



E-Newsletter of the Guwahati Branch of EIRC of
The Institute of Chartered Accountants of India
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Guwahati@ICAI

Contents...

- 1 | Chairman's Message
- 2 | Editor's Message
- 3 | Launch of Revamped Branch Website
- 4 | Articles
- 5 | Branch Activities
- 6 | Managing Committee

Editorial Board...

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CA. Ravi Kumar Patwa (Ex-Officio)



From the Chairman's Desk



Dear Members,

The Branch has undertaken a number of activities in the month in various fields and areas.

- The branch organized **Technology Summit: Empowering CAs to Meet Challenges of Digital Transformation** (6 CPE Hours) on 3rd August, 2019 in which CA. Venugopal Gella, CA. Anand Prakash Jangid and CA. Sanjib Sanghi were the speakers.
- Newly appointed judges of National Company Law Tribunal, Guwahati Bench were felicitated by the Branch.
- Independence Day celebrations were held at branch premises.
- The Branch felicitated Hon'ble Finance Minister of India and Minister of State (Finance) at an interactive session with Taxpayers on 29th August, 2019 at Hotel Radisson Blue, Guwahati.
- I being the branch chairman was invited as Guest of Honour at Freshers' Social Function of K.C. Das Commerce College.

It is always our endeavor to give the best to our members and we solicit advice from members regarding improvement in our functions.

The Branch shall be hosting National Conference, 2019 on the 22nd and 23rd November, 2019 and we expect kind your presence in the same.

Through this newsletter I again appeal all the members to kindly contribute towards the CABF fund and support our needy members.

I conclude my message with the same belief of your continued support and guidance.

Regards,

CA. Dhiraj Kumar Jain
Branch Chairman

1



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From the Editor's Desk

Dear Colleagues,

The Newsletter Committee is always endeavoring to provide latest and useful information to its readers so that members can keep themselves updated in various areas of our profession.

Our profession is passing through a very sensitive phase and the same can be easily passed by us by increasing our knowledge and expertise in various areas of our practice and the same is possible only by reading and studying.

We would like to thank all the members of the Newsletter Committee for their unconditional support towards the newsletter and supporting the cause.

The coming months are no less burdensome for all of us and we have to keep the momentum on for keeping pace with the compliance calendar.

September month is the due date for Tax Audits and Company Audits and we are faced with newer challenges every year and this year being nothing less than the earlier years. Thus, we have to tighten our seat belts and get ready for the journey to better compliances.

The Branch has requested members to generously contribute towards the Chartered Accountants Benevolent Fund (CABF) so that the ICAI can extend its support to the needy friends of ours. In this context, I also would like to request all members of our branch to contribute to the fund to the extent possible.

Regards,

CA. Ayush Saraf
Editor

2



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LAUNCH OF REVAMPED BRANCH WEBSITE

<https://guwahati-icai.org>

The Branch proudly announces the hosting of the revamped website of our Branch with new features. The revamped branch website was launched on 3rd August, 2019 in the presence of Branch Chairman, Past Branch Chairmans & Senior Members. Following are the additional features added by us in the branch:

- 1) A fresh look has been given to the website.
- 2) Various links from the main website of ICAI has been provided by us which are commonly used by members:

ICAI Member's Database Search	Check CPE Credit	Council Guidelines	Regulatory	Download firm constitution certificate
Fresh Gallery look has been given	ICAI E Services & literature and other resources in ICAI website	E-Sahayata	SSP Portal	Faculty Registration link with ICAI

- 3) A new facility has been launched by the branch wherein any member who wants to become a speaker in programmes of branch may apply with the branch under '**Want to become speaker**' tab in website and branch will consider the request.
- 4) "**Branch Sahayata**" facility has been launched in the branch wherein any suggestions/ problems faced by the members can be shared with the branch and if possible the branch will take prompt actions on the same.
- 5) A feature has been enabled '**Seminar Query**' wherein a member can ask questions to experts in any seminar organised in the branch. However, the questions can be asked only before the start of the seminar.
- 6) Students registration link has been enabled wherein students can share their database with the branch and involve themselves with branch activities.
- 7) Online Member Directory has been launched by the branch. The directory can be accessed only by members of the branch. For accessing the directory following steps are to be followed:
 - Click on '**Member Login**' tab on the top of the website
 - Click your six-digit membership number (in case of 5 digit number affix '0' before the number)
 - OTP will come to your e-mail id registered with the branch
 - Give your password
 - Access the members directory

In case OTP does not come to your e-mail, that may be due to the reason that your name is not there in the database or that there might be some mistake in your data with the branch. In that case, kindly send a mail to icai.guwahati@gmail.com with the following details and your member card and we shall immediately enable the same:

Name	Membership No.	Professional Address	Mobile No.	E Mail ID
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We understand that there is always a scope for improvement in the website and thus we seek your valuable comments for improvement of the same.

3



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CA. Venugopal Gella

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Merchant Export vs Deemed Exports

Exports always attract tax incentive since these increase forex reserves. Even under GST the benefits continued. Accountants sometimes get confused or interchangeably use the words Merchant exports and Deemed Exports. This article is an attempt to bring the clarity on both the concepts and avoid wrong reporting of value in the GST Returns.

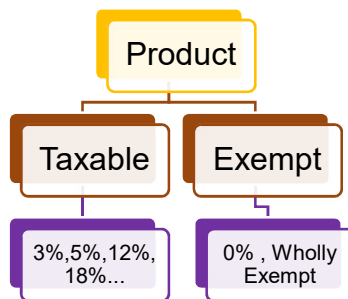
Firstly, one has to understand that the levy on supply and taxation is to be tested either based on the supplier or based on the nature of transaction. Exports levy is based on the supplier. A product which is taxed at 5% in domestic market, when exported would be called as Zero Rated and no tax impact to supplier. This is certainly distinct from a NIL rated. In case of a Nil rated rate of tax is Zero. But for a Zero-rated product, there exists a tax rate and the rate is made to Zero.

Explaining further, teaching services are taxable whereas when these teaching services are provided by education institution there are treated as exempted. In this example the supplier i.e. the educational institution determines the taxability of the transaction.

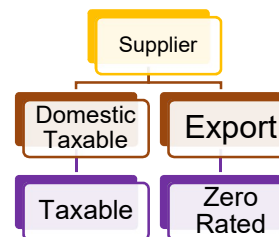
It is always necessary while determining the taxability or exemption for considering the following two limbs

- Nature of Supply
- Type of Supplier

Based on the Supply



Based on the Supplier



Merchant Export

Merchant exporter is a person who is engaged in **trading** activity. The Goods bought for export or intending to export. He is not involved in any manufacturing activity. He intends to aggregate supplies from multiple registered suppliers and then export.

Prior to GST, Merchant exporters were exempted from paying:

- Excise duties by following procedures of Form CT-1 / ARE-1 formalities and
- CST was exempted against H-Form.



Articles

On implementation of GST, the facility of procurement of goods without payment of tax by the Merchant exporter for export has been dispensed with. Due to this Merchant exporters had working capital issue since they had to buy the goods with tax.

To ease the cash flow subject to certain condition government brought relief by way of Notification No. 40/2017-Central Tax (Rate) dated 23.10.2017 subject to fulfillment of the certain conditions.

Tax Rate on purchase

Exempts tax on supply of taxable goods by a registered supplier to a registered recipient for export from so much of the central tax leviable thereon under section 9 of the said Act, as is in excess of the amount calculated at the rate of 0.05 per cent. So, the tax rates would be CGST is 0.05% and SGST is 0.05% for intra-state supply and IGST would be @0.1% in case of inter-state supply.

Conditions

1. Registered supplier shall supply the goods to the registered recipient on a Tax invoice.
2. Goods to be exported within 90 days from the date of issue of tax invoice.
3. Merchant exporter shall mention GSTIN and Invoice Number of the supplier in Shipping bill.
4. He shall be registered with an Export Promotion Council or a Commodity Board recognised by the Department of Commerce.
5. He shall place PO for procuring goods at concessional rate of duty and send copy of same to the jurisdictional tax officer of the registered supplier.
6. Goods shall be directly moved to port, ICD, Airport or Land customs station or warehouse of port, ICD or LCS from place of registered supplier
7. If he intends to aggregate supplies from multiple registered suppliers, goods shall be aggregated at warehouse and then moved for export
8. Tax invoice and Receipt of goods in registered warehouse to be issued

Shipping Bill with GSTIN of supplier, Tax Invoice along with EGM to be given to supplier and jurisdictional tax officer of such supplier.

Example: A product which is ordinarily sold at 12% rate of tax



Deemed Export

While merchant export facility is on procurement, Deemed Export benefit is on Supply. Export of Goods means taking goods out of India to a place outside India. In the transaction of Deemed exports the goods do not leave India though the goods are finally meant to be exported. The payment for such supplies is received in INR.

5



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Articles

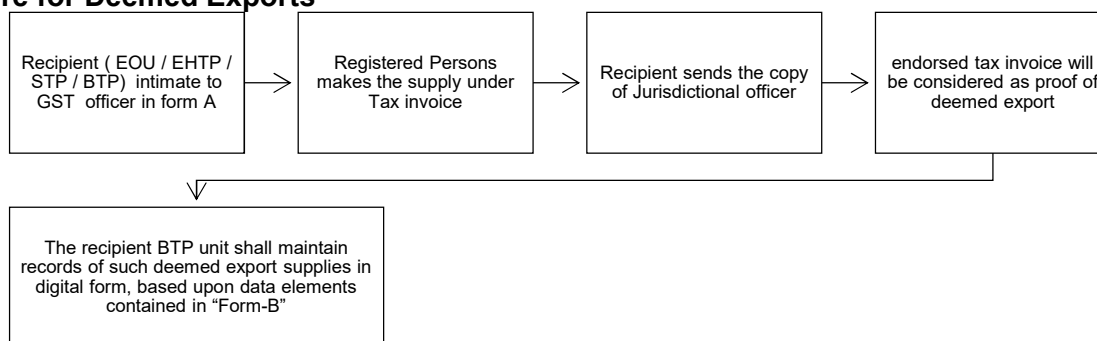
Benefit of Deemed exports are like Zero Rated supplies with payment of tax, where the Tax component paid would be refunded by the government. Overall there is no GST impact on this supply. Notification 47 /2017 and 48/2017 of Central Tax dated 18th Oct 2017 describes more on these supplies.

Applicability

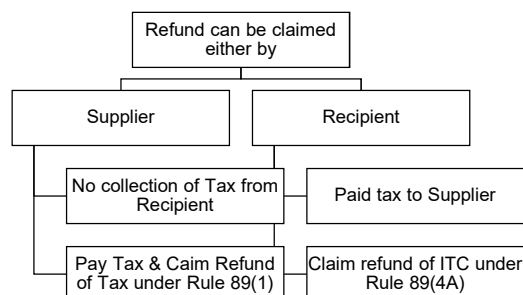
Following are the DTA supplies to be categorized as deemed exports:

1. Supply of goods by a registered person **against Advance Authorisation**
2. Supply of capital goods by a registered person **against Export Promotion Capital Goods Authorisation**
3. Supply of goods by a registered person **to Export Oriented Unit**
4. Supply of gold by a bank or Public Sector Undertaking specified in the notification No. 50/2017- Customs, dated the 30th June, 2017 (as amended) against Advance Authorisation.

Procedure for Deemed Exports



Refund of Taxes paid



Key points of distinction between Merchant Export & Deemed Export

Merchant Export	Deemed Export
<ul style="list-style-type: none"> • Benefit of lower tax procurement to an exporter 	<ul style="list-style-type: none"> • Extension of Zero-Rated Supply benefits to a Domestic Trader
<ul style="list-style-type: none"> • Recipient shall be registered with an Export Promotion Council or a Commodity Board recognised by the Department of Commerce 	<ul style="list-style-type: none"> • Supply should be against Advance Authorisation or EPCG or to EOU
<ul style="list-style-type: none"> • Concessional rate of duty (i.e .05%+0.05% or 0.1%) 	<ul style="list-style-type: none"> • Regular Rate of tax
<ul style="list-style-type: none"> • Conditions to be satisfied to charge lower rate of tax 	<ul style="list-style-type: none"> • Conditions to be satisfied for claiming refund
<ul style="list-style-type: none"> • These transactions can treated as partly exempted supplies and are not to be included as exempt supplies for the purpose of Rule 42. 	<ul style="list-style-type: none"> • Either the supplier or recipient can claim refund of the taxes paid.



Articles

Some Important Advance Rulings under GST



CA. Manoj Nahata

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ISSUE	DECISION
<p>1. Whether Head office can charge any price in the invoice, under second proviso to Rule 28 of the CGST Rules, to the branches even if “open market value” is available under Rule 28(a)?</p>	<p>Held: No.</p> <p><i>M/s Specsmaakers Opticians Private Limited-AAR Tamil Nadu</i></p> <p>The Authority ruled that the applicant shall adopt the "open market value as per Rule 28(a) as the same is available for the supplies made to the distinct recipient outside the state. Instead of the available open market value, the applicant can also opt to value the same at 90% of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person.</p>
<p>2. Whether a branch is eligible to avail credit of input tax charged by Head office for the supply of cranes, where the payment is made through book adjustments and such cranes are further supplied by branch on hire charges?</p>	<p>Held: No</p> <p><i>M/s Sanghvi Movers Ltd. –AAR Tamil Nadu</i></p> <p>The AAR held that in the applicant’s case, there is a consideration to be paid by the applicant to HO (being, hire charges mentioned in the invoices). Hence, proviso to Rule 37 that is exemption from making full payment will not be applicable to the applicant. Accordingly, the applicant will not be eligible for the full ITC as per the inward supplies received from H.O as they would be required to reverse such ITC if taken as per second proviso Section 16(2) of CGST Act and Rule 37 of CGST Rules.</p>



Articles

Some Important Advance Rulings under GST

Contd....

ISSUE	DECISION
<p>3. Whether ITC on motor vehicles purchased for demonstration purpose can be availed as credit on capital goods and set-off against output tax payable under GST?</p>	<p>Held: Yes</p> <p><i>M/s Chowgule Industries Private Limited-AAR Goa</i></p> <p>In the applicant's case, the demo vehicle is indispensable tool for promotion of sale by providing trial runs to customers. The capital goods are used in the course or furtherance of business of the applicant. Hence, the applicant is entitled to avail the credit of input taxes paid on the purchase of demo cars.</p>
<p>4. Whether the Ex works plus freight and insurance to be treated as composite supplies? Whether showing and charging freight and insurance portion separately in invoice would attract different rate of GST?</p>	<p>Held: Yes, same rate as of the principal supply.</p> <p><i>M/s. Aditya Birla Nuvo Limited -AAR Gujrat</i></p> <p>The Authority ruled that the ex works is principal supply and freight and insurance are incidental or ancillary services. Further, if freight and insurance portion are shown and charged separately in invoice, it would not change the fact that the supply is a composite supply and hence there cannot be different type of treatments of tax liability of supply of different goods/services naturally bundled together.</p>

8



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Articles

Some Important Advance Rulings under GST

Contd....

ISSUE	DECISION
5. Whether GST will be chargeable on notional charges for financial assistance provided by a Government owned subsidiary to other Government owned entities?	<p>Held: No</p> <p><i>Gujarat State Financial Services Ltd.-AAR Gujrat</i></p> <p>The Authority stated that the applicant makes the supply of loan and for which consideration is only interest. As stated by the applicant there is no other consideration so even if the service is provided to related party the applicant will be eligible for exemption under sub entry (a) of entry 27 of Notification No. 12/2017-Central Tax (Rate) under CGST Act 2017. The said notification neither talks about related – unrelated party nor about notional consideration. Therefore, the question of charging GST on notional consideration does not arise.</p>
6. Whether GST has to be paid under reverse charge mechanism on freight paid on transportation of cotton oil seed cake?	<p>Held: Yes</p> <p><i>M/s Sanjay Kumar Jain- AAR Rajasthan</i></p> <p>The Authority stated that the applicant uses the services of GTA for transportation of cotton seed oil cake. Being, a recipient of service, the applicant is liable to pay tax as per Sr. No.1 (d) of the Notification No.13/2017. The Authority further stated that no specific exemption has been granted on transportation of cotton seed oil cake under Exemption Notification No.12/2017 dated 28.06.2017.</p>

BRANCH ACTIVITIES



Technology Summit: Empowering CAs to Meet Challenges of Digital Transformation (6 CPE Hours) was hosted at the Branch Premises on 3rd August, 2019. CA. Venugopal Gella, CA. Anand Prakash Jangid and CA. Sanjib Sanghi were the speakers.



The Branch felicitated the newly appointed judges of National Company Law Tribunal, Guwahati Bench.



Independence Day Celebrated at Branch premises.



The Branch felicitated Hon'ble Finance Minister of India and Minister of State (Finance) at an interactive session with Taxpayers on 29th August, 2019 at Hotel Radisson Blue, Guwahati.



Branch Chairman invited as Guest of Honour at Freshers' Social Function of K.C. Das Commerce College.

MANAGING COMMITTEE

NATIONAL CONFERENCE, 2019 SCHEDULED ON 22ND AND 23RD NOVEMBER, 2019

APPEAL TO MEMBERS

The Guwahati Branch of EIRC of ICAI hereby requests all its members to contribute generously towards the CABF and help the Institute in extending support towards needy chartered accountants and their families. Donors may kindly contact Branch Chairman for the same.

MANAGING COMMITTEE OF GUWAHATI BRANCH OF EIRC OF ICAI FOR THE PERIOD 2019-2020

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11



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