

# Tax News

February 2019

For private circulation only

## Union Budget 2019

India

Discussion on budget highlights



# Transmittal

In relation to this publication you may contact:

**George Joseph** - Managing Partner

Cell : +91 97464 00575

Email – gj@gja.co.in

**P. Rajagopal** - Partner

Cell : +91 93886 09990

Email – pr@gja.co.in

**Umesh Bhat** - Partner

Cell : +91 98472 74567

Email – umeshbhat@gja.co.in

**Reuben Joseph** - Partner

Cell : +91 98952 09307

Email – reuben.joseph@gja.co.in

**Jose Mekkalath** – Partner

Cell : +91 96450 80504

Email – jose.mekkalath@gja.co.in

**N. Vijayakumar** - Principal (IDT)

Cell : +91 94463 62533

Email - vjkumar@gja.co.in

**Allen Joseph** - Partner

Cell : +91 90483 06882

Email – allen.joseph@gja.co.in

**Raphael Sharon** - Partner

Cell : +91 99462 03087

Email – raphael.sharon@gja.co.in

**Shaji Varghese** - Partner

Cell : +91 98470 44030

Email – shaji.varghese@gja.co.in

**Smita Leslie** - Partner

Cell : +91 98800 28566

Email - smita.leslie@gja.co.in

**C M Cheriyan** – Partner

Cell : +91 90376 66896

Email – cherian.cm@gja.co.in

**Sunil Kallamangalam** – Principal

Cell : +91 95001 26020

Email – sunil.kallamangalam@gja.co.in

**Swathi Bhojak** – Consultant (Co. Law)

Cell : +91 90370 20811

Email – swathi.bhojak@gja.co.in

February 2, 2019

Dear Reader,

Playing Santa Claus in an election year, the Honourable Interim Finance Minister, Mr. Piyush Goyal transformed the traditional vote on account or the interim budget into a full blown budget when he presented the Union Budget for the financial year 2019 – 2020 ('Budget 2019') before the Lok Sabha on February 1, 2019. Budget 2019 was notable with the announcement of a universal basic income for farmers and a generous tax rebate for the middle class.

The Interim Finance Minister also hinted at more sops in the regular budget that will be presented after the elections. Since 2018, no amendments are proposed with respect to the primary component of indirect taxes, i.e., GST as it is now in the hands of the GST Council.

As in the earlier years, it gives us great pleasure to present you with a quick snapshot on Budget 2019. We believe that you will benefit from the early insights on Budget 2019 through this issue of 'Tax News', though more clarity is expected on many of the provisions which will unravel in the coming days. The snapshot also includes recent amendments with respect to GST which have been announced over the last few months. We are also pleased to enclose a note on a few frequently asked questions on GST. We hope you will also find the ready reckoner and the compliance calendar useful.

Should you require any further clarifications or details on the budget proposals or any assistance in the analysis of the impact of the proposals on your business, please do feel free to get in touch with us. As always, we look forward to your valuable suggestions.

Yours faithfully



**George Joseph**  
Managing Partner

**Cochin office :**

37/2038, 1<sup>st</sup> Floor, Muttathil Lane  
Kadavanthra,  
Cochin – 682 020, Kerala

Phone: +91 484 2207 411

Fax : +91 484 2207 499

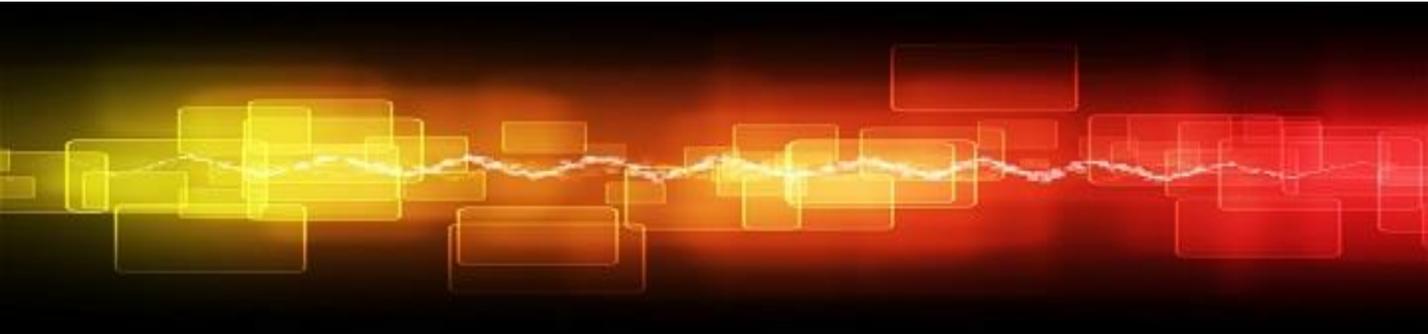
Email - mail@gja.co.in

**Bangalore office :**

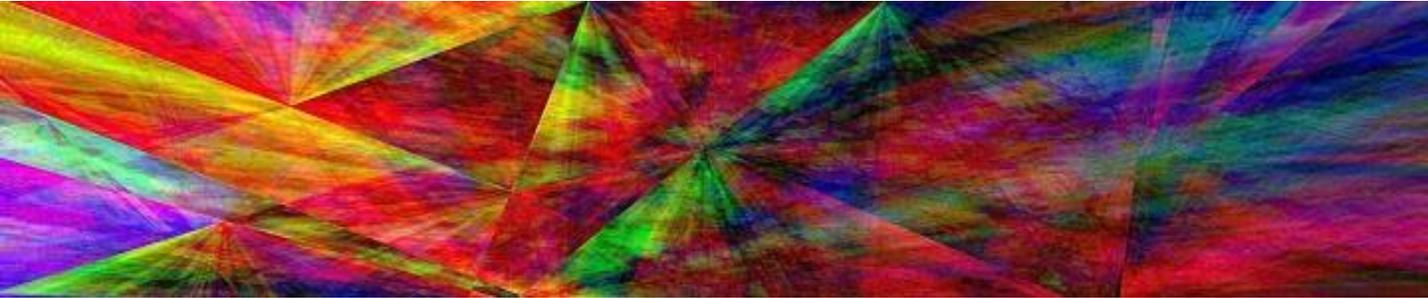
#343, Ranka Nest Apartments  
35/1 KKS Road, Oakalipuram  
Bangalore 560 021, Karnataka



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# Executive summary



## Direct taxation proposals

Key areas include :

- Tax slabs remain unchanged for individuals, companies and firms
- Rebate has been extended to individuals with income up to Rs. 5 lakhs
- Rationalisation of TDS provisions has been announced
- Relaxations have been announced in capital gains computation

- ▶ Tax slabs, rates and rebates remained unchanged for individuals, but individuals earning up to Rs. 5 lakhs were in for a bonanza with a rebate which fully exempted them from tax. Salaried individuals and pensioners were rewarded with an increased standard deduction of Rs. 50,000.
- ▶ Tax rates for companies, firms and LLPs remain unchanged.
- ▶ Reforms in TDS provisions included an increase in TDS thresholds on interest from bank and post office deposits from Rs. 10,000 to Rs. 40,000. Threshold limit for TDS on rentals were increased from Rs. 180,000 to Rs. 240,000.
- ▶ Second self occupied houses are exempted from tax on notional rents. Further, the exemption on long term capital gains on sale of a residential house can be claimed by investing in two residential houses through a once-in-a-lifetime exemption.
- ▶ Builders and developers received relief in the form of exemption from tax on notional rent on unsold inventory up to the second year from the completion of construction.

## Recent changes in indirect taxation

- Composition scheme has been liberalized to increase the limit as well as to include services
- Kerala Flood cess of 1% has been announced
- A new GST return filing system is being launched on April 1, 2019
- Due date for GST annual returns and reconciliation statement for FY 2017-18 has been extended to June 30, 2019

- ▶ Turnover limit for registration under GST has been increased from Rs. 20 lakhs to Rs. 40 lakhs in the case of goods by certain states. Further, multiple registrations are now possible for a single entity for its different premises.
- ▶ The limit for composition scheme has been extended from Rs. 1 crore to Rs. 1.5 crore and remittance has been relaxed from monthly to quarterly. Further, only an annual return will now be required.
- ▶ Suppliers of services with a turnover of Rs. 50 lakhs will be eligible for a composition scheme under which they will be subject to GST of 6%.
- ▶ A Kerala Flood cess has been introduced for B2C intra-state supplies within the State of Kerala. The cess rate notified is 1% and will be applicable for all supplies other than those currently taxed at 5%.
- ▶ A new GST return filing system is expected to be launched from April 1, 2019 under which only a single unified return is to be filed.
- ▶ The due date for furnishing GST annual returns and reconciliation statement for FY 2017-18 has been extended to June 30, 2019.
- ▶ It has now been made clear that input tax credit of GST is only available for cars and motor bikes for own-use when they are meant for providing services of transportation. Further, credit in respect of servicing, repairs and general insurance on such vehicles will not be allowed.

# Direct taxation



## Key highlights

- ▶ Standard deduction of Rs. 40,000 has been increased to Rs. 50,000.
- ▶ Rebate under 87A has been increased from Rs. 2,500 to Rs. 12,500 for those with income less than Rs. 5 lakhs.
- ▶ On account of the above rebate, individuals having total income# below 5 lakhs will not be liable to pay any tax.

# Total income means income after claiming deductions under Chapter VIA such as 80C, 80D, 80TTA etc...

## Budget amendments for individual tax payers

- ▶ Last year the Finance Minister had reintroduced the erstwhile standard deduction from salary and pension income. Budget 2019 has proposed to increase this deduction from Rs. 40,000 to Rs. 50,000.
- ▶ Rebate under section 87A has been increased to Rs. 12,500 for resident individuals with total income not exceeding Rs. 5 lakhs. On account of this individuals having total income below Rs. 5 lakhs will not be liable to pay any tax. Further, individuals having total income of around Rs. 7 to 7.5 lakhs and who utilize the full limits of deductions provided under Chapter VI A such as 80C, 80D, 80TTA, 80G etc. will also be eligible for this rebate as their total income will be brought below Rs. 5 lakhs and hence will not be liable to pay taxes.
- ▶ In the following table, we have illustrated the tax computation of an individual assessee having salary income of Rs. 5.5 lakhs under the old provisions and as per the revised provisions

Particulars		Tax Structure (New)	Tax Structure (Old)
Income from salary	(a)	5,50,000	5,50,000
Less: Standard deduction u/s 16(ia)	(b)	(50,000)	(40,000)
<b>Total Income</b>	<b>(a-b)</b>	<b>5,00,000</b>	<b>5,10,000</b>
Income tax at slab rates		12,500	14,500
Less: Rebate u/s 87A		(12,500)	Nil
Add: Cess @ 4%		Nil	580
<b>Total income tax</b>		<b>Nil</b>	<b>15,080</b>

## Key highlights

- ▶ Tax slabs for individuals remains unchanged.

## Taxation slabs unchanged

- ▶ The tax slabs remain unchanged. The tax slabs under each category have been listed below.

### A. In case of senior citizens, i.e., individuals who are more than 60 years, but less than 80 years

Slab	Tax rate
Below Rs. 3.0 lakhs	Nil
Rs. 3.0 lakhs to Rs. 5.0 lakhs	5%
Rs. 5.0 lakhs to Rs. 10.0 lakhs	20.0%
Above Rs. 10.0 lakhs	30.0%

### B. In case of very senior citizens, i.e., individuals who are more than 80 years

Slab	Tax rate
Below Rs. 5.0 lakhs	Nil
Rs. 5.0 lakhs to Rs. 10.0 lakhs	20.0%
Above Rs. 10.0 lakhs	30.0%

### C. In the case of other individuals

Slab	Tax rate
Below Rs. 2.5 lakhs	Nil
Rs. 2.5 lakhs to Rs. 5.0 lakhs	5%
Rs. 5.0 lakhs to Rs. 10.0 lakhs	20.0%
Above Rs.10.0 lakhs	30.0%

## Key highlights

- ▶ No change to rates of Surcharge on tax for individuals, firms or other body corporates.
- ▶ Education and Health Cess retained at 4%
- ▶ Tax rate for companies with turnover up to Rs. 250 crores continues at 25%
- ▶ Tax rate for LLPs and Firms continues at 30%
- ▶ Threshold for TDS deduction on interest on bank and post office deposits has been increased to Rs. 40,000 from Rs. 10,000
- ▶ TDS on rental needs to be deducted only where annual rentals exceed Rs. 240,000 per annum.

Tax calculated as per the above slab rates will be increased by :

- ▶ Surcharge of 10% for individuals having a total income exceeding Rs. 50.0 lakhs and 15% in the case of individuals having a total income exceeding Rs. 1.0 crore.
- ▶ Education and Health Cess together total to 4% of the income tax liability including surcharge on such tax.

## Tax rates for companies and firms

- ▶ The corporate rate of tax has been retained at 25% for companies with a turnover of up to Rs. 250.0 crores.
- ▶ Income tax on companies having turnover exceeding Rs. 250. crores remains unchanged at 30%.
- ▶ Income tax rates for firms / LLPs remain unchanged at 30%.
- ▶ Surcharge for domestic companies continues to be at 7% of income tax where the total income exceeds Rs. 1.0 crore, but does not exceed Rs. 10.0 crores and 12% where total income exceeds Rs. 10.0 crores
- ▶ Surcharge for foreign companies remains unchanged at 2% of income tax where the total income exceeds Rs. 1.0 crore, but does not exceed Rs. 10.0 crores. Foreign companies with total income exceeding Rs. 10.0 crores will be subject to a surcharge of 5%.

## TDS on interest on bank and post office deposits

- ▶ The threshold limit for deduction of TDS on interest earned on bank and post office deposits has been increased to Rs. 40,000 from the existing Rs. 10,000. The TDS rate, however, continues at 10%.

## TDS on rent

- ▶ The threshold limit of TDS on rental of buildings or plant / equipment / furniture has been increased from the existing limit of Rs 1.8 lakhs to Rs. 2.4 lakhs. The TDS rates prescribed, however, continues unchanged.

## Key highlights

- ▶ Exemption of tax on the notional rent on 2<sup>nd</sup> house property
- ▶ Notional rent on unsold inventory of builders to be charged to tax only after 2<sup>nd</sup> year of completion of construction
- ▶ Exemption on long term capital gain on sale of a residential house property can now be claimed by investing in 2 residential houses.

# Notional rent is estimated on the basis of rental income generated by similar properties in the locality.

## Tax sops for income earned from 'House Property'

### ▶ Up to 2 house properties to be treated as Self Occupied

Presently, notional rent from a 2<sup>nd</sup> self occupied house property will be taxable in the hands of the owner. On account of this, persons owning more than one house property had to offer the notional income of his second house which has not been leased out during the year to tax.

Budget 2019 has provided relief to such owners who own more than 1 house property and has not leased out any of these properties during the year. Henceforth, taxpayer having up to 2 house properties and which have not been leased out during the year can claim both the properties as self-occupied and thereby will not be liable to pay tax on the notional rent of the 2<sup>nd</sup> house property too.

The upper limit for claiming interest expense on loan taken for purchase/construction of the above properties is retained at Rs. 2 lakhs.

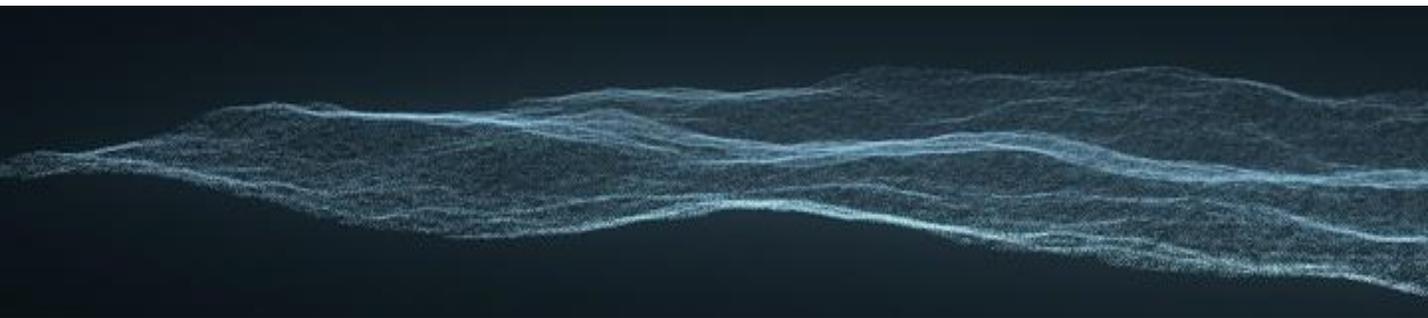
### ▶ Time limit for charging tax on notional rent on properties held as unsold inventory increased to 2 years

To provide relief to builders and developers having unsold inventory of house property, Budget 2019 has increased the time limit to 2 years from the existing limit of 1 year from the end of the financial year in which the completion certificate has been obtained. This will provide reprieve to the already battered real estate sector as the notional rent on unsold properties will not be subject to income tax for 2 years from the date on which they were constructed.

### ▶ Persons having long term capital gain of up to Rs. 2 crores to claim exemption by investment in 2 residential houses

Budget 2019 has provided relief to individuals and HUFs having long term capital gain of up to Rs. 2 crores, arising out of sale of a residential house, to claim exemption by purchase or construction of 2 residential houses in India. Prior to this, exemption was restricted to amount invested in 1 residential house. It may also be noted that this benefit is available only once in the lifetime of an assessee.

# Indirect taxation: Recent amendments



## Key highlights

- ▶ Reverse charge on security services has been introduced on services provided by non-corporates to registered persons
- ▶ Reverse charge on supplies from unregistered persons will be notified and the classes of persons to which it applies will also be notified
- ▶ Composition scheme for goods has been extended to turnover of up to Rs. 1.50 crores
- ▶ Composition scheme has been extended for services for up to Rs. 50 lakhs at a tax rate of 6%
- ▶ Kerala Flood cess of 1% is being introduced for intra-state supplies for all supplies other than those being taxed at 5%

## Reverse charge mechanism on security services

- ▶ Security services by way of supply of security personnel provided by a non-corporate entity to a registered person is subject to GST under the reverse charge mechanism with effect from January 1, 2019.

## Reverse charge mechanism on supplies from unregistered persons

- ▶ The blanket applicability of the reverse charge mechanism on supply of goods and services by unregistered persons was temporarily put in abeyance till September 30, 2019. The Government has now withdrawn these provisions and introduced a new provision whereby only notified classes of registered persons are required to remit GST under the reverse charge mechanism on supplies from unregistered persons. Further, such reverse charge is applicable only to specified categories of goods and services.
- ▶ The Government is yet to notify such classes of registered persons and the specified categories of goods and services. As such, the reverse charge mechanism on supplies from unregistered persons will not apply till such notification.

## Composition scheme

- ▶ Presently a simplified composition scheme was available for persons who were dealing in goods and had a turnover of up to Rs. 1 crore per annum. With effect from April 1, 2019, the limit has been increased to Rs. 1.5 crores. Further, the GST remittances have been relaxed from monthly to quarterly. Composition scheme tax payers are required to file only an annual return.
- ▶ A new composition scheme has been introduced for service providers and those who supply services along with goods. The turnover limit set has been set at Rs 50 lakhs for such service providers. The GST rate is fixed at 6%.

## Kerala Flood cess

- ▶ A Kerala Flood cess has been introduced for intra-state supplies within the State of Kerala. The cess rate notified is 1% for a period of up to two years starting from April 1, 2019. The cess is applicable on all supplies other than those currently being taxed at 5%.
- ▶ The aforementioned cess will be applicable only in the case of B2C supplies, i.e., at the last supply to consumers or to unregistered persons.

## Key highlights

- ▶ The limit for GST registration has been increased from the existing Rs. 20 lakhs to Rs. 40 lakhs in the case of goods
- ▶ Separate registrations for multiple premises are now permitted
- ▶ A simplified GST return filing system is proposed to be introduced on a trial basis from April 1, 2019 which will require filing of a single unified return
- ▶ GST annual return and reconciliation statement for FY 2017-18 is due on June 30, 2019

## Increase in limit for GST registration

- ▶ The GST Council has announced a provision for increasing the limit for GST registration from the existing Rs. 20 lakhs to Rs. 40 lakhs, at the option of each of the states. This benefit of the increased threshold is available only in the case of goods and not for services. Kerala has opted for the increased limit of Rs. 40 lakhs.

## Multiple registrations in the same state

- ▶ Earlier, an entity could obtain only one registration in a state, except where it has more than one business vertical. Now, there is no requirement for a separate business vertical and registered persons are at liberty to obtain separate registrations for one or more premises with the same PAN.

## New GST return filing system

- ▶ It is proposed to implement a new GST return filing system on a trial basis from April 1, 2019 and on a mandatory basis from July 1, 2019. Under the new system, all taxpayers shall file one monthly return, except small taxpayers having turnover below Rs 5 crore, who could opt for quarterly filing. The return is simple with two main tables - one for reporting outward supplies and one for availing input tax credit based on invoices uploaded by the supplier. Invoices can be uploaded continuously by the seller and can be continuously viewed and locked by the buyer for availing input tax credit. This process would ensure that very large part of the return is automatically filled based on the invoices uploaded by the buyer and the seller, thereby making the entire process less cumbersome.

## GST annual return

- ▶ The due date for furnishing the annual returns in Form GSTR-9, Form GSTR-9A and reconciliation statement in Form GSTR-9C for the FY 2017 – 2018 is further extended till June 30, 2019.

## Key highlights

- ▶ No ITC on motor vehicles below the capacity of 13 persons, subject to exclusions.
- ▶ ITC on aircrafts and vessels will not be available, subject to exclusions.
- ▶ ITC will not be available on servicing, and repairs of motor vehicles, aircrafts and vessels
- ▶ No ITC on leasing, renting and hiring of motor vehicles, aircrafts and vessels.

## Blocked credits

- ▶ The blocked credits under GST has under gone some changes.
- ▶ Now, input tax credit is not available on motor vehicles with capacity below 13 (including driver), unless when they are used for further supply of such vehicles, or if used in the business of passenger transport or for imparting driving skills. Hence, if a bus with capacity of 14 passengers is purchased for transport of employees of a registered person, input on the same will be available as the capacity is above the limit. Further, if a car is purchased for the director of a company, the input on the same will not be available to the company as it is not used for any specified purpose.
- ▶ Credit in respect of servicing, repairs and general insurance on motor vehicles, aircrafts and vessels will not be allowed, unless they are in respect of the vehicles, aircrafts and vessels on which input credit is normally allowed as mentioned in the above cases.
- ▶ Input on leasing, renting and hiring of motor vehicles, vessels and aircrafts is now specifically excluded by way of including it as blocked credit. Hence, input on hiring of a bus for transportation of employees will not be available.

## Ready Reckoner

- Key TDS rates
- Reverse charge mechanism under GST
- FAQ's on GST
- Quoting of PAN
- Reporting financial transaction
- Compliance calendar



## Key TDS Rates

► In the following table, we have provided the key rates applicable for tax withholding.

Section	Nature of payment	Cut-off amount (INR)	Rate % (Individual)	Rate % (Others)
194	Deemed dividend	-	10%	10%
194A	Interest other than interest on security (by bank)	40,000	10%	10%
194A	Interest other than interest on securities (by others)	5,000	10%	10%
194C	Contracts	30,000	1%	2%
194H	Commission or brokerage	15,000	5%	5%
194I	Rent (Land / building / furniture)	240,000	10%	10%
194I	Rent (plant & machinery / equipment)	240,000	2%	2%
194IB	Rent paid by individual / HUF not covered above	50,000 per month	5%	5%
194J	Professional / Technical charges / Royalty / Non-compete fee	30,000	10%	10%
194J(1)(ba)	Any remuneration or commission paid to director of the company (other than those covered under Sec. 192)	-	10%	10%
195	Non Residents	TDS is to be deducted on a case to case basis, at rates to be determined based on DTAA or Income Tax Act, whichever is beneficial and also subject to certain conditions		

## Notes

- 194C - Also where the aggregate of the amounts paid/credited or likely to be paid/credited to Contactor exceeds INR 100,000 during the financial year, TDS has to be deducted.
- No PAN for the payee – Tax has to be deducted @ 20% if deductee does not furnish PAN.
- No TDS on goods transport - No deduction shall be made from any sum credited or paid to the account of a contractor during the course of business of plying, hiring or leasing goods carriages if he furnishes declaration that he owns not more than 10 goods carriage vehicles and also furnishes his PAN, to the person paying or crediting such sum.

# Ready Reckoner: Reverse charge mechanism under GST

## Reverse charge mechanism under GST

- ▶ Under the normal taxation regime, supplier collects the tax from the buyer and deposits the same after adjusting the output tax liability with the input tax credit available. But under the reverse charge mechanism, liability to pay tax shifts from the supplier to the recipient.
- ▶ Unlike Service Tax, there is no concept of partial reverse charge. The recipient has to pay 100% tax on the supply.
- ▶ The liability for remittance of GST under the reverse charge mechanism by the recipient arises in the following scenarios:

### Description of service

Legal services provided by an advocate or a firm of advocates

Services provided by a goods transport agency in respect of transportation of goods by road

Services supplied by an arbitral tribunal to a business entity

Services provided by way of sponsorship to any body corporate or partnership firm

Services supplied by an insurance agent to any person carrying on insurance business

Support services provided by Government / local authority in relation to (1) renting of immovable property (2) other specified services (postal service, transportation of goods or passengers, services in relation to aircrafts or vessels)

Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company

Supply of security services by non-corporate to a registered person [with effect from January 1, 2019]

Supply of specified categories of goods and services to notified classes of registered persons [such categories of goods and services and classes of registered persons are yet to be notified]

Services supplied through an E-commerce operator

Services supplied by a directors of a company or a body corporate

Description	Recommendation
Registration requirement	Persons with aggregate turnover of more than Rs. 20 lakhs [Rs. 40 lakhs for goods in certain states, including Kerala with effect from April 1, 2019] are required to obtain registration.
Registration for a company dealing in intra state and interstate supply having turnover less than Rs. 20 Lakhs	Not required
Voluntary registration even though no GST liability	A person, though not liable to be registered under Section 22 may get himself registered voluntarily. All provisions, as are applicable to a registered taxable person, shall apply to such person.
Registration of two SEZ units within same state	SEZs under same PAN in a state require only one registration
A person is operating in different states, with the same PAN number, whether he can operate with a single Registration	Every person who is liable to take a registration will have to get registered separately for each of the States where he has a business operation and is liable to pay GST
A taxable person's business is in many states. All supplies are below Rs. 20 Lakhs. Whether he has to obtain GST registration.	He is liable to register if the aggregate turnover (all India) is more than Rs. 20 lakhs [Rs. 40 lakhs for goods in certain states, including Kerala with effect from April 1, 2019].
When an Assessee pays GST on behalf of an unregistered supplier/SSI/exempted unit, will he be able to take input tax credit of the GST paid on reverse charge basis	Input tax credit of tax paid on reverse charge basis by the recipient is allowed to the recipient and the credit can be taken in the month of the payment. (Presently not applicable)
Aggregate turnover under reverse charge	Outward supplies on which tax is paid on reverse charge by the recipient will be included in the aggregate turnover of the supplier

Description	Recommendation
Time period within which invoice has to be issued in a case involving continuous supply of goods	In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.
Where the goods against an invoice are received in lots or instalments, how will a registered person be entitled to ITC	The registered person shall be entitled to the credit only upon receipt of the last lot or installment.
How will the credit / debit note from unregistered supplier be reported to GSTN and ITC claimed in the same.	Like invoice, credit/debit notes on behalf of unregistered person will be given by registered person only. Further, GSTR2 provides for reporting of same by the recipient.
Procedures relating to exports by manufacturer exporters	<p>Salient features of the scheme of export under GST regime are as follows:</p> <ul style="list-style-type: none"> <li>• Goods and services can be exported either on payment of IGST which can be claimed as refund after the goods have been exported, or under bond or Letter of Undertaking (LUT) without payment of IGST</li> <li>• The exporter can claim refund of accumulated ITC on account of export under bond or LUT</li> </ul>
Unutilized input tax credit	<ul style="list-style-type: none"> <li>• Unutilized input tax credit can be allowed as refund in the case of zero rated supplies made without payment of tax and where credit has accumulated on account of rate of tax on inputs being higher than the rate of taxes on output supplies (other than nil rated or fully exempt supplies)</li> <li>• No refund of unutilized input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty, and also in the case where the supplier of goods or services or both avails drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.</li> </ul>

Description	Recommendation
Whether software is regarded as goods or services in GST	<p>Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software and temporary transfer or permitting the use or enjoyment of any intellectual property right are treated as services.</p> <p>But, if a pre-developed or pre-designed software is supplied in any medium/storage (commonly bought off-the-shelf) or made available through the use of encryption keys, the same is treated as a supply of goods.</p>
Time limit for claiming refund	Assessee has to file an application before the expiry of two years from the relevant date in such form
Time limit for sanctioning refund	Refund shall be sanctioned within 60 days from the date of receipt of application complete in all aspects.
Minimum threshold for refund	Rs. 1,000
Bifurcation of cash deposit as CGST-SGST-IGST	Three levies are under three different statutes and are required to be separately accounted for
Area based exemption under GST	There will be no area based exemptions in GST
Availment of GST input credit on purchase of vehicles	<p>Input credit of GST can be availed on vehicles used for providing taxable supplies of transportation of passengers, goods or for training in driving can be availed. Further, input credit can also be availed on vehicles with approved seating capacity of more than 13. Credit is not available for vehicles such as cars used for own-use, motor bikes, etc.</p> <p>Credit can be availed on expenditure on insurance, servicing, repair and maintenance of above vehicles for which credit may be availed.</p>

# Ready Reckoner: Quoting of PAN

## Transactions in relation to which permanent account number is to be quoted in documents

As per the amendment effected to the income tax rules every person should quote their PAN in all documents pertaining to transactions prescribed. List of such transactions are as below:

► These provisions came into effect from January 1, 2016.

Nature of transaction	Value of transaction
Sale / purchase of motor vehicle	All transactions
Application for opening bank account	All transactions
Application for credit / debit cards	All transactions
Opening DEMAT account with depositor	All transactions
Payment to a hotel or restaurant against a bill or bills at any one time	Cash payments exceeding Rs. 50,000
Payments in connection for travelling to a foreign country including purchase of foreign currency	Cash payments exceeding Rs. 50,000
Purchase of mutual fund units	All payments exceeding Rs. 50,000
Purchase of debentures and bonds in a company or an institution	All payments exceeding Rs. 50,000
Payment to the Reserve Bank of India, for acquiring bonds issued by it.	All payments exceeding Rs. 50,000
Deposit with a banking company or a co-operative bank	Cash payments exceeding Rs. 50,000
Purchase of bank drafts or pay orders or bankers' cheques	Cash payments exceeding Rs. 50,000
Fixed deposits with banks, post office, NBFC's and Nidhi Companies	Payments exceeding Rs. 50,000 or aggregating to more than Rs. 5,00,000 during a financial year
Payment for one or more pre-paid payment instruments, to a banking company or a co-operative bank	Amounts aggregating to more than Rs. 50,000 during a financial year
Life insurance premium paid	Amounts aggregating to more than Rs. 50,000 during a financial year
Sale or purchase, by any person, of shares of an unlisted company	Payments exceeding Rs. 1,00,000 per transaction
Sale or purchase of securities other than shares	Payments exceeding Rs. 1,00,000 per transaction
Sale or purchase of immovable property	Payments / value as per stamp valuation exceeding Rs. 10,00,000
Any other sale or purchase, by any person, of goods or services	Amount exceeding Rs. 2,00,000 per transaction

## Form 60

Any person entering into any transaction referred in the above table and raising bills should ensure that the PAN has been correctly furnished and the same has been mentioned in the document. In case the PAN is not available then a declaration to that extend should be obtained in Form 60.

Details of declarations received in Form 60 needs to be filed with the Income Tax Department on half yearly basis by 31st October and by 30th April each year in Form 61.

## Furnishing of statement of financial transactions

With effect from 1st April 2016 prescribed class of persons will have to furnish details of certain financial transaction entered by them during the year with the Income Tax Department.

The list of such transactions which has to be reported by persons/entities are given below:

Class of persons	Nature of transactions	Value of transaction
Any entity/person who is liable for audit under Income Tax Act, 1961	Receipt of cash against sale of goods or services	Cash payments exceeding Rs. 2,00,000/- in a year
Banks	Purchase of pre-paid instruments issued by Reserve Bank of India.	Aggregating to Rs. 10,00,000/- or more in a year
Banks	Cash deposits or cash withdrawals (including through bearer's cheque) from one or more current account of a person.	Aggregating to Rs. 50,00,000/- or more in a year
Banks and post offices	Cash deposits in one or more accounts (other than a current account and time deposit) of a person.	Aggregating to Rs. 10,00,000/- or more in a year
Banks	Payment made in cash for purchase of bank drafts or pay orders or banker's cheque	Aggregating to Rs. 10,00,000/- or more in a year
Banks	Payments made in cash against credit card bill settlement	Aggregating to Rs. 1,00,000/- or more in a year
Banks	Payments made by any mode other than cash against credit card bills settlement	Aggregating to Rs. 10,00,000/- or more in a year
Banks/post office/nidhis/NBFCs	One or more fixed deposits in a year	Aggregating to Rs. 10,00,000/- or more in a year
Company or institution issuing bonds or debentures	Receipt from any person for acquiring bonds or debentures issued by the company or institution	Aggregating to Rs. 10,00,000/- or more in a year
Company	Receipt from any person for acquiring shares issued by the company	Aggregating to Rs. 10,00,000/- or more in a year

## Furnishing of statement of financial transactions – Continued ...

Class of persons	Nature of transactions	Value of transactions
Company listed in a stock exchange	Buy back of shares from any person (other than the shares bought in the open market)	Aggregating to Rs. 10,00,000/- or more in a year
Mutual fund	Receipt from any person for acquiring units of one or more schemes of a mutual fund	Aggregating to Rs. 10,00,000/- or more in a year
Authorized dealer in foreign exchange	Receipt from any person for sale of foreign currency including credit of such currency to foreign exchange card or expense in such currency through a debit or credit card or through issue of travellers cheque or draft or any other instrument	Aggregating to Rs. 10,00,000/- or more in a year
Registrar or sub-registrar	Sale or purchase of any immovable property	Payments/value as per stamp valuation exceeding Rs. 30,00,000/-

### Annual reporting of transactions in Form 61A

With effect from 1<sup>st</sup> April 2016 all transactions covered under the various provisions mentioned in the above table will have to be reported to the Income Tax Department. The reporting will be done electronically in Form 61A. Form 61A will have to be furnished on or before 31<sup>st</sup> May each year. Non filing will lead to a penalty of Rs. 500 per day.

# Compliance Calendar

## 2019 April

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7 TDS PAYMENT, EQUALISATION LEVY	8	9	10 GSTR-1 GSTR-7 GSTR-8	11	12	13 GSTR-6
14	15 PF ESIC	16	17	18 GSTR-4 (JAN - MAR)	19	20 GSTR-3B
21	22	23	24	25	26	27
28	29	30				

## 2019 May

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7 TDS PAYMENT, EQUALISATION LEVY	8	9	10 GSTR-1 GSTR-7 GSTR-8	11
12	13 GSTR-6	14	15 PF ESIC	16	17	18
19	20 GSTR-3B	21	22	23	24	25
26	27	28	29	30 LLP Form 11	31 TDS RETURN(JAN- MAR), FORM 61A	

# Compliance Calendar

## 2019 June

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7 TDS PAYMENT, EQUALISATIO N LEVY	8
9	10 GSTR-1 GSTR-7 GSTR-8	11	12	13 GSTR-6	14	15 PF ESIC Advance Tax A.Y 19-20
16	17	18	19	20 GSTR-3B	21	22
23	24	25	26	27	28	29
30 GSTR-Annual Returns F.Y 2017-18						

## 2019 July

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7 TDS PAYMENT, EQUALISATIO N LEVY	8	9	10 GSTR-1 GSTR-7 GSTR-8	11	12	13 GSTR-6
14	15 PF ESIC	16	17	18 GSTR-4 (APRIL-JUN)	19	20 GSTR-3B
21	22	23	24	25	26	27
28	29	30	31 TDS RETURN (APR-JUN), INCOME TAX RETURN FOR A.Y(19-20)			

# Compliance Calendar

## 2019 August

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6	7 TDS PAYMENT, EQUALISATIO N LEVY	8	9	10 GSTR-1 GSTR-7 GSTR-8
11	12	13 GSTR-6	14	15 PF ESIC	16	17
18	19	20 GSTR-3B	21	22	23	24
25	26	27	28	29	30	31 PT(HALF YEARLY)

## 2019 September

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6 TDS PAYMENT, EQUALISATIO N LEVY	7
8	9	10 GSTR-1 GSTR-7 GSTR-8	11	12	13 GSTR-6	14
15 PF ESIC Advance Tax A.Y 19-20	16	17	18	19	20 GSTR-3B	21
22	23	24	25	26	27	28
29	30 INCOME TAX RETURN FOR A.Y(19-20)					

# Compliance Calendar

## 2019 October

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	5
6	7 TDS PAYMENT, EQUALISATION LEVY	8	9	10 GSTR-1 GSTR-7 GSTR-8	11	12
13 GSTR-6	14 PF ESIC	15	16	17	18 GSTR-4 (JULY-SEPT)	19
20 GSTR-3B	21	22	23	24	25	26
27	28	29	30 LLP-Form 8 Last date for AOC 4	31 TDS RETURN (JULY-SEP)		

## 2019 November

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7 TDS PAYMENT, EQUALISATION LEVY	8	9
10 GSTR-1 GSTR-7 GSTR-8	11	12	13 GSTR-6	14	15 PF ESIC	16
17	18	19	20 GSTR-3B	21	22	23
24	25	26	27	28	29 Last date for filing MGT 7	30 INCOME TAX RETURN FOR A.Y(19-20) - Transfer pricing cases

# Compliance Calendar

## 2019 December

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7 TDS PAYMENT, EQUALISATIO N LEVY
8	9	10 GSTR-1 GSTR-7 GSTR-8	11	12	13 GSTR-6	14
15 PF ESIC Advance Tax A.Y 19-20	16	17	18	19	20 GSTR-3B	21
22	23	24	25	26	27	28
29	30	31 GSTR-9 (ANNUALLY) GSTR-9A (MONTHLY)				

## 2020 January

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7 TDS PAYMENT, EQUALISATIO N LEVY	8	9	10 GSTR-1 GSTR-7 GSTR-8	11
12	13 GSTR-6	14	15 PF ESIC	16	17	18 GSTR-4 (OCT-DEC)
19	20 GSTR-3B	21	22	23	24	25
26	27	28	29	30	31 TDS RETURN (OCT-DEC)	

# Compliance Calendar

## 2020 February

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7 TDS PAYMENT, EQUALISATIO N LEVY	8
9	10 GSTR-1 GSTR-7 GSTR-8	11	12	13 GSTR-6	14	15 PF ESIC
16	17	18	19	20 GSTR-3B	21	22
23	24	25	26	27	28	29

## 2020 March

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7 TDS PAYMENT, EQUALISATIO N LEVY
8	9	10 GSTR-1 GSTR-7 GSTR-8	11	12	13 GSTR-6	14
15 PF ESIC Advance Tax A.Y 19-20	16	17	18	19	20 GSTR-3B	21
22	23	24	25	26	27	28
29	30	31 PT(HALF YEARLY)				

# Glossary

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<b>Budget 2019</b>	: Union Budget for 2019 - 20	<b>ITC</b>	: Input Tax Credit
<b>CBIC</b>	: Central Board of Indirect Taxes & Customs	<b>Lakhs</b>	: Hundred thousands
<b>Crores</b>	: Ten millions	<b>LLP</b>	: Limited Liability Partnership
<b>DTAA</b>	: Double Taxation Avoidance Agreement	<b>LUT</b>	: Letter of Undertaking
<b>GJA</b>	: G. Joseph & Associates	<b>PAN</b>	: Permanent Account Number
<b>GST</b>	: Goods & Service Tax	<b>RCM</b>	: Reverse charge mechanism
<b>GSTIN</b>	: GST Identification Number	<b>SEZ</b>	: Special Economic Zone
<b>HUF</b>	: Hindu Undivided Family	<b>TDS</b>	: Tax Deducted at Source
<b>INR /Rs.</b>	: Indian Rupee		

# Notice to the reader

In relation to this publication you may contact:

**George Joseph** - Managing Partner

Cell : +91 97464 00575

Email – gj@gja.co.in

**P. Rajagopal** - Partner

Cell : +91 93886 09990

Email – pr@gja.co.in

**Umesh Bhat** - Partner

Cell : +91 98472 74567

Email – umeshbhat@gja.co.in

**Reuben Joseph** - Partner

Cell : +91 98952 09307

Email – reuben.joseph@gja.co.in

**Jose Mekkalath** – Partner

Cell : +91 96450 80504

Email – jose.mekkalath@gja.co.in

**N. Vijayakumar** - Principal (IDT)

Cell : +91 94463 62533

Email - vjkumar@gja.co.in

**Allen Joseph** - Partner

Cell : +91 90483 06882

Email – allen.joseph@gja.co.in

**Raphael Sharon** - Partner

Cell : +91 99462 03087

Email – raphael.sharon@gja.co.in

**Shaji Varghese** - Partner

Cell : +91 98470 44030

Email – shaji.varghese@gja.co.in

**Smita Leslie** - Partner

Cell : +91 98800 28566

Email - smita.leslie@gja.co.in

**C M Cheriyan** – Partner

Cell : +91 90376 66896

Email – cherian.cm@gja.co.in

**Sunil Kallamangalam** – Principal

Cell : +91 95001 26020

Email – sunil.kallamangalam@gja.co.in

**Swathi Bhojak** – Consultant (Co. Law)

Cell : +91 90370 20811

Email – swathi.bhojak@gja.co.in

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We have used the following sources while preparing this document

1. The Finance Bill, 2019
2. The Kerala Finance Bill, 2019
3. The Finance Minister's Budget speech, 2019
4. FAQs issued by the GST Council
5. Various notifications issued by the Central Board of Indirect Taxes & Customs

## Notes:

### Cochin office :

37/2038, 1<sup>st</sup> Floor, Muttathil Lane  
Kadavanthra,  
Cochin – 682 020, Kerala

Phone: +91 484 2207 411

Fax : +91 484 2207 499

Email - mail@gja.co.in

### Bangalore office :

#343, Ranka Nest Apartments  
35/1 KKS Road, Oakalipuram  
Bangalore 560 021, Karnataka

# GJA Learning.

