



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set-up by Act of Parliament)

BHUBANESWAR BRANCH OF EIRC OF ICAI



e-News Letter

April 2017

ICAI BHAWAN

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From Chairman's Desk

Dear Professional Colleagues

Greetings

It gives me immense pleasure to get connected with you all once again through this April 2017 edition of Members' e-Newsletter. I extend my thankfulness to my colleagues in Managing Committee of Bhubaneswar Branch who have always supported me and encouraged me to perform.

April the starting of a new financial year, is a bit hectic for all the members due to bank audit. To help members in their audit we conducted Bank Audit Seminar at our branch and got over-whelming response from all the members.

With Goods and Services Tax being closer to the reality, our branch is trying to host a number of events including Study Circle Meetings and Seminars to ensure the topic is well discussed and the members get the best chance to hone their skills in this very important reform in India. To make the above goal possible last month we have conducted a seminar on 'GST – Is It a Tax Reform or Business Reform' in association with Service Tax Department, Bhubaneswar.

Last month, we conducted seminar on Pradhan Mantri Garib Kalyan Yojana (PMGKY) & Critical Appraisal of Finance Bill, 2017 in association with Income Tax Department, Odisha.

Taking health on priority and considering the lifestyle we all follow, Bhubaneswar branch has conducted a health awareness programme on Secret of Healthier, Longer and Happier Life.

Other than above programmes we celebrated International Women's Day on 8th March 2017 and Dola & Holi at our branch with our members.

To Quote Henry Ford; Coming together is a beginning, keeping together is progress, working together is success.

By this note, I would request all our members to participate, come together and derive maximum benefit out of the programmes conducted by our branch. Any type of suggestions, grievances, participation is always welcome from all our members.

Thank you!

With Warm Regards

CA. Rashmi Ranjan Mishra,
Chairman

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DIRECT TAX & INVESTMENTS PLANNING – FOR FINANCIAL YEAR 2017-18

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GENERAL TAXABILITY :

1. BASIC EXEMPTION LIMIT & SOME OF THE DEDUCTIONS AVAILABLE:

(a) FOR MEN & FOR WOMEN - Rs.2,50,000/-

(Below 60 years age)

(b) For Senior Citizens (Aged 60 or above but below 80) - Rs.3,00,000/-

(c) For Super Senior Citizens (Aged 80 or above) - Rs.5,00,000/-

Note:

Tax payable if your GROSS Taxable Income exceeds Basic Exemption limit and no deductions stated below are availed:

Rs.2,50,000/- to Rs.5,00,000/- - 5% (Plus 3% Education High Edu. Cess on Tax)

Rs.3,00,000/- to Rs.5,00,000/- - 5% (Plus 3% Education High Edu.cess on Tax)

Upto Rs.5,00,000/- - NIL

A rebate of Rs.2,500/- (against earlier figure of Rs.5000/-) shall be granted to all resident individual assesseees from tax computed after taking deductions under Chapter -VIA (Sections 80C to 80U) whose Total Income (after deducting amounts deductible under chapter VIA) does not exceed Rs. 3,50,000/-. The rebate u/s 87A shall be granted from the amount of tax computed i.e. before education cess and secondary and higher secondary cess.

Make use of Deductions as referred below as part of TAX PLANNING as per provisions of Income Tax Act. Automatically your GROSS Taxable Income will get converted to NET Taxable Income and will become lower & lower and you may not be liable to tax or you will remain at 05% Taxability.

Do not think of evading tax by not disclosing your proper income. Later you might repent for your actions & turn yourself as Enemy of your family and the Nation.

Deductions available from Gross Total Income as per Income Tax Act read with rules thereon :

u/s 80C - Rs.1,50,000

for PF, PPF, LIC (limited to 10% premium on capital value insured and 15% for policies on the life of person with disability/ severe disability or a person suffering from diseases mentioned in rules under section 80DD) Housing loan repayment, tuition fees, NSC, Equity Linked Savings Scheme (ELSS), etc.

Sukanya Samrudhi Scheme Deposit added as one of the items in 2015 Act (interest income on such deposit is not taxable) for investing in daughter's names aged below 10.

u/s 80 CCD - Pension contribution by Employer / Individual

(1) U/S 80CCD(i) within overall Rs.1,50,000/- limit (subject to 10% of salary by employee / 20% of Gross Total Income in case of self employed person).

(2) U/S 80CCD(ii) if employee contributes upto 10% of Salary (Part of CTC) then the same is added as part of Salary and deduction is allowed from Taxable income.

(3) Taxable under Exempt – Exempt – Taxable (EET) scheme when such moneys received later.

u/s 80 CCD (1B) - Rs. 50,000/-additional deduction

Excluding above deductibility and beyond Rs.1, 50,000/- overall limit laid for 80C.

Note: 80CCD & 1B on withdrawal upto 40% Non-taxable Balance 60% taxable unless reinvested in specified annuity scheme.

On partial withdrawal as per Rules of the Scheme upto 25% of employee's own contribution to be exempt.

In case of self employed persons complete or partial withdrawals are fully taxable.



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u/s 80 D	-	Rs. 25,000 to 55,000	For Mediclaim of Self/Spouse/Children by Individual Rs.25,000/- Any of Parents being Senior Citizen and covered by the son/daughter further Rs.30000 /- (<u>with Health Check up charges upto Rs.5000/- within the ceiling of Rs. 25,000 to Rs. 55,000).</u> <u>Sr.Citizens having taken care themselves Rs.30,000/-.</u>
u/s 80DD/ DDB	-	Upto Rs.1,25,000 / Rs.75,000/-	Medical expenses for specified diseases/ disability etc., for handicapped dependent.
u/s 80 E	-	No limit on amount but 8 years time limit	Interest on <u>Educational Loans</u> taken for self/spouse/children's education.
u/s 80EE	-	<u>Rs.50,000/- additional.</u>	After 31.3.16, if Housing Loan from Banks/Financial Institution sanctioned in <u>FY 16-17</u> for Residential house valued upto Rs. 50 lakhs & loan to be upto Rs. 35 lakhs & no other Residential property exists for an Individual at the time of sanction of loan (once allowed can not be claimed as interest for self occupied property again where limit is Rs.2 lakhs)
u/s 80 G/ GGA	-	<u>Donation with limit of 50%/100%</u>	Different types of eligible Donations including to political party (but not eligible if paid by cash in excess of Rs. 2,000/-from 2017-18 including to political party)..
u/s 80GG	-	<u>Rs.5000.- P.M (w.e.f. 1.4.2016). Earlier it was Rs.2000/- p.m.)</u>	If no HRA/House provided by the employer then for house rent expenses incurred. Also available for self employed assesses.
u/s 80TTA	-	<u>Rs.10000/-</u>	<u>For interest earned on Savings bank accounts.</u>
u/s 80U	-	<u>Upto Rs.1,25,000/-</u>	Self for disability due to specified diseases and depending on % of disability.
Medical Expenses	-	<u>Re-imbursement upto Rs. 15000/- (for salaried people).</u>	<u>Fixed in 1998</u> within limits prescribed under Rule 2A.
Sec.10(13)A	-	<u>HRA (for salaried people)</u>	Proof of House rent paid and PAN of Landlord required. Varying limit % linked to salary. <u>Salary to include basic plus DA</u> (if qualifies for PF also).
Sec.10(14) (for salaried people)	-	<u>Rs.100/- p.m per child (w.e.f. from July 1997)</u>	Educational Allowance-upto 2 children
	-	<u>Rs.300/-p.m per child (w.e.f. from July 1997)</u>	Hostel Allowance – upto 2 children
	-	<u>Rs.800/- p.m (w.e.f. from July 1997)</u>	Conveyance Allowance for home to Office & back <u>increased to Rs.1600/- P.M. in 2015 Act.</u> from Rs.800/- p.m.
LEAVE TRAVEL CONCESSION (for salaried people)	-	<u>2 Journeys in Block of 4 years starting from 1986 in India.</u>	For family comprising of husband/wife/2 children and/ Dependent parents, brothers, sisters. Proof of travel and expenses required to be submitted to employer.
Section 24	-	Upto Rs.2,00,000/- Interest on Loan	Self occupied Residential Property (Separate Rs.50,000/- as stated above u/s 80EE).
Family Pension Received	-	Rs.15,000/- or 1/3 rd of pension whichever is less w.e.f.01.04.1998 (revised from Rs.12,000/ earlier fixed)	Widows / widower receiving family pension on death of pension holder (U/S 57(iii) a.)

Note:

“Salary” for Housing Accommodation provided by employer (with No HRA) is defined as to include Basic + DA (as referred above) + Bonus + Fees + all other taxable allowances + all monetary payments. A very very high taxing definition for those who occupy Accommodation provided by Employer.
Please note that no separate “Standard Deduction” is available to salaried people. Dropped during UPA I rule from F.Y. 2005 - 06.



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WOMEN employees had separate additional exemption limit of Rs.10,000/- as compared to MEN. Dropped under UPA 2 rule from F.Y. 2012 -13.

RAJIV GANDHI EQUITY SAVINGS SCHEME (RGESS):

New retail Investor investing in specified shares /units of an equity oriented mutual fund upto Rs.50,000/- under Rajiv Gandhi Equity Savings Scheme to get 50% deduction and gross total income of the person to be less than Rs.12 lakh for eligibility. Deductions can be claimed in consecutive three assessment years if the assessee invests the money in accordance with the scheme in each of the previous years. Assessee has to have DMAT account for such Investment which can be also in mutual funds complying with Scheme requirement. Now available for investment made only upto 31.03.2017.

SALARIES WITH PERQUISITES:

Taxed per law read with Rule 3 for taxation of perquisites along with TDS done by employer like last year and Form 16 provided by Employer in this regard.

Note : Salaried people/pension holders earning upto Rs.5 lakhs income including savings bank interest not exceeding Rs.10,000/- and not having other incomes not required to file income tax return from 2011-12 Financial year if taxes are paid and no refund is due.

3. **OTHERS:**

Please note that you should have a Permanent Account Number (PAN) card for you and your spouse, children, parents which is of great use on many occasions. All purchases beyond Rs.1,00,000/- PAN is to be quoted from 01.06.2015.

Keep Aadhar card for all family members

Mandatory e-filing of Income Tax Return introduced, if total income exceeds Rs.5,00,000/-.

All assesses to pay advance tax on 15.6 / 15.9 / 15.12 / 15.3 Total 100%

15% 30% 30% 25%

Senior citizens not having business/professional income not required to pay Advance Tax. from F.Y 2012 -13 onwards. To pay taxes while filing I.T Return by specified date being 31st July.

Return to be filed by 31.07 otherwise penalty (late filing fees) Rs.5,000/- upto 31/12/ Rs.10,000/- after 31.12 from 17-18 F.Y (Ass.Year 2018-19).

Receipt of moneys by cash beyond Rs.3,00,000/- Penalty can be to the extent of moneys received by the recipient.

1 Page return Form if income below Rs.5,00,000/- expected in A.Y 17-18 itself.

1st year Return filing with income upto Rs.5,00,000/- no scrutiny to be done by the Income Tax Department effective A.Y 17-18 itself.

4. **INCOME FROM HOUSE PROPERTY:**

* Self occupied property- (a) Interest on Housing Loan allowed as deduction upto Rs.2,00,000/-. Can be considered as deduction from Salaries income for Tax Deduction at source by Employer.

(b) Can be availed separately Rs.2,00,000/- each by self/spo use on joint properties if so planned while acquiring property. Rs.50,000/- U/S 80EE allowable under (c) below can not be claimed under this section again.

(c) Assessee being individuals availing a loan from a Bank/Financial institution sanctioned between 01.04.2016 and 31.03.2017 not exceeding Rs.35.0 lakh for acquisition and construction of a residential house property value whereof does not exceed Rs.50.0 lakh provided the assessee individual does not own any residential house property on the date of sanction of loan will be allowed deduction not exceeding Rs.0.50 lakh which can be availed u/s 80EE for 2017-18 Assessment year. That is loan sanctioned and availed in 2015-16 Financial year will not be eligible for such additional relief.

- Let out - Rental Income (after municipal taxes) less 30% for repairs and Actual interest paid fully deductible upto 31.03.2017.
- If you have spent on Interest expenditure during construction period such interest also allowable over 5 year period after occupancy / let out. For self occupied property within Rs.2,00,000/- / 2,50,000/- limit only allowable.
- If you have two residential houses and one is self occupied & other not let out then one of the two houses at your option will be deemed to be let out & you have to pay taxes as if you have received rent. Interest if any paid for house deemed to be let out will be deductible with limits as specified above from such deemed income.
- 2017 Budget proposes to restrict interest deductible under Income from House Property in toto to Rs.2,00,000/- Harsh provision for Investment in Real Estate through Loans.
- Balance interest to be carried forward for eight years to be set off against house property income only. A very difficult proposition.

5. **CAPITAL GAINS :**

Shares/Equity Oriented Units held for more than 12 months and transactions through Broker with Security Transaction Tax (STT) payment :-

LONG TERM CAPITAL GAINS NOT TAXABLE

LONG TERM CAPITAL LOSSES not allowable for carry forward for future set off against Gains.

Holding less than 12 months treated as SHORT TERM CAPITAL GAIN – taxable @ 15% if STT paid and LOSSES to be carried forward for set off against future 8 years' gain.

If no STT paid, then short term capital gains taxable as normal income and Long Term Capital Gain taxable subject to indexation benefit @20%.



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OTHER ASSETS AS GOLD/SILVER/LAND/BUILDING ETC. & CAPITAL GAINS / LOSSES:

- More than 36 months holding LONG TERM (LTCG)
- Less than 36 months holding SHORT TERM (STCG)
- Note:** Except that for land and building holding for more than twenty four months to be considered as Long Term (w.e.f.01.04.2017)
- LONG TERM gain taxable @20% & cess of 3% subject to indexation (1981 : 100 / 2016-17 / 1125) facility available.
- Base shifted to 01.04.2001 from 01.04.1981 (New Indices to be notified) from 01.04.2017 onwards (i.e. from Financial Year 2017-18)..
- SHORT TERM gain taxable at normal rate except for listed equity shares/equity oriented funds on which STT deducted the rate shall be 15%.
 - Long Term Capital/Short Term Capital Losses allowable for set off against LTCG / STCG only later upto 8 years.
 - Please note that any land / building (other than agricultural land) if sold in excess of Rs.50,00,000/- purchaser to deduct tax @ 1% on seller A/c & pay to Govt. as TDS.
 - Purchaser need not take any TAN for such purpose. But Seller's PAN should be taken otherwise TDS rate to be 20%.
 - Taxable Capital Gain can be adjusted against losses under other heads of income.
 - No capital gains on conversion of preference shares into equity shares and holding period of preference share to be counted for reckoning 'long term' (w.e.f. 01.04.2017)
 - No capital gains on consolidation plan of Mutual Fund Scheme and holding period to be counted for reckoning 'Long Term' (w.e.f. 01.04.2017).
 - In respect of unquoted shares 'Fair Market Value' on the date of transfer shall be deemed to be consideration (w.e.f. 01.04.2017).
 - Joint Development Agreement – Capital Gains will arise on receipt of owners % from Developer and after obtaining completion certificate. (w.e.f. 01.04.2017).
 - DO NOT RECEIVE ANY CASH FOR IMMOVABLE PROPERTY TRANSACTIONS.

Tax saving can be planned for LTCG on sale of above assets:

- On sale of land used for agriculture purpose (within municipality etc. limit) for more than 2 years by Individual or HUF one can buy agricultural land within a period of 2 years and then no tax liability arises u/s 54B. As such agricultural land in rural areas not treated as Capital asset for tax purpose. Definition of rural land (which is not liable for Capital Gains) has been changed w.e.f 01.04.2013 and now rural could mean distance of more than two k.m. from a municipality, cantonment board which has a population > 10,000 but < 1,00,000 or more than six k.m away from a municipality/cantonment board having a population of > 1,00,000 but < 10,00,000 or more than eight k.m from local limits of municipality/cantonment board having population of more than 10 lakh. For this purpose the distance is aerial distance (not distance by road) and population is as published in the last census preceeding the first day of the previous year presently being as of 01.01.2011.
- By way of investment of gains in REC/NHAI BONDS & other Bonds to be notified for 2017 -18 (3 year term) within 6 months of transfer upto Rs.50 lakh in toto. Interest income on such Bonds taxable.
- Purchase of House (within 1 year before sale or within 2 years of sale) / Construction of House (within 3 years) Investment in 2nd Residential Property in India can be allowed related to LTCG arising out of sale of other assets if one owns only one Residential Property.
- But Residential Property sold (whether 1st/2nd/3rd etc.) gain can be invested in another Residential property in India to avail of deduction for the purpose of Income Tax.
- If immediately no action can be taken, deposit the realized moneys in "Capital Gains Savings Scheme" maintained through Bank for utilisation later in Purchase/Construction of house within 2/3 years respectively.
- If amount is not utilized within time limit or partly used, unutilized balance shall be taxable after expiry of the 2/3 years period.
- As a planning measure taking Loan & Investing in house to earn H.P Income not advisable now as Total interest allowable against House Property Income being restricted to Rs.2,00,000/- from Financial Year 2017 -18. Balance interest remaining to be allowed will be carried forward for set off against House Property Income over 8 year/period.

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Article



GST awareness in Rural India and UTGST

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A. GST a success in Urban or Semi-Urban areas and still it is a suspense in Rural Areas:-

Today, India and its people have inclination towards the Urban/Semi Urban lands of it. However following may be referred how urbanization depends upon our rural areas;

- The Fast Moving Consumer Goods (FMCG) sector in rural and semi-urban India is estimated to cross US\$ 100 billion by 2025
- The rural FMCG market is anticipated to expand at a CAGR of 17.41 per cent to US\$ 100 billion during 2009–25
- Rural FMCG market accounts for 40 per cent of the overall FMCG market in India, in revenue terms
- Amongst the leading retailers, Dabur generates over 40-45 per cent of its domestic revenue from rural sales. HUL rural revenue accounts for 45 per cent of its overall sales while other companies earn 30- 35 per cent of their revenues from rural area.



Recent Developments for Rural India:-

Following are some of the major investments and developments in the Indian rural sector.

- The Ministry of Rural Development is expecting to achieve its annual targeted length of 48,812 kilometers of rural roads by March 31, 2017 under the Pradhan Mantri Gram Sadak Yojana (PMGSY), which has reached a completion stage of 67.53 per cent (32,963 kms) as on January 27, 2017.
- The National Bank for Agriculture and Rural Development (NABARD) plans to provide around 200,000 point-of-sale (PoS) machines in 100,000 villages and distribute RuPay cards to over 34 million farmers across India, to enable farmers to undertake cashless transactions.
- Magma Fincorp, a Kolkata-based non-banking finance company (NBFC) plans to expand its operations in South India, with specific focus on rural and semi-urban markets to help the company grow rapidly.
- The Ministry of Textiles has signed memorandum of understanding (MoU) with 20 e-commerce companies, aimed at providing a platform to artisans and weavers in different handloom and handicraft clusters across the country to help them sell their products directly to the consumer.

- The Ministry of New and Renewable Energy (MNRE) has an annual target of setting up one lakh family size biogas plants to the states and union territories for FY 2016-17.
- Indian Institute of Technology-Madras (IIT-M) has entered into a three-year partnership with Nokia Networks to create technology solutions which will enhance broadband connectivity in rural India.
- The United Economic Forum (UEF), an organisation that works to improve socio-economic status of the minority community in India, has signed a Memorandum of Understanding (MoU) with Indian Overseas Bank (IOB) for financing entrepreneurs from backward communities to set up businesses in Tamil Nadu. As part of the agreement, entrepreneurs who have been chosen by the UEF, will get term loan / working capital requirements from the bank. The UEF will appoint mentors to guide entrepreneurs for successful implementation of the project, with both IOB & UEF periodically monitoring the progress of the project.
- Tata Motors, India's biggest automobile company by revenues, plans to aggressively expand its network with a focus on rural markets. The company is aiming to more than triple its network to 1,500 over the next three years from 460 now, making it the biggest such expansion by a passenger vehicle maker in the country so far.
- Bharti Airtel is applying for a payments bank licence and has involved Kotak Mahindra Bank as a potential investor in the venture, in a bid to tap significant revenue opportunities from the Reserve Bank of India's financial inclusion initiative. Payments banks are meant to fan out into the rural, remote areas of the country, offering limited but critical services such as money transfers, loans and deposit collection. While banks have the knowhow, telecom companies have the network, making it an ideal match.

Government Initiatives for Rural India

The Government of India has planned various initiatives to provide and improve the infrastructure in rural areas which can have a multiplier effect in increasing movements of goods, services and thereby improve earnings potential of rural areas subsequently improving consumption.

- The Government has introduced various reforms in the Union Budget 2017-18 to uplift the rural markets. Some of the key highlights of the Budget are:
 - Rs 187,223 crore (US\$ 28.08 billion) has been allocated towards rural, agriculture and allied sectors.
 - The Allocation for Pradhan Mantri Awas



Yojana-Gramin has been increased from Rs 15,000 crore (US\$ 2.25 billion) to Rs 23,000 crore (US\$ 3.45 billion) in the year 2017-18 with a target to complete 10 million houses for the houseless by the year 2019.

- The pace of roads construction under Pradhan Mantri Gram Sadak Yojana (PMGSY) has been accelerated to 133 kms per day as against an average of 73 kms per day during the years 2011-14.
- The allocation to the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been Rs 48,000 crore (US\$ 7.2 billion) in the year 2017-18, which is the highest ever allocated amount.
- The Government of India is looking to install Wi-Fi hotspots at more than 1,000 gram panchayats across India, under its ambitious project called Digital Village, in order to provide internet connectivity for mass use, as well as to enable delivery of services like health and education in far-flung areas.
- In the Union Budget 2017-18, the Government of India mentioned that it is on course to achieve 100 per cent village electrification by May 1, 2018.
- The Government of India has sought Parliament's approval for an additional expenditure of Rs 59,978.29 crore (US\$ 8.9 billion), which will be used to support the government's rural jobs scheme, building rural infrastructure, urban development and farm insurance.
- The Government of India plans to integrate villages with country's economic mainstream by purchasing around 80,000 mini-buses, which will connect over 125,000 villages to markets and thereby provide access to better job and education prospects.
- Prime Minister Mr Narendra Modi has launched the National Rurban Mission with the aim of enabling cluster based development and creating smart villages which will complement the smart cities initiative.
- The Government of Gujarat plans to undertake several steps to promote micro, small and medium enterprises (MSMEs) in the state, including setting up a separate department for this segment and providing dedicated industrial estates for MSMEs.
- The Union Government plans to build 2.23 lakh km of roads in the rural areas and has proposed a total spending of Rs 27,000 crore (US\$ 4.05 billion) until March 2017.
- E-commerce players like Flipkart, Snapdeal, Infibeam and mobile wallet major Paytm have signed Memoranda of Understanding (MoUs) with the government to reach rural areas by connecting with the government's common service centres (CSCs) being setup in villages as part of the 'Digital India' initiative.
- With the increasing demand for skilled labour, the Indian government plans to train 500 million people by 2022, and is looking out for corporate players and entrepreneurs to help in this venture. Corporate, government, and educational organisations are joining in the effort to train, educate and produce skilled workers.
- The Union Cabinet has cleared the Pradhan Mantri Krishi Sinchae Yojana (PMKSY), with a proposed outlay of Rs 50,000 crore (US\$ 7.5 billion) spread over a period of five years starting

from 2015-16. The scheme aims to provide irrigation to every village in India by converging various ongoing irrigation schemes into a single focused irrigation programme. The Government of India aims to spend Rs 75,600 crore (US\$ 11.34 billion) to supply electricity through separate feeders for agricultural and domestic consumption in rural areas. This initiative is aimed at improving the efficiency of electricity distribution and thereby providing uninterrupted power supply to rural regions of India.

- To promote agriculture-based businesses, the Government of India has started 'A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship' (ASPIRE). Under this scheme, a network of technology centres and incubation centres would be set up to accelerate entrepreneurship and to promote start-ups for innovation and entrepreneurship in agro-industry.
- The Government of India plans to form a committee to study various innovations and submit their reports to the concerned Department or Ministry. The programme called the 'Nav Kalpana Kosh' aims to improve rural areas at various levels, such as governance, agriculture and hygiene.

How GST is seen in Rural Areas -

On perusal of above schemes and proposed developments the Rural India is going to generate many revenues in future, and success of GST is somewhere and somehow dependent on its successful implementation there too. But the reality is different and many rural places are still unknown about GST. 1st July 2017, the likely date of applicability of GST is not more than 90 days away from today. But the rural mass is yet to be educated. About 30% population are staying in Urban and rest are staying and depending on Rural Area, so it's a necessary now to make them educate on this change in taxation which is going to affect each individual in many ways.

The suspense should be solved to make it a Success.

A. The Union Territory Goods and Services Tax (UGST) Bill (Act), 2017–

“A BILL to make a provision for levy and collection of tax on intra-state supply of goods or services or both **by the union territories** and the matter connected therewith or incidental thereto”

Sub-section (2) of Section 1 says that this act extends to the Union territories of the **Andaman and Nikobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu, Chandigarh and Other territory (Ref sub-section (8) of Section 2)**. For the purpose of this act, each of the territories shall be considered to be a separate Union territory.

Sub-section (4) of Section 2 defines “Exempt Supply” as ;

“it means supply of any goods or services or both which attracts nil rate of tax or which may be exempt from tax under section 8, **or under section 6 (power of government to grant exemption from tax) of the Integrated Goods and services Tax Act**, and includes non taxable supply.

Sub-section (10) of Section 2 defines “words and expressions used and not defined in this Act but defined in the CGST Act, IGST Act, SGST Act and SGT (Compensation to states) Act, Shall have the same meaning as assigned to them in those Acts.

Sub-section (1) of section 6, Without prejudice to the provisions of this Act, the officers appointed under the Central Goods and Services Tax Act are authorised to be the proper officers for the purposes of this Act, subject to such conditions as the Government shall, on the recommendations of the Council, by notification, specify.

Sub-section (2) of section 6 says subject to the conditions specified in the notification issued under sub-section (1),—

- (a) where any proper officer issues an order under this Act, he shall also issue an order under the Central Goods and Services Tax Act, as authorised by the said Act under intimation to the



jurisdictional officer of central tax;

(b) where a proper officer under the Central Goods and Services Tax Act has initiated any proceedings on a subject matter, no proceedings shall be initiated by the proper officer under this Act on the same subject matter.

However as per **sub-section (3) of Section 6** says, any proceedings for rectification, appeal and revision, wherever applicable, of any order passed by an officer appointed under this Act, shall not lie before an officer appointed under the Central Goods and Services Tax Act.

Sub section (1) of Section 7 - Subject to the provisions of sub-section (2), there shall be levied a tax called **the Union territory tax** on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 of the Central Goods and Services Tax Act and at such rates, **not exceeding twenty per cent.**, as may be notified by the Central Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

Sub - section (4) of Section 7 says, The Union territory tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both. (here in this case the recipient will be liable to be taxed on reverse charge)

Sub Section (5) of Section 7 says, The Central Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services:

Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax:

Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.

Section 9 says utilization of Input Credit of various taxes as follows –

- a. Input of IGST shall be utilized first to pay IGST
Then Balance to be utilized for payment of CGST and then SGST
OR UTGST
- b. Input of UTGST shall first be utilized for payment of UTGST
Then Balance can only be utilized towards payment of IGST
- c. Input of UTGST shall not be utilized towards payment of CGST

Sub-Section (1) of Section 12 says, a registered person who has paid the central tax and the Union territory tax on a transaction considered by him to be an intra-State supply, but which is subsequently held to be an inter-State supply, shall be refunded the amount of taxes so paid in such manner and subject to such conditions as may be prescribed.

Sub Section (2) of Section 12 says, a registered person who has paid integrated tax on a transaction considered by him to be an inter-State supply, but which is subsequently held to be an intra-State supply, shall not be required to pay any interest on the amount of the central tax and the Union territory tax payable.

Section 21 says, Subject to the provisions of this Act and the rules made thereunder, the provisions of Central Goods and Services Tax Act relating to,—

- (i) scope of supply;
 - (ii) Composition levy
 - (iii) composite supply and mixed supply;
 - (iv) time and value of supply;
 - (v) input tax credit;
 - (vi) registration;
 - (vii) tax invoice, credit and debit notes;
 - (viii) accounts and records;
 - (ix) returns;
 - (x) payment of tax;
 - (xi) tax deduction at source;
 - (xii) collection of tax at source;
 - (xiii) assessment;
 - (xiv) refunds;
 - (xv) audit;
 - (xvi) inspection, search, seizure and arrest;
 - (xvii) demands and recovery;
 - (xviii) liability to pay in certain cases;
 - (xix) advance ruling;
 - (xx) appeals and revision;
 - (xxi) presumption as to documents;
 - (xxii) offences and penalties;
 - (xxiii) job work;
 - (xxiv) electronic commerce;
 - (xxv) Settlement of funds;
 - (xxvi) transitional provisions; and
 - (xxvii) miscellaneous provisions including the provisions relating to the imposition of interest and penalty, shall, *mutatis mutandis*, apply,
- a. so far as may be, in relation to Union territory tax as they apply in relation to central tax as if they were enacted under this Act;
 - b. subject to the following modifications and alterations which the Central Government considers necessary and desirable to adapt those provisions to the circumstances, namely:
 - (i) references to "this Act" shall be deemed to be references to "the Union Territory Goods and Services Tax Act, 2017";
 - (ii) references to "Commissioner" shall be deemed to be references to "Commissioner" of Union territory tax as defined in clause (2) of section 2 of this Act;
 - (iii) references to "officers of central tax" shall be deemed to be references to "officers of Union territory tax";
 - (iv) references to "central tax" shall be deemed to be reference to "Union territory tax" and vice versa;
 - (v) references to "Commissioner of State tax or Commissioner of Union territory tax" shall be deemed to be references to "Commissioner of central tax";
 - (vi) references to "State Goods and Services tax Act or Union Territory Goods and Services Tax Act" shall be deemed to be references to "Central Goods and Services Tax Act";
 - (vii) references to "State tax or Union territory tax" shall be deemed to be references to "central tax".

"Disclaimer – the above may not be used as references for any representation and the author personally is not liable for any consequence for use of above as such"



Programmes held during March - 2017

a. Members

i.	Women's Day celebration	8th March, 2017
ii.	Seminar on PMGKY & Critical Appraisal of Finance Bill 2017	8th March, 2017
iii.	Health Awareness Programme on Secret of Healthier, Longer and Happier Life	12th March, 2017
iv.	Dola & Holi Celebration	12th March, 2017
v.	Seminar on Bank Audit 2017	18th March, 2017
vi.	Seminar on Goods & Service Tax – It It as Tax Reform or Business Reform in association with Department of Central Excise, Custom and Service Tax, Bhubaneswar.	23rd March, 2017
vii.	Meeting on GST discussion	29th March, 2017

b. Students

i.	IPCC Coaching Class	
ii.	Orientation Course	
iii.	ITT class	
iv.	Women's Day celebration	8th March, 2017
v.	Dola & Holi Celebration	12th March, 2017
vi.	Mock Test from	21st March, 2017
vii.	Carrier Counseling Programme for SAI International School	21st March, 2017
viii.	Seminar on Important Provisions, Rules, Notification of Companies Act 2013	25th March, 2017
ix.	Industrial Visit for CA Students to Milk Mantra Dairy Pvt. Ltd.	30th March, 2017
x.	Seminar on recent changes in Direct & Indirect Taxes	31st March, 2017

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Schedule of Programmes to be held during April-2017

a. Member

i.	Workshop Understanding of GST framework & implementation in association with NSDL & Computer LAB at Hotel Mayfair Lagoon, Bhubaneswar.	22nd April, 2017
ii.	Meeting on GST discussion at Branch Premises	5th April, 2017
iii.	Meeting on GST discussion at Branch Premises	19th April, 2017
iv.	Meeting on GST discussion at Branch Premises.	26th April, 2017

b. Student

i.	Mock Test and Webcast from at Branch Premises.	1st April to 17th April, 2017
ii.	How to Face CA Examination at Branch Premises.	17th April, 2017

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Glimpses



Seminar on Pradhan Mantri Garib Kalyan Yojana (PMGKY) & Critical Appraisal of Finance Bill, 2017



Health Awareness Programme on Secret of Healthier, Longer and Happier Life



Seminar on Bank Audit 2017



GST - Is It a Tax Reform or Business Reform



International Women's Day Celebration



Dola & Holi Celebration



Statutory Compliance Calendar



CA. Pranab Kishore Das

ICAI Membership No. 226234

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Statutory Compliance Chart – March 2017

DATE	ACTS	COMPLIANCE REQUIRED
		Apr-17
7	SECURITIES TRANSACTION TAX	PAYMENT OF SECURITIES TRANSACTION TAX FOR MARCH 2017
10	EXCISE	EXCISE RETURNS – MANUFACTURERS, 100% EOU's /SEZ/NON SSI FOR MARCH 2017
	EXCISE	EXCISE RETURNS – SSI FOR MARCH 2017
	EXCISE	MANUFACTURERS OF PRODUCTS OF COAL, ARTICLES OF JEWELLERY, SILVER JEWELLERY FOR MARCH 2017
15	EPF	REMITTANCE OF EPF AND MONTHLY RETURN FILING FOR MARCH 2017
	PT	REMITTANCE OF PROFESSIONAL TAX – HALF YEARLY FOR MARCH 2017
21	ESI	REMITTANCE OF ESI AND MONTHLY RETURN FOR MARCH 2017
	CST/ODISHA VAT	REMITTANCE OF VAT/CST – E-REMITTANCE AND RETURN FILING.
25	ST	HALF YEARLY RETURN FOR THE HALF YEAR ENDING MARCH 2017
30	IT	TDS/TCS REMITTANCE FOR MARCH 2017
	IT	TDS REMITTANCE – ON SALE OF IMMOVABLE PROPERTY FOR MARCH 2017
	IT	E-RETURN OF DECLARATION RECEIVED IN FORM 60 TO DIT/JDIT BETWEEN 1ST OCTOBER 2016 TO 31ST MARCH 2017

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Get connected with Bhubaneswar Branch of EIRC of ICAI at:



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