819@gmail.com). However, even if a single monthly return is filed, then periodicity cannot be changed from monthly to yearly. Such e-mail should be sent on or before Dec 31, 2018. Challans paid if any may be corrected as per Rule 11 and Cir 48T of 2017. Late fee waiver may be availed for the returns upto Nov 30, 2018 as per Cir 28T of 2018.
43. Cir 36T of 2018 dt Dec 3, 2018: Modification to the procedure for interception of conveyances for inspection of goods in movement, and detention, release and confiscation of such goods and conveyances, as clarified in Cir 14T of 2018 and in Cir 35T of 2018.
44. Cir 35T of 2018 dt Dec 3, 2018: Modification to the procedure for interception of conveyances for inspection of goods in movement, and detention, release and confiscation of such goods and conveyances, as clarified in Cir 14T of 2018.
45. Cir 34T of 2018 dt Nov 15, 2018: Clarification on certain issues related to refund. It clarifies certain issues as per Cir 33T of 2018 dt Nov 14, 2018.
46. Cir 33T of 2018 dt Nov 14, 2018: Relates to procedure for processing of refund under GST. Amends earlier Cir 22T of 2018.
47. Cir 32T of 2018 dt Nov 13, 2018: Some clarifications regarding VAT on natural gas.
48. Cir 31T of 2018 dt Oct 31, 2018: Utility to obtain e-CST declarations for the period 2016-17 by correcting the wrong transactions uploaded in the annexures of annual returns.
49. Cir 30T of 2018 dt Oct 24, 2018: New guidelines for granting of set off for FY 13-14 and 14-15:
  - i. For FY 13-14 and 14-15, for mis-match of ITC, earlier instructions (Cir 11A of 2017) would continue.
  - ii. For FY 13-14 and 14-15, for un-match, invoice wise details would be required to be uploaded on new SAP system. However, not required if details already submitted before this circular on the earlier system.
  - iii. For FY 15-16 onwards, for mis-match, electronic ledger confirmation would be required. But, if physical ledger confirmation is already submitted before Oct 31, 2018, then online ledger confirmation not required.
  - iv. For FY 15-16 onwards, for un-match, invoice wise details would be required to be uploaded on new SAP system. It is not clear what to be done in case there is no balance in sale to non-TIN holder and the existing sale is reported is reported under wrong TIN.
  - v. **For any period, for un-match or mis-match of Rs 5,000 or below per supplier per year (whether it is comprehensive or issue based assessment), such buyer shall not be required to submit ledger confirmations in any form, ie physical or online.**
  - vi. Online confirmation once given cannot be modified. So, it should be submitted cautiously. Multiple confirmations can be given simultaneously. But once any confirmation is uploaded, another cannot be uploaded for next 48 hours.



- vii. If there are more than 500 invoices of any particular party, then instead of invoice wise details, TIN wise details may be given. For invoice no and date, invoice no and date of last invoice of last month to be given.
  - viii. Procedure for filing online ledger confirmation explained.
  - ix. Instructions given in this circular shall remain in force till Mar 31, 2019.
50. Cir 29T of 2018 dt Oct 24, 2018: Helpdesks established to help persons for e-filing various things under GST like registration, filing of returns, payments, refund applications etc.
51. Cir 28T of 2018 dt Oct 19, 2018: Further to Cir 15T of 2018, late fee related to PTRC (profession tax return to be filed by employer) returns for the periods April 2016 to Nov 2018 are exempted provided tax was paid on or before the due date and pending returns are filed before Dec 31, 2018. Late fee already paid shall not be refunded.
52. Cir 27T of 2018 dt Oct 11, 2018: Declaration in Form I (for supply to SEZ) issued by sales tax departments of other states (actually should be issued by Commissioner of SEZ) would be accepted for one year from date of this circular.
53. Cir 26T of 2018 dt Oct 10, 2018 and Noti VAT 1518/CR 33/ Taxation 1 dt Sep 19, 2018: Rule 60A added - If refund of security deposit of Rs 25,000 is not yet claimed by any dealer, he may do so till Mar 31, 2019.
54. Noti VAT/ AMD 2018/ 1B/ ADM-8 dt Jun 5, 2018: Format of Audit report in Form 704 is amended. Any audit report filed after April 1, 2018 shall be in this form. Even if audit is pertaining to some earlier year/s, it would have to be filed in this revised format.
55. Cir 25T of 2018 dt Sep 24, 2018: Submission of audit report in Form 704 for FY 17-18. Due date is Jan 15, 2019.
56. Cir 24T of 2018 dt Sep 21, 2018: Ledger confirmation utility procedure prescribed. It is made mandatory for submissions after Mar 31, 2018.
57. Internal Cir 23A of 2018 dt Sep 1, 2018: Verification of transitional credit. It is a 28 page circular detailing provisions of related law and procedure for verification. Some important things noticed are:
- i. Under-construction building is not 'Goods' and therefore, transitional credit not available on it (as per view taken by department).
  - ii. Calculation of transitional credit in case of builders is well explained. Supply booked under GST period would attract GST. If VAT/ Service tax was paid on the same earlier, credit would be available if TRAN-1 was filed.
  - iii. VAT credit as per original return to be allowed if amount as per revised return is more.
58. Cir 22T of 2018 dt Sep 1, 2018: Processing of final refund under GST. Detailed procedure given for issuance of refund under GST. It is a 24 page long circular. Some important things noticed by us are:
- i. Verification shall be done on the basis of GSTR 3B, 1 and even 2A.
  - ii. Audit proceedings as per Sec 65 of MGST Act shall be initiated where provisional and/ or final refund is processed before issuance of Internal Cir 19A of 2018 dt July 18, 2018. Monetary limit for initiation of audit is Rs 1 lac.
59. Internal Cir 15A of 2018 dt Jun 4, 2018: Notice of demand should mention designation of appellate authority.





60. Cir 17T of 2018 dt Jun 2, 2018: Clarifications of issues related to refund under GST.

- i. How to proceed if there is difference between GSTR 1 and 3B has been clarified.
- ii. Facility of online filing of LUT is given and no need to file acknowledgement of the same.
- iii. In some cases, refund is claimed without furnishing LUT. In such cases, delay in furnishing LUT may be condoned taking into accounts facts and circumstances of the case.
- iv. Rule 96A(1) of MGST Rules provide that goods must be exported within 3 months (one year in case of export of services) if exported without payment of tax. Otherwise, tax should be paid first and then refund should be claimed after goods are actually exported. Now, in such cases, extension may be applied and it would be granted considering facts and circumstances of each case.
- v. Deficiency memo in RFD-03 can be issued only once except when defects remain unrectified or when some substantive defect is found.
- vi. Self declaration that claimant has not been prosecuted is not warranted in case of export under LUT as the matter is already covered under LUT.
- vii. Sometimes, there is difference between period of ITC and period of export. In such cases, single application for refund may be filed for one month/ quarter or by clubbing months or quarters. But it should not fall in different years.
- viii. Proof of inward remittance of foreign exchange is not required in case of goods, it is required in case of services only.
- ix. Precise list of documents for processing of refunds with or without LUT in cases of export of goods/ services given.
- x. This circular also addresses many small issues related to refund.

61. Internal Cir 13A of 2018 dt May 29, 2018: Guidelines with regard to passing of best judgement assessment orders:

- i. In case of best judgement assessment, details procedure for serving of notice and efforts to find the dealer and proper documentation is given.
- ii. For determining turnover (in case of best judgement), audit report in Form 704 should be referred.
- iii. Before disallowing deductions for purchase returns, labour etc, reference should first be made to Form 704 and earlier assessments, if any.
- iv. If higher rate of tax is applied, there should be proper justification on record and show-cause notice should be issued.
- v. Set off may be allowed on the matching report available.
- vi. Credit of payments available online should be properly given.
- vii. Generally, penalty is levied equal to 100% of tax, which leads to huge demand. Penalty should be levied judiciously depending upon facts and circumstances of the case.
- viii. Part submissions made should be considered while passing the order.
- ix. Reasons for disallowance of claims, higher tax rate, disallowance of set off etc should be expressly stated in the assessment order and **must be supported by evidences and fair view**.
- x. Approval of immediate superior officer should be taken both at the time of issuance of show cause notice with detailed working of tax liability and at the time of passing of order.

62. Cir 16T of 2018 dt May 24, 2018: Administrative relief applications under MVAT, CST, Luxury tax and Entry tax have been made online.



- i. Single application may be filed for VAT and CST. But separate application to be filed for other acts.
  - ii. All returns post registration periods must be filed. Otherwise, system would not allow to proceed till filing of ADM application.
  - iii. Once submit button is pressed, no changes can be made in the application.
  - iv. Detailed procedure is given in this circular regarding how to e-file the application. Dealer can access 'User Manual for Online filing of ADM Relief Application' for further details.
63. Cir 15T of 2018 dt May 21, 2018: Late fee related to PTRC (profession tax return to be filed by employer) returns for the periods April 2016 to June 2018 are exempted provided tax was paid on or before the due date and pending returns are filed before July 31, 2018. Late fee already paid shall not be refunded.
64. Internal Cir 10A of 2018 dt May 16, 2018: Officers instructed to pass assessment orders manually till SAP based assessment module is made operational.
65. Cir 12T of 2018 dt Mar 28, 2018: Pertains to filing of returns under MVAT and CST:
- i. Henceforth, returns for all periods under MVAT and CST shall be filed on [www.mahagst.gov.in](http://www.mahagst.gov.in).
  - ii. Prior period returns (ie returns for the period upto Mar 31, 2016) require TIN wise annexures J1 and J2 with returns while New automation returns (ie returns for the period from Apr 1, 2016) requires invoice wise sales and purchases annexures.
  - iii. Filing of supplementary annexures J1 and J2 shall be available through revision of return. Other instructions as per Cir 9T of 2018 shall remain unchanged.
  - iv. Under new automation returns, single annual revised return requires to fill 12 monthly excel sheets. Now such in case of dealers whose annual sales or purchases are approximately less than 3 lac each (ie total size less than 60 MB) would be allowed to file annual revised return u/s 20(4)(b) or (c) with single annexure of sales and purchases. There is a separate template for this (the other one is with 12 monthly sheets).
  - v. It is again clarified that (earlier it was mentioned in Cir 48T of 2017) payment with return must be made through mahagst portal. Otherwise, user would not get credit.
  - vi. Details procedure of downloading and filing of above various returns is explained in this circular.
66. Cir 11T of 2018 dt Mar 13, 2018: Further to Cir 6T of 2018, e-CST declarations for the periods ending on or before Mar 31, 2016 may also be availed on [www.mahagst.gov.in](http://www.mahagst.gov.in). Procedure for the same is different compared to periods starting on or after Apr 1, 2016. Same is explained in this circular.
67. Cir 9T of 2018 dt Feb 26, 2018: Returns under MVAT and CST for the periods from Apr 1, 2016 are filed on [www.mahagst.gov.in](http://www.mahagst.gov.in). However, for earlier periods, dealers were required to file their returns on [www.mahavat.gov.in](http://www.mahavat.gov.in). Facility is now developed and henceforth, all returns shall be filed on [www.mahagst.gov.in](http://www.mahagst.gov.in). Procedure in detail has been given in this circular.
68. Cir 7T of 2018 dt Feb 17, 2018: Single revised return for FY 2016-17 may be filed u/s 20(4)(b) and (c) (ie as per audit report or as per instructions received from department) of



MVAT Act. Detailed procedure for the same is given in this circular. It was already allowed as per provisions of law but utility for the same was missing for FY 2016-17. So, dealers were forced to file periodic returns.

69. Cir 6T of 2018 dt Feb 14, 2018: CST declarations (ie C form, F form, H form etc –

- Dealers registered on or after May 25, 2016 can apply for eCST declarations for the periods from Apr 1, 2016 on [www.mahagst.gov.in](http://www.mahagst.gov.in). This facility is already available and procedure explained in Cir 8T of 2017.
- Dealers registered prior to May 25, 2016 can now apply for eCST declarations for the periods from Apr 1, 2016 on [www.mahagst.gov.in](http://www.mahagst.gov.in). This facility is made available from Feb 9, 2018.
- Dealers registered prior to May 25, 2016 would be able to apply for eCST declarations for the periods prior to Apr 1, 2016 on [www.mahagst.gov.in](http://www.mahagst.gov.in). Announcement for the implementation shall be made in due course of time.
- Detailed procedure for applying for eCST declarations is given in this circular.

70. Cir 5T of 2018 dt Feb 9, 2018: Dealers who are dealing in specified six goods are only allowed to continue in VAT. Others are deemed to be cancelled u/s 16(6A) of MVAT Act. **However, such deemed cancellation shall not be applicable to registration certificates issued under CST and they shall continue to be valid unless cancelled after following due process.**

71. Cir 4T of 2018 dt Feb 1, 2018: Utility for uploading SORs (statement of request) for CST declarations for the periods upto June 30, 2017 by the dealers registered prior to May 25, 2016 has been discontinued from mahavat portal. It shall start on mahagst portal.

72. Cir 3T of 2018 dt Jan 16, 2018: Clarification with regard to taxation of natural gas under MVAT Act.

73. Cir 2T of 2018 dt Jan 12, 2018: Due date for uploading of VAT audit for FY 16-17 extended from Jan 15, 2018 to Feb 15, 2018. Physical copy of acknowledgement and statement of submission of audit report to be submitted upto Feb 25, 2018.

#### INCOME TAX:

1. Union Budget 2019 highlights:

- i. This was an interim budget presented on Feb 1, 2019. Full budget shall be presented by the newly elected government. Therefore, these are only proposals till they get passed in parliament and receive assent of the President. These proposed amendments shall be applicable from financial year 2019-20.
- ii. There is no change in tax slabs. 5% upto Rs 5 lacs, 20% upto Rs 10 lacs and thereafter 30%.
- iii. Benefit of no tax upto taxable income of Rs 5 lacs is given by way of increase in rebate u/s 87A to Rs 12,500 in case of Individuals only. This provision is not applicable to HUF.



- iv. Standard deduction u/s 16(ia) is increased from Rs 40,000 to Rs 50,000.
  - v. As per Sec 23(4), exemption is available for only one house per person (ie Individual/ HUF) as self occupied. Now, this exemption would be available for two houses.
  - vi. As per Sec 23(5), unsold buildings which are held as stock in trade by builders are not liable for taxation upto one year from end of the financial year in which completion certificate is received. Now, such benefit is increased to two years. Thereafter, builder would have to pay tax on the same as deemed to be let out.
  - vii. As per Sec 54, Long term capital gain ('LTCG') on sale of residential house can be saved by investing amount of LTCG in another house (ie one other house). Now, if amount of LTCG is upto Rs 2 crore, then such benefit would be available if instead of one house, investment is done in two houses in India. Such benefit can be claimed by the Individual/ HUF only once in lifetime.
  - viii. U/s 80IBA, 100% deduction from profits from business is available to certain affordable housing projects. This deduction was available for projects approved from Jun 1, 2016 to Mar 31, 2019. Now, such deduction would be available for projects approved upto Mar 31, 2020.
  - ix. U/s 194A, TDS is not required to be deducted by banks if interest upto Rs 10,000 is paid during the year. This limit is raised to Rs 40,000. There is no change in limit of Rs 10,000 applicable to co-operative societies & post offices and Rs 5,000 applicable to others.  
  
However, as per statement of objects and reasons given at the end of Finance Bill states that increased limit would be applicable to banking company, co-operative society or post office.
  - x. Limit of TDS on rent u/s 194I raised from Rs 1,80,000 pa to Rs 2,40,000 pa.
  - xi. Other important matters in budget: Almost 99.54% of the total ITRs filed are accepted by the department without scrutiny. Vision is processing of ITR and issue of refund would be completed in 24 hours. Also, in next two years, it is proposed that scrutiny assessments and verifications would happen without human intervention and on anonymous basis.
2. Due to amendment in Sec 54EC by Finance Act, 2018, lock in period of bonds is increased from 3 years to 5 years if such investment is done on or after April 1, 2018. So, in respect of LTCG arising in FY 2017-18, lock in period of 3 years would be applicable if investment is made before Mar 31, 2018 and lock in period of 5 years would be applicable if investment is made after April 1, 2018.
  3. Deduction of National Pension Scheme ('NPS') u/s 80CCD is as below:
    - i. **In case of salaried employee (whether government or private):**
      - Contribution by employer upto 10% of salary (basic plus DA) is deductible without any upper limit u/s 80CCD(2).
      - Employee contribution upto 10% of salary is allowed as deduction u/s 80CCD(1) and is covered under overall limit of Rs 1.50 lacs u/s 80CCE. . Out



of this amount, Rs 50,000 is separately deductible u/s 80CCD(1B). Thus, if Rs 80,000 is invested, Rs 30,000 can be claimed u/s 80CCD(1) and Rs 50,000 can be claimed u/s 80CCD(1B) so that total deduction of Rs 2 lacs u/s 80CCD and 80CCE can be availed.

**ii. In case of other than salaried employee:**

- Contribution by assessee upto 20% of gross total income is allowed as deduction u/s 80CCD(1) and is covered under overall limit of Rs 1.50 lacs u/s 80CCE. . Out of this amount, Rs 50,000 is separately deductible u/s 80CCD(1B). Thus, if Rs 80,000 is invested, Rs 30,000 can be claimed u/s 80CCD(1) and Rs 50,000 can be claimed u/s 80CCD(1B) so that total deduction of Rs 2 lacs u/s 80CCD and 80CCE can be availed.

**iii. Taxation of amount withdrawn:**

- Amount received on account of closure or opting out of NPS is taxable u/s 80CCD(3). It includes own contribution, employer contribution and interest thereon. Upto FY 17-18, an amount of 40% of such amount received was exempt u/s 10(12A) in case of salaried employee. From FY 18-19, such exemption has been extended to all assesses (salaried and other than salaried).

However, if such amount is received on death of assessee, then it would not be treated as income of nominee.

- Pension received from the NPS would be fully taxable.
- With effect from FY 17-18, partial withdrawal as per allowable terms of NPS, to the extent of 25% of own contribution would be exempt u/s 10(12B).

**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.*

