

INDIRECT TAX

Weekly Digest

13 July 2022
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GOODS & SERVICES TAX

LEGISLATIVE UPDATES

NOTIFICATIONS

Effective date of implementation of Section 110 (c) and 111 of Finance Act, 2022, notified

Central Board of Indirect Taxes & Customs (CBIC) appoints 05 July 2022, as the date on which the following recommendations of Finance Act, 2022 would come into force.

- Section 110(c) - The Government through a press release had earlier clarified that interest under section 50(3) of CGST Act would be levied on ineligible ITC availed and utilised and not on mere availment of ineligible ITC. Further, the press release also provided that the interest in such a case would be restricted to 18%. While the said provision was made retrospectively w.e.f 1 July 2017, there was no notification issued in relation to the same. The Finance Act 2022 proposes to amend section 50(3) of the CGST Act, to provide for interest @18% on the ineligible ITC availed and utilised.
- Section 111 - Section 49(10) of the CGST Act proposes facility of transfer the amount of Electronic Cash balance under the heads CGST and IGST between one GSTIN to another GSTIN of the same entity. This would enable the taxpayers to transfer unutilised cash balance in one State registration to another State registration within the same legal entity to ease cash flow.

[Notification no:09/2022 dated 05 July 2022]

Exemption on furnishing annual return for FY 2021-22

CBIC exempts registered person, whose aggregate turnover in the financial year 2021-22 is up to INR 20 Mn, from the requirement of filing annual return for the said financial year.

[Notification no:10/2022 dated 05 July 2022]

Extension of due date of furnishing FORM GST CMP-08 for the quarter ending June 2022

Due date for filing of Form CMP-08 for Q1 (April to June 2022) for FY 2022-23 has been extended from 18 July 2022 to 31 July 2022.

[Notification no:11/2022 dated 05 July 2022]

Extension to waiver of late fee for delay in filing FORM GSTR-4 for FY 2021-22

Extension of waiver of late fees till 28 July 2022 for delay in furnishing of FORM GSTR-4 for the Financial Year 2021-22. GSTR-4 is an annual return form for those taxpayers, who have opted for GST composition scheme in the new indirect tax regime.

[Notification no:12/2022 dated 05 July 2022]

Extension of dates of specified compliances in exercise of powers under section 168A of CGST Act

- The time limit prescribed under section 73(10) for issuance of order under section 73(9) of the CGST Act, for recovery of tax not paid or short paid or of input tax credit wrongly availed or utilized, in respect of a tax period for the financial year 2017-18 is extended till 30 September 2023;
- The Government excludes the period from the 1 March 2020 to the 28 February 2022 for computation of period of

limitation under section 73(10) of the CGST Act for issuance of order under section 73(9) of the CGST Act, for recovery of erroneous refund;

- Time period from 01 March 2020 to 28 February 2022 to be excluded from calculation of the period of limitation for filing refund claim by applicant under section 54 and 55 as well as for issuance of demand/order (by proper officer) in respect of recovery of erroneous refund under section 73 of CGST Act.

[Notification no:13/2022 dated 05 July 2022]

Amendment in CGST Rules, 2017

CBIC makes various important amendment in CGST Rules, 2017. Key Highlights of the notification are as follows:

- Insertion of proviso after rule 21(A), sub rule 4, which provides for automatic revocation of suspension of registration of taxpayers on filing of all pending returns in cases where suspension of registration was done by the system due to non-filing of returns for the specified period, after all the pending returns are filed in the portal by the taxpayer;
- Amendment in explanation 1 after rule 43 of CGST Rules, to exclude sale of Duty Credit Scrips from value of exempt supply, for the purpose of reversal of common ITC;
- Certain categories of taxpayers were exempted from provisions relating to E-invoicing such as -
 - Government department;
 - Local authority;
 - Supplier of taxable service is an insurer or a banking company or a financial institution, including a non-banking financial company;
 - Supplier of taxable service is a Goods Transport Agency (GTA);
 - Supplier of taxable service is supplying Passenger Transportation Service;
 - Registered person supplying services by way of admission to exhibition of cinematograph films in multiplex screens.

Clause (s) has been added to rule 46 now, requiring such persons to make a declaration, as mentioned below, in their invoices

“I/We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under sub-rule (4) of rule 48, we are not required to prepare an invoice in terms of the provisions of the said sub-rule.”

- Sub-rule (4B) has been inserted in rule 86 to provide for FORM PMT03A for re-crediting the amount of erroneous refund paid back by the taxpayers. Where a registered person deposits the amount of erroneous refund sanctioned to him under
 - Section 54(3) of the Act, or
 - Rule 96(3), in contravention of rule 96(10),
 along with interest and penalty, wherever applicable, through FORM GST DRC-03, by debiting the electronic cash ledger, on his own or on being pointed-out, an amount

equivalent to the amount of erroneous refund deposited by the registered person shall be re-credited to the electronic credit ledger by the proper officer by an order made in FORM GST PMT-03A;

- Amendment has been made in rule 87, to provide UPI and IMPS as an additional mode of payment under GST. Sub-rule (14) has been inserted in rule 87 to permit transfer of balance lying in the Electronic Cash Ledger of one registration to the electronic cash ledger of other registrations of the same taxpayers of a distinct person by using FORM GST PMT-09, subject to conditions;
- A new rule 88B has been introduced with retrospective effect from 01 July 2017, prescribing the manner of calculation of interest under section 50;
 - In case the supplies made during the tax period are declared in the return after due date then interest calculated on the amount of tax paid by debiting electronic cash ledger. In all other cases interest will be calculated @18% on unpaid tax;
 - Even in cases where ITC has been wrongly availed or utilized i.e., when the balance in the electronic credit ledger falls below the amount of ITC wrongly availed, then interest shall be calculated @24%.
- As per second proviso to rule 89(1), in case of refund of ITC against supplies made to SEZ unit/SEZ developer, the “specified officer” of the SEZ zone shall certify the receipt of goods and services by SEZ unit/developer. Now, the term “specified officer” would also include “authorized officer” of the SEZ zone, who would be lower in rank than the “specified officer” and would be available in all SEZ;
- Though electricity is “goods” it is intangible and some of the conditions applicable for export of goods cannot be applied to electricity and hence certain special provisions have made for export of electricity under claim of rebate of tax suffered on the input side;
- Explanation has been added in rule 89(4) to provide that the value of goods exported out of India shall be the FOB value as per shipping bill, or the value declared in tax invoice/bill of supply, whichever is less;
- Amendment has been made in formula prescribed in rule 89(5) of CGST Rules 2017. In the case of refund on account of inverted duty structure, refund of ITC shall be granted as per the following formula so as to factor the ITC availed on services in the actual utilization of ITC in the payment of tax.

$$\text{Maximum Refund Amount} = \{(\text{Turnover of inverted rated supply of goods and services}) \times \text{Net ITC} / \text{Adjusted Total Turnover}\} - \text{tax payable on such inverted rated supply of goods and services} \times (\text{Net ITC} / \text{ITC availed on inputs and input services})$$
- Supplies from Duty Free shops (DFS) at international terminal to outgoing international passengers to be treated as exports by DFS and consequential refund benefit to be available to them on such supplies. In this regard, rule 95 A has been omitted now with retrospective effect from 01 July 2019;
- Rule 96 has been amended retrospectively w.e.f 1 July 2017 to provide for withholding of refund in cases of risky exporters. Such refund claims shall be transmitted online to the proper officer in FORM GST RFD-01;

- Amendment in GSTR 3B:
 - Other details table will now include “ITC reclaimed which was reversed under table 4(B)(2) in earlier tax period” as well as “Ineligible ITC under section 16(4) and ITC restricted due to POS provisions;
 - Details of supplies on which tax is paid by E-Commerce operator u/s 9(5) of the CGST Act are to be shown separately;
 - Reversal as per Rules 38,42 & 43 and section 17(5) to be shown separately.
- The format for GSTR-9 and 9C for FY 2021-22 and other forms have been amended/inserted in line with the changes in relevant provisions.
 - It shall be now mandatory to report in table 17 HSN code at six digits level for taxpayers having annual turnover in the preceding year above INR 50 Mn and at four digits level for all B2B supplies for taxpayers having annual turnover in the preceding year up to INR 50 Mn;
 - The registered person shall report non-GST supply (5F) separately and shall have an option to either separately report his supplies as exempted and ‘nil’ rated supply or report consolidated information for these two heads in the “exempted” row only.

[Notification no:14/2022 dated 05 July 2022]

CIRCULARS

Mandatory disclosure of inter-State supplies and amount of ineligible/blocked ITC and reversal thereof in return in FORM GSTR-3B and statement in FORM GSTR-1

CBIC has advised the registered person to furnish appropriately the details of supplies made to unregistered person, composition taxable person and UIN holders in Form GSTR-3B and Form GSTR-1. It is further clarified that any amendment carried-out in Form GSTR-1 pertaining to such supplies should be appropriately considered in Form GSTR-3B.

Manner of reporting ITC has also been provided as below:

- Total ITC (Eligible and Ineligible) which is auto-populated from Form GSTR-2B;
- Reversal of ITC which is absolute in nature and not reclaimable;
- Reversal of ITC which is not permanent in nature and can be reclaimed in future;
- Ineligible ITC as per provisions of section 17(5) of CGST Act;
- ITC not available on account limitation of time period.

The detailed manner of reporting is provided in the circular. Key highlights are as follows:

Disclosure of inter-State supplies and ineligible/blocked credit:

- Inter-state supplies made to unregistered persons, recipients under composition scheme and UIN holders should be disclosed in table 3.2 of Form GSTR-3B and appropriate table in form GSTR-1. Further, amendments made to Form GSTR-1, if any, should be reflected in GSTR-3B too;
- The suppliers should capture the correct state name of their customers, location, ‘place of supply’ in invoice and returns;

- The disclosures for ITC claim must be made on the ‘gross’ basis and all the reversals are required to be separately disclosed.

[Circular no:170/02/2022 dated 06 July 2022]

Clarification on various issues w.r.t. applicability of demand and penalty provisions under the CGST Act for transactions involving fake invoices

Clarifications about demand/penalty under the CGST Act, 2017 in case of transactions involving fake invoices, are tabulated below:

| S. No. | Issue | Clarification |
|--------|---|--|
| i | Invoice issued by ‘A’ to ‘B’ without underlying supply. | In absence of any supply by ‘A’ to ‘B’, no tax liability on ‘A’ and consequently, no demand or recovery on ‘A’. However, penalty under section 122(1)(ii), equal to amount of tax involved leviable. |
| ii | ‘B’ claims credit and uses ITC for payment of tax on outward supplies. | Demand of incorrectly availed and utilized credit on ‘B’, along with interest and penalty under section 74. No penalty under section 122 or other section applicable. |
| iii | ‘B’ claims ITC and uses it for payment of tax on invoice issued by ‘B’ to ‘C’, without any underlying supply. | No demand of tax (in absence of supply) or input tax credit for ‘B’. Penalty under section 122 (1)(ii) and 122 (1)(vii), both equal to amount of tax involved, to be levied. |

It is clarified that the above clarification is illustrative and actual facts would need to be assessed. Further, the person, who has retained the benefit of such transactions and the person, at whose instance, such transactions are conducted, will also be liable for penalty under section 122(1A). Depending on the facts, the arrest and prosecution provisions may also be invoked.

[Circular no:171/02/2022 dated 06 July 2022]

Clarifications on various issues pertaining to GST

- Clarifications relating to refund claimed by recipient on supply regarded as deemed exports:
 - ITC claimed by recipient of deemed export supply would not be subject to bar or restriction under section 17 of the CGST Act;
 - ITC claimed on deemed export supply would not be includible in ‘net credit’ for computing eligible refund of accumulated ITC to exporters or in inverted tax structure.
- Clarification on restrictions on ITC under section 17(5) of the CGST Act:
 - Credit on goods or services, personally consumed by the employees will be allowed, if they are under a statutory obligation;

- Restriction on ITC on leasing applies only to leasing of motor vehicles, vessels or aircrafts and other goods are eligible for credit.
- Taxability of perquisites given by employer to employee:
 - Perquisites given by employer to employee in terms of contractual agreement between them, will not be subject to GST as they are in lieu of services provided by employee to the employer in relation to his employment.
- Utilisation of balance in Electronic Credit Ledger and Electronic Cash Ledger for payment of tax and other liabilities:
 - The balance in electronic credit ledger can be used only for making payment of output tax liability, whether as per return or payable under any proceeding under GST laws, other than under reverse charge;
 - The balance available in electronic cash ledger can be used for making any payment under GST law.

[Circular no:172/02/2022 dated 06 July 2022]

Clarifications on refund under Inverted Tax Structure where goods are supplied under concessional rate

It is clarified that even if input and output goods are same and credit is accumulated due to application of lower rate of tax on output supply, the taxpayer can claim refund of accumulated credit by treating it as accumulation due to inversion of tax. Earlier, as per circular no:135/05/2020, refund under this route was not available if the input and output goods were same.

[Circular no:173/02/2022 dated 06 July 2022]

Process for re-credit in Electronic Credit Ledger

- When refund of any ITC is made incorrectly and taxpayer repays such amount in cash with interest and penalty, he can reclaim ITC in the Electronic Credit Ledger basis Form PMT-03A issued by the proper officer.
- The process for reclaim of such credit, broadly, is as follows:
 - The taxpayer should make payment of such erroneously received refund in form DRC-03, along with applicable interest and penalty, specifically mentioning in the form the reason for payment as erroneous refund of ITC;
 - After making payment, the taxpayer is required to make an application to the proper officer in the format prescribed in the circular to re-credit the amount.
 - The proper officer, after due verification, will pass an order in form PMT-03A, preferably within 30 days, re-crediting the amount in electronic credit ledger of the taxpayer.

[Circular no: 174/02/2022 dated 06 July 2022]

Process to claim refund of accumulated ITC for export of electricity

- It is not possible to file Shipping Bill or Bill of Export for export of electricity due to which, exporters are unable to claim refund of ITC relating to such export, as refund was linked to Shipping Bill/Bill of Exports. To enable the

electricity exporters to claim refund, a new procedure has been laid down as under:

- Exporters must submit application for refund under the category of "Any other" in form RFD-01 (giving relevant details in statement 3B) and mention in remarks that this claim is for 'export of electricity-without payment of tax (accumulated ITC)'. The exporter is not required to debit the amount of refund claimed from Electronic Credit Ledger at this stage;
- The exporter must upload the Statement of scheduled energy for electricity exported by the Generation Plants (in format attached as Annexure-I) issued as part of Regional Energy Account by Regional Power Committee Secretariat, for the period for which refund is claimed and copy of relevant agreement, giving tariff per unit of electricity exported, along with calculation of refund amount in prescribed format. Lower of the quantum of export of electricity as per invoice and the statement issued by Regional Power Committee Secretariat, would be considered to compute export turnover;
- The due date for claiming refund would be computed on the basis of last day of month in which electricity is exported;
- The refund amount would be calculated on the same basis as on export of goods;
- The proper officer would verify the details and compute the admissible refund. If he is satisfied that any amount is refundable to the exporter, he would ask the exporter to debit the amount in their Electronic Credit Ledger and on receipt of proof of such debit, proceed to issue the refund order and payment order.

[Circular no:175/02/2022 dated 06 July 2022]

Withdrawal of Circular no:106/25/2019-GST dated 29 June 2019

Circular no:106/25/2019-GST provided clarifications in relation to rule 95A of the CGST Rules which provided for refund of taxes paid on inward supply of indigenous goods by retail outlets established at the departure area of the international airport beyond immigration counters when supplied to outgoing international tourist against foreign exchange.

Since rule 95A has been omitted, Circular no:106/25/2019-GST dated 29 June 2019 has been withdrawn.

[Circular no: 176/02/2022 dated 06 July 2022]

JUDICIAL UPDATES

ORDERS BY AUTHORITY FOR ADVANCE RULING (AAR)

ITC is eligible on purchase of demo vehicles by a supplier of Motor Vehicles

Facts of the case

- M/s. Toplink Motorcar Private Limited ("Taxpayer") is engaged in supply of motor vehicles along with repair and maintenance of such vehicles;
- Further, the taxpayer purchases demo cars for providing trial runs or demonstration to its customers.

Questions before the Authority

Whether GST liability on sale of vehicles can be paid by utilising ITC on purchase of demo vehicles?

Contention by the Taxpayer

- Taxpayer has relied upon various judicial pronouncements wherein it has been held that ITC on purchase of demo vehicles can be utilized for discharging GST liability on further supply of motor vehicles;
- Further, taxpayer has submitted that the restriction under section 17(5) of CGST Act, 2017 (“CGST”) does not apply on purchases of demo vehicles since they are subsequently sold after limited use.

Observations and Ruling by the AAR

The AAR observed that restriction under section 17(5) of the CGST Act, 2017, is not applicable since the taxpayer is engaged in further supply of motor vehicles. Accordingly, taxpayer is eligible to avail and utilize ITC on purchase of demo vehicles.

[AAR-West Bengal, M/s. Toplink Motorcar Private Limited, Authority for Advance Ruling Case no. 04 of 2022 Order No 03/WBAAR/2022-23, dated 23 June 2022]

Benefit of lower GST rate on fortified rice to economically weaker sections is applicable only to suppliers who supplies to agency entrusted by Government

Facts of the case

- M/S. AS Bharat Refinery (India) Private Limited (“Taxpayer”) is engaged in the business of manufacturing of “Fortified Rice Kernels - Premix” (“FRK”). The said goods have been classified under the HSN 1904 90 90 and the applicable GST rate is 18%;
- As per notification no:11/2021-CT(R) dated 30 September 2021, the principal exemption notification no:39/2017-CT(R) dated 18 October 2017, was amended, wherein the GST rate on FRK was reduced from 18% to 5%, when such supply is made for ICDS or similar schemes of Central/ State Government;
- The Government of Uttarakhand vide letters dated 03 January 2022 and 13 January 2022 instructed the taxpayer to supply FRK to 79 listed rice mills for supply under the Public Distribution Schemes(PDS).

Questions before the AAR

Whether the taxpayer is eligible for concessional rate of tax of 5% under the exemption notification no:39/2017-CT(R) with effect from 1 October 2021?

Contentions by the Taxpayer

- The taxpayer has submitted that to address anaemia and micronutrient deficiency in the country, the Government of India has approved centrally sponsored pilot scheme on “Fortification of Rice and its Distribution under Public Distribution System” for a period of 3 years beginning from 2019-2020. 15 State Governments including that of Uttarakhand have consented and identified their respective districts for implementation of pilot scheme. FRK is purchased by various regional rice mills for supply of fortified rice under the schemes;
- Further as per notification no:39/2017-CT(R) dated 18 October 2017, as amended, the rate of GST on supply of FRK is 5% if the FRK is supplied for ICDS or similar scheme

duly approved by the Central Government or any State Government and when the supplier of such goods produces a certificate from an officer not below the rank of the Deputy Secretary to the Government of India or the Deputy Secretary to the State Government or the Deputy Secretary in the Union Territory concerned to the effect that such goods have been distributed free to the economically weaker sections of the society under a programme duly approved by the Central Government or the State Government concerned, within a period of five months from the date of supply of such goods or within such further period as the jurisdictional commissioner of the Central tax or jurisdictional commissioner of the State tax, or jurisdictional officer of the Union Territory Tax as the case maybe, may allow in this regard;

- Further the taxpayer has also cited an AAR dated 21 October 2021 in the case of M/s Rasi Nutri Foods, passed by AAR Tamil Nadu, ruled that notification no:39/2017-CT(R) dated 18 October 2017(as amended) is applicable for supply of FRK, by the taxpayer for the pilot scheme on “Fortification of Rice and its Distribution under the Public Distribution System”.

Observations & Ruling by the AAR

- The AAR has examined the submissions made by the taxpayer in the application and has observed the use of words “Fortified Rice Kernel (Premix) supply for ICDS or similar scheme duly approved by the Central Government or any State Government” in the notification and concluded that the supplier must be aware beforehand that the quantity/lot/batch of the said goods are intended for supply for ICDS or similar scheme. The AAR also concluded that use of words “.... supply for ICDS or similar scheme” is a pre-supply condition to stop the misuse of the exemption notification and condition mandated in the notification is a post-supply condition to be complied by the supplier;
- Further the AAR on observation of use of words “.... that such goods have been distributed free to the economically weaker sections of the society under a programme duly approved by the Central Government or the State Government concerned...” concluded that it signifies the agency entrusted with the free distribution of the said goods to economically weaker sections of the society under a programme and keeps a track record and ensure that said goods have been distributed to the actual beneficiary;
- Also, AAR has observed that in the instant case, on scrutiny of the letter dated 03 January 2022 that the taxpayer has to supply goods to the rice millers and not to the agency entrusted by the government for free distribution of said goods to the economically weaker sections of the society;
- Further AAR also scrutinized the letter dated 13 January 2022 and observed that the responsibility of supplying such goods and complying with the conditions stated in the above said letters lies with the rice millers and not on the taxpayer;
- With regard to the advance ruling relied, AAR has observed that the facts and circumstances of the above-mentioned ruling are different from the instant case and hence the taxpayer is not eligible for concessional rate of tax at 5% under exemption notification no:39/2017-CT(R) dated 18 October 2017;

- AAR held that rice millers has been requisitioned for supply of fortified rice and the taxpayer has neither been engaged in supply of said goods for free distribution to the economically weaker sections of the society in a programme duly approved by the Central Government or the State Government, nor they are into the supply of the said goods in terms of notification no:39/2017-CT(R)dated 18 October 2017, the taxpayer is not eligible for concessional rate of tax at 5% under the above said exemption notification.

[AAR-Uttarakhand, M/s. AS Bharat Refinery (India) Private Limited. TSAAR Order no:03/2022-23, dated 11 April 2022]

CENTRAL EXCISE

NOTIFICATION

Exemption to Ethanol Blended Petrol from Central Excise duty

Amendment has been made in Notification no:11/2017-Central Excise, dated 30 June 2017. In the said notification:

In the Table, after Sl. No. 5B and the entries relating thereto, the following Sl. Nos. and entries shall be inserted, namely:

| Sl. No. | Chapter or heading or sub-heading or tariff item | Description of goods | Rate |
|---------|--|--|------|
| 5C | 2710 12 43 | 12% ethanol blended petrol that is a blend, - <ul style="list-style-type: none"> consisting, by volume, of 88% motor spirit, (commonly known as petrol), on which the appropriate duties of excise have been paid and of 12% ethanol on which the appropriate central tax, State tax, Union territory tax or integrated tax, as the case maybe, have been paid; and conforming to the Bureau of Indian Standards specification IS 17586. | Nil |
| | | 15% ethanol blended petrol that is a blend, - <ul style="list-style-type: none"> consisting, by volume, of 85% motor spirit, (commonly known as petrol), on which the appropriate duties of excise | |

| | | | |
|----|------------|---|-----|
| 5D | 2710 12 44 | have been paid and of 15% ethanol on which the appropriate central tax, State tax, Union territory tax or integrated tax, as the case maybe, have been paid; and <ul style="list-style-type: none"> conforming to the Bureau of Indian Standards specification IS 17586. | Nil |
|----|------------|---|-----|

[Notification no:12/2022 dated 04 July 2022]

CIRCULARS

CBIC rescinded circular w.r.t. excisability of waste/ residue arising during the process of manufacture

The CBIC rescinded the circular no:1027/15/2016-CX dated 25 April 2016 w.r.t. excisability of waste/ residue arising during the process of manufacture.

Cases kept in call book on the above issue, if any, may be taken out and adjudicated in light of the law decided by the Apex Court.

[Circular no:1084/05/2022 dated 07 July 2022]

CUSTOMS

NOTIFICATION

Extension of exemption from BCD and AIDC upon import of Raw Cotton

Amendment has been made in notification no:21/2022-customs, dated 13 April 2022. CBIC extends exemptions of all customs duty on raw cotton imports till 31 October 2022 which was previously valid till 30 September 2022.

[Notification no:38/2022 dated 04 July 2022]

INSTRUCTIONS

Amendment in export policy of items under various HS Codes

Notification no:14/2015-2020 dated 30 June 2022 has been issued to amend the export policy of items (motor gasoline and gas oil) under HS Codes 27101241, 27101242, 27101243, 27101244, 27101249, 27101941, 27101944 and 27101949 of chapter 27 of schedule 2 of the ITC (HS) Export Policy. DGFT has now put in place certain conditions for export of items under the above-mentioned HS Codes.

It is requested that necessary action may be taken to sensitize officers under your jurisdiction regarding the above-mentioned amendment in Export Policy of motor gasoline and gas oil.

[Instruction no:11/2022 dated 03 July 2022]

Standard Operating Procedure (SOP) for import of mobile phones with duplicate, fake and non-genuine International Mobile Equipment Identity

Reference is invited to copy of Office Memorandum (OM) dated 04 July 2022 received from Department of Telecommunication, Ministry of Communication, New Delhi. Department of Telecommunication has informed that the SOP version 1.0 has been modified appropriately due to operationalization of new system i.e., Indian Counterfeited Device Restriction (ICDR) system w.e.f. 28 January.

Necessary action may be taken to sensitize officers under your jurisdictions regarding the above-mentioned modified SOP (Version 1.1) issued from Department of Telecommunications.

[Instruction no:12/2022 dated 07 July 2022]

FOREIGN TRADE POLICY (FTP)

NOTIFICATION

Exemption of IGST and Compensation Cess under Advance Authorisation, EPCG and EOU scheme

DGFT has provided exemption from the levy of IGST and the GST Compensation Cess on various goods imported under Advanced Authorization scheme as per para 4.14 of FTP, 2015-20, Export Promotion Capital Goods (EPCG) Scheme as per para 5.01(a) of the FTP, Export Oriented Unit (EOU) Scheme as per para 6.01(d)(ii) of the FTP, for continuance of such exemption of the IGST and Compensation Cess after 30 June 2022, in view of the notification no:37/2022-Customs, dated 30 June 2022.

[Notification No:16/2015-20 dated 01 July 2022]

Amendment of import policy conditions for item under Exim code 07019000 of Chapter 07 of ITC (HS), 2022, Schedule -I

Import of potatoes under ITC (HS) code 0701 9000, is allowed from Bhutan without import license up to 30 June 2023.

[Notification No:17/2015-20 dated 04 July 2022]

Amendment in export policy of Wheat Flour (atta)

Export Policy of wheat flour (atta) remains 'Free', but export shall be subject to recommendation of Inter-Ministerial Committee (IMC) on export of wheat. The notification will come into effect from 12 July 2022. The provisions as under para 1.05 of the FTP, 2015-2020 regarding transitional arrangement shall not be applicable under this notification.

During the period from 06 July 2022 till 12 July 2022 the following consignments of wheat flour will be allowed to be exported:

- where loading of wheat flour on the ship has commenced before this notification; and
- where wheat flour consignment has been handed over to the customs before this notification and is registered in their system.

Necessary modalities with regard to quality of wheat flour will be notified separately.

[Notification No:18/2015-20 dated 06 July 2022]

Amendment in import policy conditions for item under Exim code 07019000

The requirement of advance registration of minimum 15 days from the expected date of arrival of import consignment

under SIMS has been abolished.

[Notification No:19/2015-20 dated 07 July 2022]

Syncing of the ITC (HS), 2022- Schedule-1 (Import Policy) with the Finance Act, 2022

ITC(HS) 2022 Schedule-1 Import Policy is amended in sync with the Finance Act, 2022.

The list of ITC(HS) codes introduced/deleted/amended/split/merged as per the Finance Act, 2022 and the modifications/amendments in the section notes, chapter-wise main notes, supplementary notes, chapter heading, sub-headings and description of ITC(HS) codes as per the Finance Act, 2022 have been provided in the notification.

This shall come into force with immediate effect.

[Notification No:20/2015-20 dated 07 July 2022]

POLICY CIRCULAR

Clarification regarding Paper Import Monitoring System (PIMS) at SEZ/FTWZ/EOU for import into DTA

Clarification has been issued with regard to whether PIMS Registration is required both at the point for import into Special Economic Zone ("SEZ")/ Free Trade and Warehousing Zones ("FTWZ") and at the time of Customs Clearance from SEZ to Domestic Tariff Area ("DTA") and whether the registration is required for EOUs as well at the time of import by an EOU.

- PIMS registration shall be required at the point of import by a unit in SEZ/FTWZ or at the time of import by an EOU of the items covered under RIMS;
- PIMS registration shall not be required by the DTA unit at the time of Customs clearance from the SEZ/FTWZ/EOU to DTA if no processing has taken place of the item of paper that has already been registered under PIMS at the time of entry into a SEZ/FTWZ/EOU. However, if processing has taken place in the SEZ/FTWZ/EOU with change in HS code at 8-Digit level, then the importer in DTA will require to register under PIMS, if the processed item falls under any of the tariff lines covered under PIMS.

[Policy Circular no:41/2015-20 dated 05 July 2022]

NEWS FLASH

1. “5% Goods and Service Tax to make unbranded packaged items unbranded packaged items uncompetitive: Small retailers”
<https://timesofindia.indiatimes.com/city/ludhiana/5-gst-to-make-unbranded-packaged-items-uncompetitive-small-retailers/articleshow/92689714.cms>
[Source: Times of India, 06 July 2022]
2. “Pre-packaged, pre-labelled food items to attract same rate of GST as branded, says CBIC Chief Johri”
<https://www.thehindubusinessline.com/economy/pre-packaged-pre-labelled-food-items-to-attract-same-rate-of-gst-as-branded-says-cbic-chief-johri/article65612458.ece>
[Source: The Hindu Business Line, 07 July 2022]
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