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EDITORIAL



Friends,

The Harmonized System of Nomenclature or HSN is an internal system of naming goods. Conceptualized by the World Customs Organisation, the main purpose of HSN is to classify goods in a systematic and logical manner. This brings in a uniform classification of goods and facilitates international trade. The HSN structure contains 21 sections, with 99 Chapters, about 1,244 headings, and 5,224 subheadings. HSN / SAC code enables governments of countries to collaborate data of purchases and sales of commodities and analyze the same.

Every person registered under GST is required to state HSN code in its invoice in respect of goods supplied by him. The Search HSN functionality was earlier given as a measure of facilitation to the taxpayer to search the Technical Description of any particular HSN code of any goods and/or service used in the Trade, vis-a-vis HSN description in the Customs Tariff Act, 1975.

To ameliorate this challenge and to make the functionality user friendly, recently 'Search HSN' functionality has been revamped on the GST portal (www.gst.gov.in) by linking it with e-invoice database and Artificial Intelligence tools.

The Search HSN Code functionality has been enhanced, where the taxpayers can search the HSN code and the applicable technical description through common parlance / trade description of the goods/ services as they are

known in the Trade. It helps the taxpayers to search HSN Code by providing description/ part of a description.

The facility is available at both pre-login and post login.

Taxpayer can search HSN/ Description using either of the two options which are provided as radio buttons:

- (i) HSN and (Only numbers are allowed to be entered)
- (ii) Description;

On entering of HSN in search box, five nearest possible descriptions would be shown in the auto-suggested dropdown relating to the said HSN. The taxpayers can then select the suggestion that may be most relevant to their case.

The related HSN Codes displayed in the resultant table are hyperlinked and taxpayer can click on the same to view further details of the said HSN.

We recommend our readers to avoid mistakes during classification of goods and/or services, as this may lead to disputes with the customers as well as demands from the revenue department. It's better to refer to the notifications prescribed from time to time specifying the rates applicable on various products and following the rules of interpretation.

Just to reiterate that we remain available over telecom or e-mail.

Truly Yours

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TAX CALENDAR

Due Date	Form/Return/ Challan	Reporting Period	Description
10 th January	GSTR-7	December 2021	Due date for filing GSTR-7 to be filed by the person who is required to deduct TDS under GST for the month of December 2021.
10 th January	GSTR- 8	December 2021	The due date for furnishing statement by e-commerce companies for the Month of December 2021.
11 th January	GSTR-1 (Monthly)	December 2021	Return of outward supplies of taxable goods and/or services.
13 th January	GSTR -1 (Quarterly)	December 2021	Summary of outward supplies by taxpayers who have opted for the QRMP scheme.
13 th January	GSTR 6	December 2021	Return for Input Service Distributor.
14 th January	TDS Certificate (Form 16B/16C/16D)	November 2021	Due date for issue of TDS Certificate for tax deducted under section 194-IA,194-IB and 194M in the month of November, 2021.

INCOME TAX

NOTIFICATION

CENTRAL GOVERNMENT NOTIFIED 'BUREAU OF INDIAN STANDARDS' IN RESPECT OF THE SPECIFIED INCOME ARISING TO THAT BUREAU.

OUR COMMENTS: The Central Government vide Notification No. 142/2021 dated 31st December 2021, hereby notified for the purposes of the clause (46) of Section 10 of the Income Tax Act, 1961, the Bureau of Indian Standards (BIS) (PAN: AAATB0431G), in respect of the following specified income arising to that Bureau, namely:-

- (i) Certification fee;
- (ii) Sale of standards, provided there is no profit involved; and
- (iii) Income from interest;

2. This notification shall be effective subject to the following conditions, namely:-

- (a) the Bureau of Indian Standards (BIS) does not engage in any commercial activity;
- (b) the activities and the nature of the specified income of the Bureau of Indian Standards (BIS) remain unchanged throughout the financial years; and
- (c) the Bureau of Indian Standards (BIS) files return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

3. This notification shall be applicable for the Assessment Years 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26.

[For further details please refer to the Notification]

NOTIFICATION

RULE 130 - OMISSION OF CERTAIN RULES AND FORMS AND SAVINGS AMENDED AND RULE 16DD INSERTED IN THE INCOME-TAX RULES, 1962

OUR COMMENTS: The Central Board of Direct taxes hereby vide Notification No. 140/2021 dated 29th December 2021, made the following rules further to amend the Income-tax Rules, 1962, namely:-

1. Short title and commencement. —
 - (1) These rules may be called the Income-tax (35th Amendment) Rules, 2021.
 - (2) They shall be deemed to have come into force from the 29th day of July, 2021.
2. In the Income-tax Rules, 1962 (hereinafter referred to as principal rules), after rule 16D, the following rule shall be inserted, namely:—

“16DD. Form of particulars to be furnished along with return of income for claiming deduction under clause (b) of sub-section (1B) of section 10A.—The particulars, which are required to be furnished by the assessee along with the return of income under clause (b) of sub-section (1B) of section 10A shall be in Form No. 56FF.”
3. In the principal rules, in rule 130,—
 - (a) in sub-rule (1), the figures and letters “16DD” shall be omitted;
 - (b) in sub-rule (2), the figures and letters “56FF” shall be omitted.
4. In the principal rules, in Appendix II, after Form No. 56F, the Form mentioned in the notification shall be inserted.

[For further details please refer to the Notification]

NOTIFICATION

AMENDMENT IN THE NOTIFICATION NO 11/2017- CT (RATE) DATED 28.06.2017 REGARDING RATES FOR SUPPLY OF SERVICES UNDER CGST ACT

OUR COMMENTS: The Central Goods and Services Tax Act, 2017 (12 of 2017), vide Notification No. 22/2021- Central Tax (Rate) dated 31st December 2021, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, and in supersession of notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 15/2021 – Central Tax(Rate), dated the 18th November, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 807(E), dated the 18th November, 2021, hereby makes the following amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue) No.11/2017- Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 690(E), dated the 28th June, 2017, namely:-
In the said notification, in the TABLE, against serial number 3,-

- 1) in column (3), in the heading “Description of Service”, in items (iii), (vi), (ix) and (x), for the words “Union territory, a local authority, a Governmental Authority or a Government Entity” the words “Union territory or a local authority” shall be substituted;
- 2) in column (3), in the heading “Description of Service”, in item (vii), for the words “Union

territory, local authority, a Governmental Authority or a Government Entity” the words “Union territory or a local authority” shall be substituted;

- 3) in column (5), in the heading “Condition”, the entries against items (iii),(vi),(vii),(ix) and (x), shall be omitted.

This notification shall come into force with effect from the 1st day of January, 2022.

[For further details please refer to the Notification]

FEMA

DISCUSSION

FOREIGN OWNED OR CONTROLLED COMPANIES (FOCC)

OUR COMMENTS: FOCC is an Indian company set up or owned or controlled by a non-resident/ a foreign company or MNCs. There are certain compliances that are needed to be adhered to at the time of obtaining ownership/control. Companies Law and Foreign Exchange Management Law (FEMA) are two major laws that govern the whole process. Companies Law governs the whole incorporation process and FEMA governs the investment related procedures. The incorporation process is same as that of a domestic company except for some additional requirements like for examples the requirement of having at least one Indian director out of two directors if the FOCC is a private limited company. The documents provided by the foreign director should be in English and apostille.

As said earlier, due to investment from foreign country FEMA acts as strict watch guard. Before investing, one has to take care of certain regulations like sectoral cap, routes of entry, allowed and prohibited sectors, etc. One cannot invest in any sector, in any proportion, in any manner as he or she prefers. There is an exhaustive list of sectors from each point of view.

There are certain sectors where a certain percentage of foreign investment is allowed but after that they become prohibited.

Entities in Digital Media sector are allowed to have foreign investment of maximum 26%. So a foreign company cannot invest in the domestic company beyond the limit of 26% in this sector. Beyond that it also becomes a prohibited sector. Taking digital media, the investment of

26% needs approval from government (means it comes under the approval route and not the automatic route).

There are some sectors where automatic approval is there for a certain limit, then one needs to take approval from government and after that it becomes prohibited. Entities in private sector banking can have 49% auto investment, above 49% to 74% with government approval, and beyond that it is prohibited.

CUSTOMS

NOTIFICATION

NOTIFICATION NO. 50/2017-CUSTOMS AMENDED TO ALIGN WITH HSN 2022 W.E.F. 01.01.2022.

OUR COMMENTS: The Central Government, vide Notification No. 55/2021 dated 29th December 2021, made the following further amendments in the N. No. 50/2017-Customs, dated the 30th June, 2017 namely :-

In the said notification, in the Table, -

(i) for serial number 28 and the entries relating thereto, the following serial number and entries shall be substituted, namely: -

"28.0802 91 00, 0802 92 00, 0802 99 00	All goods	30%	-	-"
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(ii) against serial number 49, in column (2), for the entry, the entry "1211 30 00, 1211 40 00, 1211 50, 1211 60 00 or 1211 90" shall be substituted;

(iii) against serial number 76, in column (2), for the entry, the entry "1516 20, 1516 30 00" shall be substituted;

(iv) against serial number 77, in column (2), for the entry, the entry "1516 20, 1516 30 00" shall be substituted;

(v) against serial number 218, for the entry in column (2), the entry "3002 49 10" shall be substituted;

(vi) against serial number 249A, for the entry in column (2), the entry "3822 90 90" shall be substituted;

(vii) against serial number 250, for the entry in column (2), the entry "3801, 3802, 3803 00 00, 3804, 3805, 3806, 3807, 3809 (except 3809 10 00), 3810, 3812, 3815, 3816 00 00, 3817, 3821 00 00, 3824 (except 3824 60) or 3827" shall be substituted;

(viii) against S. No. 253, for the entry in column (2), the entry "3824 99 00, 8505 11 90" shall be substituted;

(ix) against serial number 271, for the entry in column (2), the entry "3907 29 10" shall be substituted;

(x) against serial number 349, for the entry in column (2), the entry "71 (except 7104 99 00)" shall be substituted;

(xi) against serial number 402, in the entry in column (3), in item (a), for the figure "8517 70 10", the figure "8517 79 10" shall be substituted;

(xii) against serial number 418, for the entry in column (2), the entry "3824 99 00" shall be substituted;

(xiii) against serial number 426, in the entry in column (3), for the figure "8548 90 00" the figure "8548 00 00" shall be substituted;

(xiv) against serial number 452, for the entry in column (3), the entry "Water heaters" shall be substituted;

(xv) against serial number 452A, for the entry in column (3), the entry "All goods" shall be substituted;

(xvi) against serial number 485A, for the entry in column (2), the entry "8501 10, 8501 20, 8501 31, 8501 32, 8501 33, 8501 34, 8501 40, 8501 51, 8501 52, 8501 53, 8501 71, 8501 72" shall be substituted;

(xvii) against serial number 502, for the entry in column (2), the entry "8525 89 00" shall be substituted;

(xviii) against serial number 502A, for the entry in column (2), the entry "8525 81 to 8525 89" shall be substituted;

(xix) against serial number 511, for the entry in column (3), for the figures "8525 80", the figures "8525 81 to 8525 89" shall be substituted;

(xx) against serial number 513, for the entry in column (3), in the item (vi), for the figures "8525 20 80" the figures "8525 81 to 8525 89" shall be substituted;

(xxi) against serial number 515A, in the entry of column (3), for the figures "8529," the figures "8524" shall be substituted;

(xxii) against serial number 515B, in the entry of column (3), for the figures "8529", the figures "8524" shall be substituted;

CUSTOMS

(xxiii) against serial number 516, in the entry of column (3), for the figures "8529", the figures "8524" shall be substituted;

(xxiv) against serial number 518, for the entry in column (2), the entry "8549 (except 8549 99 00)" shall be substituted;

(xxv) against serial number 535, in the entry in column (3), in the item (a), for the figures "8802", the figures, letters and words "8802 or 8806 (except Unmanned Aircraft used as Television camera, digital camera or video camera recorder)" shall be substituted;

(xxvi) against serial number 535A, in the entry in column (3), in the item (a), for the figure "8802", the figures, letters and words "8802 or 8806 (except Unmanned Aircraft used as Television camera, digital camera or video camera recorder)" shall be substituted;

(xxvii) against serial number 536, in the entry in column (3), in the item (i), for the figures "8802", the figures, letters and words "8802 or 8806 (except Unmanned Aircraft used as Television camera, digital camera or video camera recorder)" shall be substituted;

(xxviii) against serial number 538 for the entry in column (2), the entry "8807" shall be substituted;

(xxix) against serial number 545, for the entry in column (2) and column (3), the entry "8802 (except 8802 60 00) or 8806" and "All goods except Unmanned Aircraft used as Television camera, digital camera or video camera recorder" shall respectively be substituted;

(xxx) against serial number 547, for the entry in column (2), the entry "8807 10 00, 8807 20 00, 8807 30 00" shall be substituted;

(xxxi) against serial number 587, for the entry in column (2), the entry "9405 00 00" shall be substituted;

2. This notification shall come into force from the 1st day of January, 2022.

[For further details please refer the Notification]

NOTIFICATION

AMENDMENT IN IMPORT POLICY CONDITIONS OF GOLD IN ANY FORM, OTHER THAN MONETARY GOLD AND SILVER IN ANY FORM UNDER CHAPTER 71 OF ITC (HS), 2017, SCHEDULE - I (IMPORT POLICY)

OUR COMMENTS: The Directorate General of Foreign Trade, Department of Commerce, Ministry of Commerce & Industry, Government of India vide Notification No. 49/2015-2020 dated 5th January, 2022 regarding Amendment in import policy conditions of gold under Chapter 71 of Schedule - I (Import Policy) of ITC (HS), 2017. The Central Government hereby amends the import policy conditions for gold in any form (*Powder, Unwrought Grains, Unwrought others, Sheets, plates, strips tubes and pipes, Other semi-manufactured forms*) other than monetary gold and silver in any form under Chapter 71 of ITC (HS), 2017, Schedule - I (Import Policy).

Import of gold/silver under Advance Authorisation and supply of gold/silver directly by foreign buyers to exporters under para 4.45 of FTP against export orders would continue to be governed by the relevant FTP provisions.

The expression "Gold in any form" includes gold in any form above 22 carats under Chapter-71 of ITC (HS), 2017, Schedule-I (Import Policy).

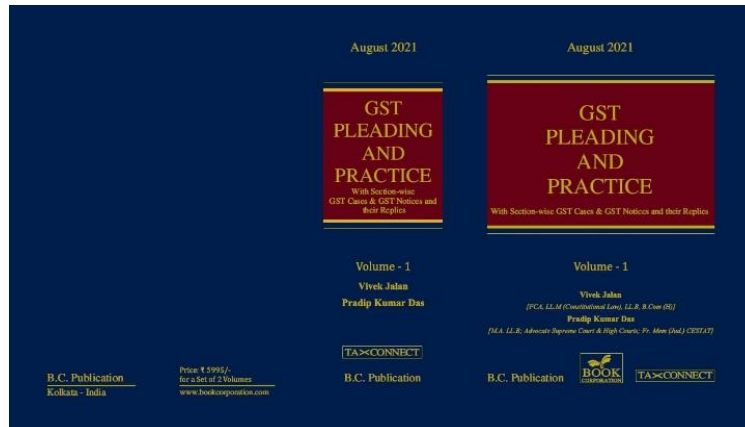
In addition to nominated agencies as notified by RBI (in case of banks) and nominated agencies notified by DGFT, qualified jewellers as notified by International Financial Services Centres Authority (IFSCA) will be

permitted to import gold under specific ITC(HS) Codes through India International Bullion Exchange IFSC Ltd. (IIBX). However, Import of gold/silver under Advance Authorisation and supply of gold/silver directly by foreign buyers to exporters under para 4.45 of FTP against export orders would continue to be governed by the relevant FTP provisions.

[For further details please refer the Notification]

:IN STANDS

GST PLEADING AND PRACTICE: With Section-wise GST Cases & GST Notices and their Replies



ABOUT THE BOOK: This publication includes:

1. GST Notices and their Replies
2. Orders and Appeals under GST
3. Text of provisions under IGST Act 2017 & CGST Act 2017
4. CGST & IGST Section-wise Synopsis of Case Laws and Notification/Circulars Gist
5. CGST & IGST Section-wise Synopsis of "Question of Law" answered under GST
6. Completely Updated Synopsis of Case Laws under GST by Supreme Court, High Court, AAARs & AARs

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