

INDIRECT TAXES UPDATE – 150

CUSTOMS

Implementing Integrated Declaration under the Indian Customs Single Window

An 'Indian Customs Single Window Project' facilitates trade where importers and exporters would electronically lodge their Customs clearance documents at a single point only with the Customs. This will provide them a single point interface for clearance of import and export goods thereby reducing dwell time and cost of doing business.

In this regard, CBEC vide *Circular No. 10/2016-Cus. Dated March 15, 2016* has clarified the following:

Online Clearance from Participating Government Agencies: The online clearance between Customs and the other regulatory agencies is flowing online and the hard-copy of 'No Objection Certificates' (NOCs) is no longer required for clearance of goods. This online clearance has been rolled out at main ports and airports in Delhi, Mumbai, Kolkata and Chennai so far.

Integrated Declaration under Customs Single Window Project: The Customs Broker or Importer shall submit the "Integrated Declaration (ID)" (an electronic format for Bill of Entry) electronically which has been published on ICEGATE to a single entry point for consignments to be cleared under the Indian Customs EDI Systems. For clearance of imported goods in the manual mode, separate documents prescribed by the respective agencies will continue to apply. Separate application forms required by different PGAs like Drug Controller, AQCS, WCCB, PQIS and FSSAI would be dispensed with.

Declarations and Undertakings: Integrated Declaration will also include different types of undertakings, declarations, and letters of guarantee that are presently required to be submitted on company letter heads.

Supporting Documents: The ID has a separate section for supporting documents to be provided along with the Bill of Entry. Once the facility of digitally signed copies of the supporting documents is implemented, the need to provide hardcopies will be dispensed with.

Risk-based Inspection under Integrated Declaration: This facility will also gather data/information for implementation of a system of selective inspection and testing by all PGAs.

The Integrated Declaration will go live with effect from 01.04.2016.

[Circular No. 10/2016-Cus. Dated March 15, 2016]

[Clarification regarding 'other persons' used in Section 28 \(Recovery of duties not levied or not paid or short-levied or short-paid or erroneously refunded\) of the Customs Act, 1962](#)

Section 28 provides for provision of deemed conclusion of proceedings which was introduced to bring closure to the cases where the dues to the Government could be realized without going through the process of adjudication and to cut the protracted litigation.

CBEC vide Circular No. 11/2016-CUSTOMS, Dated: March 15, 2016 has clarified the word 'other persons' used in sub-section (2) & sub-section (6) of Section 28 as below:

The provision of deemed conclusion is contingent upon the person to whom a SCN has been issued for paying up all the dues of duty, interest and penalty. Therefore, 'other persons' imply persons to whom no demand of duty is envisaged with notice. Other persons who happen to be co-noticees in the SCN would be benefitted by the deemed closure in cases the compliance of conditions mentioned under said sub-sections in section 28 has been fulfilled by the main noticee. Further, all such cases where proceedings reach closure stage under the provisions of Section 28, an order to the effect must be invariably issued by the concerned adjudicating authority.

[Circular No. 11/2016-CUSTOMS, Dated: March 15, 2016]

[Kashipur District has been notified as Inland Container Depot](#)

CBEC vide Notification No. 40/2016-Cus.,(N.T.), Dated: March 16, 2016 has declared the following as Inland Container Depot in State of Uttarakhand for the purpose mentioned against it:

S. No.	Place	Purpose
15.	"(ii) Kashipur District U.S. Nagar,	Unloading of imported goods and loading of export goods."

[Notification No. 40/2016-Cus.,(N.T.), Dated: March 16, 2016]

CUSTOM & CENTRAL EXCISE

Amendment in Rules of Import / Manufacturing of Goods at Concessional Rate of Duty

Earlier Notification No. 32/2016-Cus.,(N.T.), dated March 1, 2016 & Notification No. 20/2016-Central Excise (N.T.), dated March 1, 2016 has notified Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods), Rules 2016 & Central Excise (Removal of Goods at Concessional rate of Duty for Manufacture of Excisable Goods), 2016 which CBEC vide Notification No. 39/2016-CUSTOMS (N.T.) & Notification No. 22/2016-Central Excise (N.T), Dated March 15, 2016 has been amended:

- Earlier the said rules would have come into force from 01.04.2016. Now these shall come into force from 16.03.2016 onwards.
- No security is required on execution of general bond with surety which was earlier proposed

[Notification No. 39/2016-CUSTOMS (N.T.) & 22/2016-Central Excise (N.T), Dated: March 15, 2016]

VALUE ADDED TAX

RAJASTHAN VAT

Effective date for filing Form EL-1, EL-2 and EL-3 has been extended from 01.02.2016 to 01.03.2016

The Rajasthan Government has extended the effective date, for furnishing the information of every month or part thereof in Form EL-1, EL-2 and EL-3 to the Assistant Commissioner/CTO, within 15 days from the end of the relevant month through www.rajtax.gov.in to 01.03.2016 . These Forms are to be filed by the following persons effecting transactions with in the State of Rajasthan through electronic media:

- (i) person effecting sale or purchase; or
- (ii) transports, receives for transportation or delivers goods; or
- (iii) receives any amount for the goods sold or purchased

[Notification No. F.16(708)TAX/CCT/2015/7669 Dated 15th March, 2016]

GOA VAT

Goa 2016-17 Budget Highlights

Following proposals have been made by Budget 2016-17:

- While preferring Second Appeal the appellant has to deposit an amount of 50% of the disputed dues but no such money is collected for filing first appeal. Therefore, it has been proposed to provide a deposit of 10% of the disputed dues in First Appeal.
- As the State moves towards the GST regime, it is proposed to notify a scheme to adjust and refund, excess ITC, in varying proportions during the forthcoming years for settlement of disputes and refund of excess Input Tax Credit (ITC) under Goa VAT Act, 2005.
- Presently excess of ITC against tax liability is not allowed to be refunded and provides for carry forward of the excess ITC. Therefore it has been proposed to provide for refunds and expeditious disposal of refund cases upon submission of all details and documentation required.
- It has been proposed to formulate a scheme for new units or start-ups or those who are in expansion, including existing units, in order to provide incentives based upon their capital investment, employment generation and procurement of raw materials locally.

DELHI VAT

Extension of date for filing Form GE-II for the first 3 quarters of FY 2015-16 upto 23.03.2016

Delhi Government has extended the date for filing Form GE-II for the first 3 quarters of current FY (i.e. 01.04.2015 to 30.06.2015; 01.07.2015 to 30.09.2015 and 01.10.2015 to 31.12.2015) from 15.03.2016 to 23.03.2016.

Online Form GE-II is to be furnished on quarterly basis by all Government Entities including Corporation or Board having their offices in Delhi for the purchases affected by them, for consumption or use by them, from the dealers registered and having a valid TIN/Registration Number.

[Notification No. F.3(619)/Policy/VAT/2016/1671-1684 dated 15th March, 2016]

Extension of date for filing Form CR-II for the first 3 quarters of FY 2015-16 upto 31.03.2016

The date for filing Form CR-II has been extended from 15.03.2016 to 31.03.2016 for the first 3 quarters of current FY (i.e. 01.04.2015 to 30.06.2015; 01.07.2015 to 30.09.2015 and 01.10.2015 to 31.12.2015).

Online Form CR-II is required to be furnished on quarterly basis for providing the details of transactions of delivering goods having value more than Rs. 10,000 at the doorsteps of their clients by all firms/companies engaged in the business of courier activities and having their

offices functioning within the National Capital Territory of Delhi.

[Notification No. F.3(628)/Policy/VAT/2016/PF/1658-1670 dated 15th March, 2016]

Procedure for sealing & de-sealing of premises

The Delhi Government vide Circular No. 43 of 2015-16 F.3(645) / Policy / VAT / 2016 / 1739-44 dated 21.03.2016 has prescribed the manner for surveys to be conducted by survey teams which are headed by an officer of the level of AC/ VATO which is as follows:

- The survey team can seize incriminating documents and any other unaccounted papers found during search for which a proper acknowledgement is to be given to the dealer.
- If the dealer refuses to cooperate, then the premises can be sealed & can be de-sealed only after furnishing the security.
- Sometimes the survey team may not be able to complete the task due to inadequate staff even after normal business hours. In such situations, the team can abandon the search operation in consultation with his supervisory officer & the premises should be locked and a seal / mark may also be affixed as a security measure. Further, security guard may also be posted if considered necessary & the survey can be resumed next day. In this way, business of the dealer remains unaffected.

[The above circular is issued in supersession of Circular No. 41 of 2015-16 F.3(645)/Policy/VAT/2016/1688-93 dated 16th March, 2016]

WEST BENGAL VAT

One-day registration for all dealers

The one-day registration scheme has already been in service since 27.05.2015. Now with immediate effect, it has been provided to extend this scheme for all new registration applications under both West Bengal VAT Act & CST Act. The registration shall be granted within next working day of furnishing hard copy of completed application along with necessary documents including application fees and security payment details. To avail this facility the dealer will have to follow the following steps:-

- Apply online for VAT Registration along with
 - Uploading the following scanned documents:-
 - Trade license(s)
 - PAN of firm

- PAN of owner
- Residential proof
- Security paid challan

- Uploading of security payment (GRN) details.

- Submit the signed hard copies of the following before the registering authority:
 - Acknowledgement
 - Application form
 - All supporting documents including above scanned documents, application fees and security paid challan

After successful receipt of the hard copies, the application shall be granted within next working day of receiving it. In case of any deficiency, the matter shall be informed through e-mail. In case of rejection of application, the security paid challan can be used against fresh application.

[Circular No 02/2016 dated 15th March, 2016]

MAHARASHTRA VAT

Maharashtra 2016-17 Budget Highlights

Following amendments / changes have been proposed in the budget:

- Computerization of the tax system i.e. adoption of SAP based system helps in efficient and timely tax collection as well as reduces the compliance cost. Tax payers are also kept informed to enable them to get updated status of the input tax ledger and information regarding interactions with the Department.

- It is proposed to give powers to assess a dealer on the basis of fair market price if goods are sold below market price with an intention to evade tax.

- It is proposed to provide a facility for online registration by uploading all the related documents. If any discrepancy is noticed then the application shall be rejected without hearing but only after giving an opportunity to the applicant to comply within the time stipulated. If the said defect is not rectified with the given time, then the application shall stand rejected. Provision is also made to cancel the registration if false documents are furnished.

- It is proposed to provide an option to file revised return up to due date of filing audit report (i.e. within 9 months and 15 days of the end of the year to which the report

relates i.e. 15th January) and dealer may file such revised returns multiple times.

- The Sales Tax Department does not assess all the dealers. In order to give certainty to the dealers whose cases have not been selected for assessment, it is proposed that a returns acceptance order, subject to certain conditions, be issued to them. Similarly, the returns filed within prescribed time period shall be deemed to have been accepted after the expiry of 4 years if assessment notice has not been issued till then.
- If the tax & interest liability assessed under an assessment has been paid by filing a revised return, then a confirmation order shall be issued and it will be proposed to conclude such assessment proceedings.
- It is proposed to transfer the credit of TDS by the contractor to the subcontractor for the TDS deducted by principal on payment made to a contractor. Further, the employer awarding contract shall be liable to obtain registration for TDS & such TDS return shall be filed by him. Penalty is also proposed for not obtaining such registration and non-filing of return.
- Section 56 relating to Determination of Disputed Questions which can be transferred to Advance Ruling Authority (AAR) has been proposed to be deleted and the applications pending under the said section can be transferred to AAR also.
- It is proposed to periodically obtain information from e-commerce companies regarding sales-purchase transactions effected on the portal. Penalty may be imposed for not furnishing the information.
- Now sales invoices of the goods manufactured by Ultra Mega Project holding identification certificate and Very Large Projects holding entitlement certificate for deferment will be required to declare that the goods have been manufactured in the said project.
- The rate of tax on goods is proposed to be enhanced from 5% to 5.5%, except on declared goods.
- The yearly turnover limit for composition scheme for retailers is proposed to be enhanced from Rs. 50 lakhs to Rs. 1 crore.
- An amnesty Scheme has been proposed to be announced which would be applicable to a dealer who has filed an appeal and the recovery of disputed dues is stayed by the appellate authority. The amnesty will be available if the dealer withdraws the appeal or even when some of the issues are pending in appeal.

Period	Waiver	Condition
Before 01.04.2005	Interest & penalty	Payment of disputed tax in full
01.04.2005 to 31.03.2012	Balance Interest & penalty	Payment of disputed tax amount and 25% of disputed interest

The amnesty shall be available from 1.04.2016 to 30.09.2016.

- It is proposed to implement Special Amnesty Scheme from 01.04.2016 to 31.03.2017. This scheme provides for taking over closed & unrevivable units if the principal tax dues have been paid at one go. The interest and penalty for such units will also be waived.

The above proposals are based on budget announcements and the necessary amendments to the Statute, Government Orders / issue of Circulars and / or Notifications are awaited as on date.

KARNATAKA VAT

Karnataka 2016-17 Budget Highlights

It has been proposed to:

- Provide for submission of Form VAT 240 (Audited Statement of Accounts) electronically and to levy penalty for non-compliance.
- Amend Section 10(3) (Output tax, input tax and net tax) to bring in clarity so as to have effect only from 1.4.2015.
- Amend Section 10 to assess the dealers who are statutorily required to upload but fail to upload such purchase and sales statement by disallowing input tax.
- Amend Section 38 (Assessment of Tax) to include cases relating to the dealers who file incorrect and incomplete returns.
- Amend Section 72 (Penalties relating to Returns) for levy of penalty under the circumstances of filing revised returns resulting in tax liability of more than 5%.

Further, proposals have been made for:

- Development of a dedicated module for transportation of goods that will allow transporters to upload the details of goods transported online for hassle-free movement of goods and to bring in much required transparency.
- Development of mobile application for the benefit of small dealers.

The above proposals are based on budget announcements and the necessary amendments to the Statute, Government Orders / issue of Circulars and / or Notifications are awaited as on date.

Source: www.cbec.gov.in / www.salestaxindia.com

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