



Hyderabad

# CIRCUIT

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A News Magazine from  
the Hyderabad Chapter of  
The Institute of Cost Accountants of India



**Special Programme on the occasion of 'Gurupurnima' on "GST" was held  
at CMA Bhavan, Himaythnagar, Hyderabad  
L-R CMA B. Mallikarjuna Gupta, CMA DR P.V.S. Jagan Mohan Rao,  
CMA T.C.A Srinivasa Prasad, Sri C. Ramachandra Reddy- MLA, Khairatabad**

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## *The Chairman writes to you*

***Your positive action combined  
with positive thinking results in  
success.”*** - Shiv Khera



**Dear esteemed Members,**

It is to inform all members that the Elections for the Managing Committee is planned to be held on 12.09.2017 in our Chapter premises from 8.00 AM to 7.00 PM. The election notification is published in CIRCUIT at page no 18 for information of the members. In view of the above I would be serving another one month as Chairman and then the reins of the same will be handed over to the new elected body.

I am happy to inform you that the Principal Secretary Revenue Department who is looking after GST from the State Government side has requested our Chapter to give suggestions on certain issues like Works Contract i.e; how to document the Input Tax Credit (ITC) availed by the Contractors to be passed on to the Government when it is liable to pay 18% GST to them. In this regard we gave our views to the Principal Secretary Revenue and he appreciated our efforts.

To update our members on latest Circulars and Notifications on GST, we are regularly conducting the programmes. This month we organised 3 programmes on GST on topics i.e., Valuation and Payment of Tax, Walk through of Returns in GST and Valuation in GST. We are getting good speakers who are having good knowledge in GST. As informed earlier we want to give more thrust on GST as it is more beneficial to our Members. Post implementation of GST now it is the turn of filing the Returns which will start from filing of GSTR-3B on 20.08.2017. We also conducted one programme on how to crack the Limited Insolvency Examination by CS GV Subba Rao and he presented the areas where to concentrate to complete the Examination.

Lastly on behalf of our MC members and myself, I convey my greetings to all our members and their families on the occasion of Krishna Asthami, 71<sup>st</sup> Independence Day Anniversary, Vinayaka Chaturdhi and Bakrid.

*With regards,*

**CMA D. Surya Prakasam**  
Chairman

## *From the Edit Room...*

*Certain teething problems are bound to be there in a big scale indirect tax reform like GST in India. We find that major part of the industry has smoothly adopted GST which is introduced from 1st July, 2017. To cope up with the GST issues & problems being faced by the Industry, the release of FAQs covering various issues under major heads of businesses/transactions etc., by CBEC is really encouraging. Further, commitment to issue GSTIN within 3 working days on application, abolition of check posts by 22 state governments, announcing GST rate finder app on mobile, extension of exercising option for Composition scheme to 16th Aug,2017, facility to apply for cancellation of GSTIN upto 30th Sept,2017 are all going to streamline the GST operations in the country. We as professionals also need to guide the industry & all other stakeholders for smooth implementation & success of GST.*

*Aadhaar number is going to play a key role in all our financial, personnel and disbursement of benefits under governmental schemes etc., The decision of the government to encourage banks to act as Aadhaar Registration centre, announcement of Prime Minister's Vayo Vandana Yojana for Senior Citizens offering 8% p.a. interest, free insurance to Rupay Card ATM card holders and the process initiated by the government to rationalize all labour laws into four codes and announcement of Supervisory Colleges for 6 big commercial banks are welcome features that took place during the last month.*

*CMAs are required to note the changes in the revised Forms announced by MCA of CRA2 & CRA 4, ESI Contributions to be paid by 15th of the following month wef 1st July, 2017 and closure of PF facilities after an employee attains 58 years of age and government's decision to shortly come out with National Financial Reporting Authority etc.,*

*We invite your suggestions for improvement of the Hyderabad Circuit and Articles of professional interest.*

**CMA Rajapeta satyanarayana**

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### Managing Committee - 2016-17

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### Editorial Board

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## ACTIVITIES SCORE BOARD



### Professional Development Sub-Committee

Month (2017-18)	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	Year-to-date
No. of Programs	2	2	6	4	0	0	0	0	0	0	0	0	14
CEP Hours	4	12	6	5	0	0	0	0	0	0	0	0	27

### Practitioners' Forum Sub-Committee

Month (2017-18)	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	Year-to-date
No. of Programs	3	0	1	1	0	0	0	0	0	0	0	0	5
CEP Hours	5	0	2	0	0	0	0	0	0	0	0	0	7





# Performance Track

## PROFESSIONAL DEVELOPMENT SUB COMMITTEE

- 1st July, a programme on “Valuation and Payment of Tax” conducted at CMA Bhavan, Himayatnagar, Hyderabad.**  
**Speaker:** Sri S. Suresh Kumar, Superintendent, Central Excise, Customs & Service Tax. Sri Suresh has given an overview of GST concepts and gave an introduction to valuation and payment of tax in GST.
- 08th July, a Programme on “Walk Through of Returns in GST” was held at CMA Bhavan, Himayatnagar, Hyderabad**  
**Speaker:** CMA B. Mallikarjuna Gupta, Founder: India-gst.in & Speaker, Author, Corporate Trainer and Advisor for GST  
 A detailed program on the returns – field -wise - in GST was done for the benefit of the members. The program had witnessed an attendance of more than 80 members.
- 22nd July, a Programme on “Valuation in GST” held at CMA Bhavan, Himayatnagar, Hyderabad**  
**Speaker:** CA Irshad Mohammad, Faculty –National Academy at Customs, Excise & Narcotics  
 CA Irshad had given an excellent talk on the valuation rules and concepts. A much appreciated session.
- 29th July, a programme on “Insolvency and Bankruptcy” was held at CMA Bhavan, Himayatnagar, Hyderabad**  
**Speaker:** CS G.V. Subba Rao  
 CS Subba rao garu gave examination tips to crack the Limited Insolvency Examination with a well-structured power point presentation. He has put forward his points with admirable energy before the participants.

## PRACTITIONERS’ FORUM SUB COMMITTEE

- 9th July, a special programme on the occasion of ‘Gurupurnima’ on "GST" was held at CMA Bhavan, Himayatnagar, Hyderabad.**  
**Speakers:** CMA B. Mallikarjuna Gupta, CMA K.K. Rao, Prof Sri Ramulu, CMA TCA Srinivasa Prasad & C. Ramachandra Reddy- MLA, Khairatabad  
 CMA B. Mallikarjuna Gupta had given an excellent talk on GST. The Hyderabad chapter presented memento and shawl to Sri C. Ramachandra Reddy- MLA, Khairatabad on the occasion of Gurupurnima.

## OTHER PROGRAMMES

- 07th July, CMA D. Surya Prakasam, Chairman-HCCA, CMA D. Zitendra Rao, Member – SIRC, CMA B. Mallikarjuna Gupta, Member met with Sri Somesh Kumar, IAS- The Principal Secretary, Telangana Government, Secretariat, Hyderabad**
- 11th July, Career Counseling Programme at Aurora Degree College by CMA DR P.V.S. Jagan Mohan Rao**
- 15th July, Career Counseling Programme at Avinash College of Commerce, Kukatpally, Hyderabad by CMA Vijay Kiran Agastya, MC. Member**
- 15th July, Career Counseling Programme at Shyamala Devi Degree College, Barkatpura, Hyderabad by CMA NSV. Krishna Rao, Practicing Cost Accountant**
- 20th July, Career Counseling Programme at Priyanka Degree College for Women, Mehdiapatnam, Hyderabad by CMA KVN. Lavanya, Vice Chairperson**
- 24th July, Career Counseling Programme at Ideal Degree College for Women, Dilsukhnagar, Hyderabad by CMA Dr. R. Chandrasekhar, Secretary**
- 26th July, Career Counseling Programme at Key’s Junior College for Girls, Secunderabad by CMA KVN. Lavanya, Vice Chairperson**



# FINANCE CLIPS

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FINANCE CLIPS

- Centre abolishes 13 Cesses wef 1st July, 2017:** As many as 13 cesses have ceased to exist with the rollout of the Goods and Services Tax (GST). The cesses that have been abolished from July 1 by the Taxation Laws (Amendment) Act include the Krishi Kalyan Cess and Swachh Bharat Cess that were levied along with service tax, as well as education cess on excisable goods and also little known cesses such as those on tea, sugar and jute. However, according to officials, seven cesses will continue as they relate to customs or goods that are not included in the GST. These include education cess secondary and higher education cess on imported goods. Similarly, cesses on petroleum products will also continue as these are outside GST vide the Hindu Business Line dated 3rd July, 2017.
- Government abolishes LTUs:** The Finance Ministry has decided to abolish Large Taxpayer Units (LTU), set up in 2006 as single window clearance points, from July 1 as they will not be needed under the new GST regime. According to a CBEC circular, all the files regarding taxation lying with LTUs would be transferred to GST Commissionerates. CBEC further said that said that the files pertaining to cases pending in CESTAT spread all over India may be transferred to the respective Jurisdictional GST Commissionerate vide the Hindu business Line dated 30th June, 2017.
- Audit Committee of Board of Directors:** RBI issued a circular indicating that where Banks are chaired by Non –Executive Chairman there will be no restrictions if he/she is nominated to the Audit Committee of the Board of Directors vide RBI/17-18/20 DBS.ARS.BC.01/08.91.020/2017-18 dated 13th July, 2017.
- Test paper scheme for CA Final Postponed:** The students of Final Course may note that the Eligibility Test Paper Scheme which was to be implemented for the Final Course students from November 2017 attempt, stands postponed to a later date. In other words, Final Course students will not be required to take any tests/exams, for being eligible to sit in the forthcoming November, 2017 examinations and for details refer to [www.icai.org](http://www.icai.org)
- INDAS 116 on Leases:** ICAI has issued Exposure Draft on IND AS 116 and called for comments & suggestions from all stakeholders by 31st August, 2017.
- No TDS on GST component:** CBDT has clarified that no TDS will be required to be deducted on GST component shown separately on the Invoice vide Circular No.23/2017 dated 19th July, 2017.
- Income Computation & Disclosure Standards:** ICAI has issued a Technical guide on Income Computation & Disclosure Standards (ICDs) and the same can be accessed on [www.icai.org](http://www.icai.org)
- NFRA:** The government is reviewing plans to put in place the National Financial Reporting Authority (NFRA) as it seeks to rein in the Institute of Chartered Accounts for India (ICAI) for its perceived failure in enforcing discipline vide TOI dated 24th July, 2017.
- Book Profit:** The CBDT has issued Circular No. 24/2017 dated 25th July 2017 in which it has provided clarifications (FAQ) on computation of book profit for the purposes of levy of Minimum Alternate Tax (MAT) under section 115JB of the Income-tax Act, 1961 for Indian Accounting Standards (IndAS) compliant companies.

# LEGAL UPDATES

By **K P C Rao**,  
B.Sc., LLB, FCMA, FCS, MICA,  
CMA (USA), FIPA (Australia)  
Practicing Company Secretary  
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*“No society can prosper if it aims at making things easier – instead it should aim at making people stronger”*

- Ashoka

## 1. THE COMPANIES (AMENDMENT) BILL, 2016

The Companies (Amendment) Bill, 2016 was passed by Lok Sabha on Jul 27, 2017 with amendments. The Bill amends the Companies Act, 2013. During its passage in Lok Sabha, the following amendments were made to the Bill:

- (a) **Layers of subsidiaries:** The Act permits the central government to impose a cap on the number of layers of subsidiaries a company can have. The 2016 Bill sought to remove the restriction on the number of layers of subsidiaries. The Bill as passed restores the position in the Act, i.e., the central government may impose such a cap.
- (b) **Memorandum:** The Act requires the memorandum of association of a company to define the specific objects for which the company is being incorporated, and other related matters. The 2016 Bill allowed a company to declare general objects which state that the company may engage in any lawful act or activity or business. The Bill as passed restores the position of the Act. It requires companies to state specific objects for their incorporation.

### Key features of the 2016 Bill are:

- (a) **Independent Directors:** Under the Companies Act, 2013, independent directors of a company should not have monetary (pecuniary) relationship with the company. The Bill seeks to allow independent directors to have pecuniary interest up to 10% of their income. This amount may be further modified by the central government.
- (b) **Managerial remuneration:** Under the Act, if managerial remuneration exceeds prescribed limits, approval of the central government and shareholders must be obtained. The Bill seeks to omit the requirement to obtain approval from the central government.

## 2. THE BANKING REGULATION (AMENDMENT) BILL, 2017

The Banking Regulation (Amendment) Bill, 2017 was introduced in Lok Sabha on July 24, 2017. It replaces an Ordinance, which was promulgated in May 2017. The Bill amends the Banking Regulation Act, 1949, which regulates the functioning of banks and provides details on aspects such as licensing, management, and operations of banks. Key features of the Ordinance are:

- (a) **Insolvency proceedings:** The central government may authorise the Reserve Bank of India (RBI) to issue directions to banks for initiating proceedings in case of a default in loan repayment. These proceedings will be under the Insolvency and Bankruptcy Code, 2016.
- (b) **Issuing directions to banks on stressed assets:** The RBI may issue directions to banks for resolution of stressed assets (stressed assets include NPAs, and loans that have been restructured). Further, the RBI may specify authorities or committees to advise banks on resolution of these assets. Members on such committees will be appointed or approved by the RBI.

## 3. THE COLLECTION OF STATISTICS (AMENDMENT) BILL, 2017

The Collection of Statistics (Amendment) Bill, 2017 was passed by Parliament on Jul 26, 2017. The Bill seeks to amend the Collection of Statistics Act, 2008. The Act facilitates the collection of statistics related to social, economic, demographic, and other indicators, by central, state and local governments. It also contains provisions to ensure security of the information collected under the Act. The Bill seeks to achieve the following objectives:

- (i) extend the jurisdiction of the Act to Jammu and Kashmir,
- (ii) allow the central government to determine the manner in which the information collected will be used for statistical purposes, and
- (iii) provide for the appointment of a nodal officer to coordinate and supervise the proposed statistical activities.



#### 4. THE INDIAN INSTITUTES OF INFORMATION TECHNOLOGY (PPP) BILL, 2017

The Indian Institutes of Information Technology (Public-Private Partnership) Bill, 2017 was passed by both houses of the Parliament on Jul 27, 2017. The Bill declares 15 existing Indian Institutes of Information Technology established through public-private partnership as institutions of national importance. Key features of the Bill include:

- (a) **Definition of public-private partnership (PPP):** PPP is defined as a partnership under a scheme of the centre which provides for establishment of institutes through collaboration between the centre, the state government and industry partners. Industry partners can be individuals, trusts, companies or societies.
- (b) **Establishment of an institute:** In order to establish an institute, the state government will identify at least one industry partner for collaboration and submit a proposal to the centre. The centre will examine the proposal based on certain criteria, which include:
  - (i) the capital investment for establishing the proposed institute, to be borne by the centre, the concerned state government and industry partners (ratio 50:35:15);
  - (ii) expertise and standing of the industry partners;
  - (iii) the assessment of the capability, financial and other resources of the industry partners to support the institute; and
  - (iv) the availability of adequate physical infrastructure (water, electricity, road connectivity), and land (50 to 100 acres), to be provided by the state government free of cost.
- (c) The centre may reject or accept the proposal with modifications. Upon such acceptance, the centre will enter into a Memorandum of Understanding (MoU) with the concerned state government and the industry partners for the establishment of the proposed institute. The MoU will outline details such as the capital investment proposed and the commitment of the centre, state, and the industry partner in ensuring autonomy of the institutes, among others.
- (d) **Role of the industry partner:** Powers of the industry partner will include:
  - (i) co-creating programs as per the requirements of the industry;
  - (ii) actively participating in the governance of the institute; and
  - (iii) funding and mentoring startups in the institutions.

#### 5. THE INDIAN INSTITUTES OF MANAGEMENT BILL, 2017

The Indian Institutes of Management (IIMs) Bill, 2017 was passed by Lok Sabha on July 28, 2017. The Bill was introduced on February 9, 2017. It declares the IIMs as institutions of national importance. IIMs provide post-graduate, doctoral, postdoctoral and research education in the field of management and allied areas of knowledge. Key features of the Bill include:

- (a) **Power to grant degrees:** Under the Bill, IIMs will have the power to grant degrees, diplomas and other academic distinctions or titles. Currently, IIMs can only grant diplomas and fellowships.
- (b) **Board of Governors:** Board of Governors shall be the principal executive body of each institute. Note that the Board will appoint its own Chairman. Other than a nominee each from the central and state governments, the 17 other board members will also be nominated by the Board.
- (c) **Appointment of the Director:** The Director of each IIM shall be recommended by the search-cum-selection Committee to be constituted by the Board of Governors. If the Board is not satisfied with the recommendation of this Committee, it may ask for fresh recommendations for the post of the Director.
- (d) **Academic Council:** The Academic Council shall be the principal academic body of each institute. Its functions will include: (i) specification of the academic content of the academic programmes and the criteria for admission to courses, (ii) specification of the academic calendar, and (iii) recommendations for the grant of degrees, diplomas and other academic distinctions.

#### 6. THE INDIAN INSTITUTE OF PETROLEUM AND ENERGY BILL, 2017

The Indian Institute of Petroleum and Energy Bill, 2017 was introduced in Lok Sabha on July 18, 2017. The Bill establishes and declares the Indian Institute of Petroleum and Energy, Vishakhapatnam, Andhra Pradesh to be an institution of national importance. The Institute aims to provide high quality education and research focussing on the energy sector relating to the conventional and non-conventional hydrocarbons.

#### 7. THE ADMIRALTY (JURISDICTION AND SETTLEMENT OF MARITIME CLAIMS) BILL, 2016

The Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016 was passed by Rajya Sabha on July 24, 2017. The Bill was introduced in Lok Sabha in November 2016. The Bill seeks to consolidate the existing laws on civil matters of admiralty jurisdiction of courts, admiralty

proceedings on maritime claims, and arrest of ships. Admiralty laws deal with cases of accidents in navigable waters, or contracts related to commerce on such waters. The Bill repeals laws such as the Admiralty Court Act, 1861, and the Colonial Courts of Admiralty Act, 1890.

#### 8. THE REQUISITIONING AND ACQUISITION OF IMMOVABLE PROPERTY (AMENDMENT) BILL, 2017

The Requisitioning and Acquisition of Immovable Property (Amendment) Bill, 2017 was introduced in Lok Sabha on July 18, 2017. The Bill amends the Requisitioning and Acquisition of Immovable Property Act, 1952. The Act provides for the central government to requisition for its own purpose, which further must be a public purpose. Under certain conditions it can also acquire such property.

#### 9. THE PUBLIC PREMISES (EVICTION OF UNAUTHORISED OCCUPANTS) AMENDMENT BILL, 2017

The Public Premises (Eviction of Unauthorised Occupants) Amendment Bill, 2017 was introduced in Lok Sabha on July 31, 2017. The Bill amends the Public Premises (Eviction of Unauthorised Occupants) Act, 1971. The Act provides for the eviction of unauthorised occupants from public premises in certain cases. Key features of the Bill include:

- (a) **Residential accommodation:** The Bill defines 'residential accommodation occupation' as the occupation of public premises by a person on the grant of a license for such occupation. The license must be given for a fixed tenure, or for the period the person holds office. Further, the occupation must be allowed under the rules made by the central, state or union territory government, or a statutory authority (such as Parliament Secretariat, or a central government company, or premises belonging to a state government).
- (b) **Notice for eviction:** The Bill adds a provision laying down the procedure for eviction from residential accommodation. It requires an estate officer (an officer of the central government) to issue a written notice to a person if he is in unauthorised occupation of a residential accommodation. The notice will require the person to show cause of why an eviction order should not be made against him, within three working days. The written notice must be fixed to a conspicuous part of the accommodation.
- (c) **Order of eviction:** After considering the cause shown, and making any other inquiries, the estate officer will make an order for eviction. If the person fails to comply with the order, the estate officer may evict such person from the residential

accommodation, and take possession of it. For this purpose, the estate officer may also use such force as necessary.

- (d) **Payment of damages:** If the person in unauthorised occupation of the residential accommodation challenges the eviction order in any court, he will pay damages for every month of such occupation.

#### 11. DRAFT NATIONAL GUIDELINES FOR STEM CELL RESEARCH, 2017 RELEASED

The Indian Council of Medical Research and the Department of Biotechnology have released the draft National Guidelines for Stem Cell Research, 2017. The draft guidelines seek to ensure that all research with human stem cells is conducted in an ethical and scientifically responsible manner. Use of stem cells has the potential for improving human health by restoring the function of cells and tissues damaged due to degeneration and/or injury. Thus, stem cell biology has emerged as an important area of biomedical research with potential applications in developmental biology, disease modelling and drug development.

##### Key features of the draft guidelines include:

- (a) **Applicability:** The draft guidelines are applicable to various stakeholders, including individual researchers, sponsors, and oversight/regulatory committees associated with both basic and clinical research involving human stem cells. The guidelines will not apply to research concerning non-human stem cells.
- (b) **Consent from the donor:** Prior to the procurement of biological material for the isolation of stem cells, it is mandatory to obtain informed consent from the voluntary donor.
- (c) **Intellectual Property Rights associated with stem cells:** Intellectual Property Rights (IPRs) associated with the outcome of research on stem cells may have commercial value. The option of sharing such IPRs should be indicated in the informed consent form which must be procured before the commencement of the research. Further, it is expected that a proportion of the benefit accruing from commercial use of donated tissue/cells will be returned to the donor and the community at large, which has directly or indirectly contributed to the product.
- (d) **Compliance with guidelines:** A National Apex Committee for Stem Cell Research and Therapy currently monitors and oversees research activities at the national level. The Institutional Committee for Stem Cell Research approves and monitors stem cell research (both basic and clinical research) at the institutional level. These oversight committees





will ensure that review, approval and monitoring process of all research projects related to stem cells is carried out in compliance with the national guidelines.

#### 10. AMENDMENTS TO THE ANCIENT MONUMENTS ACT, 1958

The Ancient Monuments and Archaeological Sites and Remains (Amendment) Bill, 2017 was introduced in Lok Sabha on July 18, 2017. The Bill amends the Ancient Monuments and Archaeological Sites and Remains Act, 1958.

#### 11. DRAFT NATIONAL GUIDELINES FOR STEM CELL RESEARCH, 2017 RELEASED

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#### 12. LAW COMMISSION SUBMITS REPORT ON HUMAN DNA PROFILING

The Law Commission of India on July 27, 2017 submitted its report (No. 271) on 'Human DNA Profiling' to the Union Minister of Law & Justice. The report also proposes a draft Bill for the use and regulation of DNA based technology. DNA profiling is a scientific technique used for disaster victim identification, investigation of crimes, identification of missing persons and human remains, and for medical research purposes. The report states the need for the regulation of human DNA profiling by a special law with defined standards, quality controls and quality assurance systems. Further, such profiling would be restricted to certain purposes only.

#### 13. SUPREME COURT STAYS IMPLEMENTATION OF RULES ON LIVESTOCK TRADING

The Supreme Court on July 11, 2017 issued an interim stay on implementation of rules under the Prevention of Cruelty to Animals Act, 1960. These rules were issued by the central government on May 23, 2017 to regulate trading of animals in animal markets. They prohibit sale and purchase of cattle for slaughter and religious purposes in such markets.

On May 30, 2017, the Madras High Court had issued a stay order on implementation of these rules in Chennai. The Supreme Court has extended this stay to the rest of the country.

#### 14. CABINET APPROVES ONGC TO BUY 51% STAKE IN HPCL

The Cabinet Committee on Economic Affairs gave an in-principle approval to the sale of 51.11% of the paid up equity shareholding in Hindustan Petroleum Corporation Limited (HPCL) to Oil and Natural Gas Corporation (ONGC). This sale would also include transfer of management control. Post the acquisition, HPCL will continue to be a public



sector enterprise under the central government, having become a subsidiary of ONGC.

The proposed acquisition seeks to create a vertically integrated public sector 'oil major' company with presence across the entire value chain. To oversee this transaction, CCEA has approved setting up of an alternative mechanism, headed by the Finance Minister. It will help in decision making with regard to the timing, price, terms and conditions, and other related issues to the transaction.

#### 15. CENTRAL GOVERNMENT ORDERS PENALTY ON ONGC, RIL, AND SHELL

The central government ordered a penalty of US \$3 billion on Reliance Industries (RIL), Royal Dutch Shell (Shell) and Oil and Natural Gas Corp. (ONGC). The penalty was awarded following an arbitration in the Panna Mukta Tapti (PMT) oil field dispute. RIL and Shell have further appealed the arbitration award in a court in the United Kingdom. ONGC has not been a part of the arbitration or the subsequent appeal. The arbitration was initiated in December 2010.

The dispute was regarding the government's share of profit petroleum (the total value of petroleum produced and saved from the contract area in a particular period) and royalty from the PMT fields. The arbitration panel ruled that the government's share of profit from the oil fields will be deductible at the current tax rate of 33% as opposed to the previous rate of 50%.

Following the arbitration, the government calculated the amount owed by the companies. RIL and Shell own a 30% stake each in the PMT oil fields. ONGC owns the remaining 40% stake. The companies have to pay a penalty proportional to their stake.

#### 16. DATA PROTECTION FRAMEWORK FOR INDIA - GOVT. APPOINTS COMMITTEE HEADED BY JUSTICE SRIKRISHNA

The Centre has appointed an expert committee, headed by former Supreme Court Judge B.N. Srikrishna, to "identify key data protection issues" in India and recommend methods to address any potential problems, according to PTI, dated August 1, 2017.

The Union minister of Electronics and Information Technology on Monday released an official memorandum for formation of the expert committee, which will comprise of ten members, including Unique Identification Authority of India Chief Executive Officer Ajay Bhushan Pandey and Research Director of Vidhi Center for Legal Policy Arghya Sengupta.

Others in the committee include Secretary of the Department of Telecom Aruna Sundararajan, Director of IIT-Raipur Professor Rajat Moona, National Cyber Security Coordinator Gulshan Rai, Director of IIM-Indore Rishikesh T. Krishnan, CEO of Data Security Council of India Rama Vedashree and the Joint Secretary of the Ministry of Electronics and Information Technology.

The committee has been appointed in view of the "growing importance of data protection India."

"The need to ensure growth of the digital economy while keeping personal data of citizens secure and protected is of utmost importance," the circular further states, entrusting the committee with the task of putting together a draft data protection bill, and submitting its report "as expeditiously as possible".

#### 17. SUPREME COURT ISSUES NEW GUIDELINES TO PREVENT MISUSE OF S.498A IPC

Supreme Court of India on 27th July, 2017 has issued new set of directions to prevent the misuse of Section 498A of Indian Penal Code.

The court observed that Section 498A was inserted in the statute with the laudable object of punishing cruelty at the hands of husband or his relatives against a wife particularly when such cruelty had potential to result in suicide or murder of a woman as mentioned in the Statement of Objects and Reasons of the Act 46 of 1983.

"It is a matter of serious concern that large number of cases continue to be filed under Section 498A alleging harassment of married women. To remedy the situation, we are of the view that involvement of civil society in the aid of administration of justice can be one of the steps, apart from the investigating officers and the concerned trial courts being sensitized. It is also necessary to facilitate closure of proceedings where a genuine settlement has been reached instead of parties being required to move High Court only for that purpose".

#### 18. PAKISTAN SUPREME COURT DISQUALIFIES PRIME MINISTER NAWAZ SHARIF

The Supreme Court of Pakistan, on 28th July, 2017, disqualified Pakistan's Prime Minister Nawaz Sharif, directing the National Accountability Bureau (NAB) to prepare and file a reference within six weeks against Nawaz Sharif, Maryam Nawaz Sharif, Hussain Nawaz Sharif and Capt (Retd) Muhammed Safdar and others.

The five-Judge Bench held:





"It is hereby declared that having failed to disclose his un-withdrawn receivables constituting assets from Capital FZE Jebel Ali, UAE in his nomination papers filed for the General Elections held in 2013 in terms of Section 12(2)(f) of the Represent No. 1 Mian Muhammad Nawaz Sharif is not honest in terms of Section 99(f) of ROPA and Article 62(1)(f) of the Constitution of the Islamic Republic of Pakistan, 1973 and therefore he is disqualified to be a Member of the Majlis-e-Shoora (Parliament)," the Bench ruled, directing the Election Commission of Pakistan to immediately issue a notification disqualifying Mr. Sharif from being a Member of the Majlis-e-Shoora (Parliament).

"The President of the Islamic Republic of Pakistan is required to take all necessary steps under the Constitution to ensure continuation of the democratic process," it, thereafter, observed.

The Court further requested the Chief Justice of Pakistan to nominate a Judge to supervise and monitor implementation of the judgment "in letter and spirit", and oversee the proceedings conducted by the NAB and the Accountability Court.

The main question posed before the Court was whether Mr. Sharif, who was the Chairman of a company called Capital FZE, was required to disclose his salary received in that capacity while filing his nomination papers.

Representing Mr. Sharif, Khawaja Harris Ahmed stated that Mr. Sharif never withdrew a salary despite being on the Board of the company. The Court, however, concluded that "a salary not withdrawn would nevertheless be receivable and as such would constitute an asset for all legal and practical purposes".

It then ruled that Mr. Sharif's failure to disclose the fact amounted to a violation of Section 12(2) of the Representation of the People Act. "Where respondent No. 1 did not disclose his aforesaid assets, it would amount to furnishing a false declaration on solemn affirmation in violation of the law mentioned above, therefore, he is not honest in terms of Section 99(1)(f) of the ROPA and Article 62(1)(f) of the Constitution of the Islamic Republic of Pakistan," the Court, thereafter, held.

The verdict is being viewed as the most serious ramification yet of the Panama Papers leak, which detailed financial dealings of the Panamanian law firm Mossack Fonseca. The papers had linked Mr. Sharif's children to the purchase of London property through offshore companies in the British Virgin Islands in the early 1990s. At that time, the children were minors, and therefore, the purchase is assumed to have been made by Mr. Sharif himself.

#### 19. INELIGIBLE ARBITRATOR CANNOT NOMINATE ANOTHER ARBITRATOR SAYS THE SUPREME COURT

Amendments to the Arbitration and Conciliation Act in 2015 brought in the concept of "ineligible arbitrator". As per the newly introduced Section 12(5), an arbitrator shall become ineligible if his / her relationship with the parties or counsel or the subject – matter of the dispute falls under any of the categories specified in Seventh Schedule of the Act. For e.g. if the arbitrator is an employee, consultant or advisor of one of the parties to the dispute he cannot act as an arbitrator.

The above position of law on ineligibility of arbitrators is very clear. However, it was not clear until recently whether appointments / nominations made by an arbitrator who has become ineligible as per the operation of law are valid or not. Recently, this question of law came up for the consideration of the Hon'ble Supreme Court in the case of TRF Ltd. vs. Energo Engineering Projects Ltd. 2017 SCC OnLine SC 692

The Hon'ble Supreme Court, was considering several special leave appeals in which the seminal question was whether once a person (for e.g. Managing Director of a party) who was required to arbitrate disputes under a contract become ineligible by operation of law, he would be eligible to nominate a person to act as the arbitrator. The Hon'ble Court placing reliance on the latin maxim 'Qui facit per alium facit per se' (what one does through another is done by oneself) has come to the conclusion that once the arbitrator has become ineligible by operation of law he cannot nominate another as arbitrator.

This Judgment would further transparency and professionalism in ad hoc arbitrations in India. This judgment should also act as a wakeup call for enterprises to review, revise and align their dispute resolution clauses in line with the latest changes in the arbitration law and practice in India.

#### 20. HYDERABAD HC ALLOWS 3-YEAR LLB COURSE GRADUATES TO PARTICIPATE IN LAW CLERKS RECRUITMENT

The High Court of AP & TS on 1st August, 2017 paved the way for 3-year LLB Course graduates to apply for the post of Law Clerk, directing the Registry to amend a notification which had made eligible only graduates from the 5-year law course.

The Division Bench ordered the Registry to extend the last date for application, if necessary, observing that it did not "see any reason as to why they should be excluded".

It, however, clarified that graduates with a 3-year law degree obtained through distance mode would still not be eligible for appointment.



# CMA UPDATE

**CMA R. SATYANARAYANA,**

M.Com, FCMA

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## GENERAL

**Interest on PPF:** CG has notified that 7.8% per annum will be payable on deposits made into PPF Account on or after 1st July, 2017 vide Notification dated 30th June, 2017.

**PMVVY scheme:** FM launched Prime Minister Vaya Vandana Yojana a scheme for the Sr.Citizens with 60 years and above which gives an interest rate of 8% p.a. payable monthly/quarterly/halfyearly/ yearly. as may be opted and scheme will be operated by LIC of India.

**Rupay ATM Card:** All RuPay ATM-cum-debit cardholders are presently eligible for accidental death and permanent disability insurance cover. RuPay Classic cardholders are eligible for cover of Rs.1 lakh, whereas RuPay Premium cardholders are eligible for cover of Rs.2 lakh. Insurance premium is paid by the National Payments Corporation of India. GST

**Check posts abolished:** With the roll-out of the GST wef 1st July, 2017, 22 States in India have abolished their check posts.

**SEZs exempted from IGST:** CG has notified that services imported by Unit or Developer of SEZ will be exempt from the Integrated GST 2017 vide NOTIFICATION No. 18/2017 dated 5th July, 2017.

**CBEC releases rates books:** CBCEC has released rates booklets in respect of GST rates on goods & services and for details and download of the book refer to [www.cbec.gov.in](http://www.cbec.gov.in)

**LOU/Bond:** CBEC has issued a circular indicating the conditions to be satisfied for submission of Letter of Undertaking in place of Bond vide Notification no.16/2017-Central Tax dated 7th July, 2017.

**GST rate finder App:** FM released Mobile GST rate finder App so that one can access the applicable GST rate for goods and supplies on Mobile. Further, one can also access the rates of GST on [cbec-gst.gov.in](http://cbec-gst.gov.in)

**Food supplied free no GST:** No GST is applicable on Prasadam & free food supplied in Anna kshetras run by religious institutions. Prasadam supplied by religious places like temples, mosques, churches,

gurudwaras, dargahs etc., attract NIL CGST and SGST or IGST as the case may be vide clarification given by the government

**Multiple Registrations:** Finance Secretary Sri Hasmukh Adhia informed that Multiple Registrations are allowed under single PAN number vide The Financial Express dated 7th July, 2017.

**No GST on Boarding & Lodging charges by hostels on students:** No GST on Annual subscription/fees charged as lodging/boarding charges by educational institutions from its students for hostel accommodation services provided by Educational Institutes to students, faculty & staff vide PIB dated 13th July, 2017.

**GST on Legal Services:** The Finance Ministry has issued a Press Release on 15th July, 2017 indicating that Legal services would attract GST under Reverse Charge method and for details refer to [www.gst.gov.in](http://www.gst.gov.in)

**Invoice uploading:** GSTN has made arrangements for uploading the Purchase & Sale Invoices from 24th July, 2017 vide the Hindu Business Line dated 16th July, 2017.

**No GST on secondhand goods sold:** The buying and selling of second-hand goods will not attract Goods and Services Tax (GST) if sold at a price cheaper than the purchase price vide ET dated 15th July, 2017.

**Import or Export of goods:** Importers and exporters of goods, that are exempted from GST, do not need to obtain a GST registration number and can clear their consignments by quoting PAN, the customs department said vide The Financial Express dated 13th July, 2017.

**Option to Composition scheme:** The date of exercising option for Composition Scheme under the GST extended to 16th Aug, 2017 and for details refer to [www.gst.gov.in](http://www.gst.gov.in)

**Cancellation of Registration:** Govt. has extended the time of applying for cancellation of Registration till 30th Sept, 2017 and for details refer to [www.gst.gov.in](http://www.gst.gov.in)

**Case study on GST:** The Union Finance Minister, Shri Arun Jaitley releases a Case Study on the Birth of the Goods and Services Tax (GST) in. The GST Saga: A Story of Extraordinary National Ambition in national capital and for details refer to [www.gst.gov.in](http://www.gst.gov.in) LABOUR

**ESI contribution payment date:** CG has changed Regulation No.31 of the ESI(General) Regulation 1950 and indicated that ESI Contribution payment last date changed to 15th of Every month wef 1st July, 2017 and thus the contribution for the month of June 17, 2017 will be required to be paid by 15th July, 2017.



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**Gifts to Employees:** Gifts up to a value of Rs 50,000/- per year by an employer to his employee are outside the ambit of GST. However, gifts of value more than Rs 50,000/- made without consideration are subject to GST, when made in the course or furtherance of business vide Public Information Bureau dated 10th July, 2017 Government of India Ministry of Finance.

**New Portal for returns under EPF:** EPFO launched new portal for online filing of returns by the exempted establishments.

**Interest rate on PFs etc.,:** Ministry of Finance notified that the deposits made under the Special Deposit Scheme for Non-Government Provident Funds, Superannuation and Gratuity Funds, announced in the Ministry of Finance (Department of Economic Affairs) Notification No.F.16(1)-PD/75 dated 30th June, 1975, shall with effect from 1st July, 2017 to 30th September, 2017, bear interest at 7.8%.

**In operation of EFP Accts:** EPF Accounts to become Inoperative after a member attains age of 58 years.

**Rationalisation of Labour laws:** The Second National Commission of Labour recommends Rationalisation of Labour Laws and suggested that they should be broadly grouped into four or five Labour Codes on functional basis. Accordingly, the Ministry has taken steps for drafting four Labour Codes on Wages; Industrial Relations; Social Security & Welfare; and Safety and Working Conditions respectively. INCOME TAX

**Digest of Important Transfer pricing cases:** Shri Sunil Moti Lala, Advocate, has prepared a compilation of 133 Important judgments on transfer pricing (76 cases), International Tax (3 cases) and Domestic Tax (54 cases) reported in June 2017. The author has meticulously and systematically classified the judgments into various categories to enable ease of reference. A PDF copy of the digest is available for download. The digest will prove invaluable to all practitioners of taxation law. RESERVE BANK OF INDIA

**Six supervisory colleges for Six Commercial banks:** RBI sets up Supervisory Colleges for six Scheduled Commercial Banks which have sizeable international presence Reserve Bank of India (RBI) has informed that Supervisory Colleges have been setup for the following six Scheduled Commercial Banks which have sizeable international presence:- State Bank of India, ICICI Bank Ltd., Bank of India, Bank of Baroda, Axis Bank & Punjab National Bank for smooth exchange of information and risk assessment etc., and for details refer to [www.rbi.gov.in](http://www.rbi.gov.in) DGFT

**IEC Number:** The Permanent IEC numbers to be used by non commercial PSUs and categories or

importers/exporters for purpose of import/export have been revised as given in Policy No.10/2015-2020 dated 30th June, 2017 to migrate to alpha numeric format. These shall be effective from 01.07.2017. SEBI

**Online Registration system for REITs & InvITs opened:** All applicants desirous of seeking registration as REITs or InvITs are now required to submit their applications online only, through Sebi intermediary portal," the Securities and Exchange Board of India (Sebi) said in a circular. The online system, which can be used for application for registration, reporting and filing under the provision of REITs and InvITs regulations, has been made operational, the regulator informed and for details refer to [www.sebi.gov.in](http://www.sebi.gov.in) CUSTOMS RULES & ACT

**Export GST procedure:** CBEC has notified the procedure to be followed for exports and for ceiling of export packages on the introduction of the GST wef 1st July, 2017 and for details refer to Notification No.26/2017-Customs dated 1st July, 2017.

**Guidance Note for importers & exporters:** CBEC has issued guidance note for importers and exporters and the same can be accessed on [www.cbec.gov.in](http://www.cbec.gov.in)

**Creation of Directorate of International Customs:** A new Directorate namely, the Directorate of International Customs (DIC), with its headquarters at Delhi is created. This Directorate will be an attached office of the Central Board of Excise and Customs (to be renamed as Central Board of Indirect Taxes & Customs) and will assist the CBEC in international matters pertaining to Customs, Integrated GST (IGST) Tariff matters, etc., vide CBEC letter F. No. A-1101312012017-Ad.1V dated 11th July, 2017 of Ministry of Finance GOI.

**Declaration by Exporter:** Exporters are required to declare that they have not availed input tax credit of CGST or SGST on export products vide Customs dated 73/2017-CUSTOMS (N.T.) dated 26th July, 2017. COMPANIES ACT

**CSR Best practices book:** The Minister of State of Finance and Corporate Affairs Shri Arjun Ram Meghwal released on 12th July, 2017 a Compendium of CSR - Best Practices in India tomorrow; Compendium to highlight and motivate the best CSR practices of Corporate contributed under CSR projects towards nation building efforts for sustainable development.

**Revision in Forms:** Ministry of Corporate Affairs has revised Form No. CRA-2 (Form for intimation of appointment of Cost Auditors by the company to Central Government) and Form No. CRA-4 (Form for filing Cost Audit Report with the Central Government) and for details refer to [www.mca.gov.in](http://www.mca.gov.in)

# VAT & CST

**J.V. RAO**

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Tax Consultant  
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- 1. Central Sales Tax:** Inter-State sale-Principles governing-Sale of goods through online portal of dealer-Buyer anywhere in India selecting goods online and placing order-Bill generated immediately in name of buyer-Goods thereafter consigned to sorting depot in State where delivery to be made and delivery to customer made from dept-Goods outside State at time of appropriation from storage facility –sale is inter-State sale originating in State from which goods moved-No local sale in State where delivery made-Existence of depot in that State and consignment to depot in name of “self” do not change nature of transaction –Central Sales Tax Act (74 of 1956),s. 39 (a) - WS Retail Services Private Limited vs. Union of India.

(2017) 102 VST 19 (Mad)

- 2. Branch transfer:** Central sales tax- Transfer of goods otherwise than by way of sale- Change of law –Form F mandatory-Presumption of sale in absence of form F-Transfer taxable –Substantiation of transfer with reference to other materials-Not sufficient –Central Sales Tax Act (74 of 1956), s. 6A(1) (as amended in 2002) –Commissioner, Commercial Tax, U.P. Lucknow vs. Krishna Collector.

(2017) 102 VST 179 (All)

- 3. Entries in Schedule:** Value Added Tax-Air guns and air pistols-Whether “toys” or “arms and ammunition” –Division Benches of two High Courts dissenting from view of Court –Matter to be decided by larger Bench –Utter Pradesh Value Added Tax Act (5 of 2008), Sch.II, Part A, entry 124, Sch. IV, entry-2. – Target Centre vs. Commissioner Commercial Tax.

(2017) 102 VST 297 (All)

- 4. Job work:** Sales tax- Concessional rate of tax-Penalty-Consumables used by manufacturer in

manufacture of goods for sale-Dealer processing goods on job work basis –Goods not belonging to it, but to its customers and therefore not sold by it –Dealer not entitled to concessional rate of tax on consumables –Levy of penalty warranted-But discretion in matter of quantification of penalty at maximum amount not properly exercised-matter remanded for quantification of penalty – Tamil Nadu General Sales Tax Act (1 of 1959), ss.3(3), 23, 45 (2) (e)- Jansons Textiles Processors vs. State of Tamil Nadu.

(2017) 102 VST 1 (Mad)

## QUOTE

*There is a sacredness in tears. They are not the mark of weakness, but of power. They speak more eloquently than ten thousand tongues. They are the messengers of overwhelming grief, of deep contrition, and of unspeakable love.*

*- Washington Irving*



## FIRST JUDGMENT ON GST - ISSUE OF ADVOCATES

### Ambati Chinna Gangaiah

M.Com, ACS ACMA FCA

Practising Chartered Accountant



W.P. (C) 5709/2017 Page 1 of 9

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\* IN THE HIGH COURT OF DELHI AT NEW  
DELHI

+ W.P.(C) 5709/2017 & CM No. 23814/2017  
(stay)

J K MITTAL & COMPANY ..... Petitioner

Through : Mr. J. K. Mittal, Mr. Hitender Mehta  
and Mr. Atul Krishna, Advs.

**versus**

UNION OF INDIA & ORS. .... Respondents

Through : Mr. Sanjeev Narula and Mr. Abhishek  
Ghai, Advs. for R-1. Mr. Gautam Narayan,  
Additional Standing Counsel for GNCT of Delhi.

CORAM: JUSTICE S.MURALIDHAR

JUSTICE PRATHIBAM. SINGH

ORDER

% 12.07.2017

1. Notice. Mr. Sanjeev Narula, learned counsel accepts notice on behalf of Union of India (Respondent No. 1) and Mr. Gautam Narayan, learned Additional Standing Counsel accepts notice on behalf of Govt. of NCT of Delhi (GNCTD) (Respondent No. 2).
2. Notice will issue to Respondent No.3 i.e. the Goods and Service Tax Council (GST Council) through its Secretary. Petitioner is permitted to additionally serve the notice dasti on the Secretary to the GST Council.
3. This petition is by J. K. Mittal & Company, which is a proprietary concern of which Mr. J. K. Mittal, Advocate, who appears in person, is the W.P. (C) 5709/2017 Page 2 of 9 Sole Proprietor. The Petitioner states that he

provides legal services including consultancy, opinion, drafting, appearances before Courts etc. Mr. Mittal states that although he has an office only in Delhi, he represents his clients throughout the country before various High Courts and Tribunals outside Delhi.

4. The grievance of the Petitioner is that contrary to the recommendations of the GST Council (Respondent No. 3) at its 14th meeting held on 19th May, 2017 and 16th meeting held on 11th June 2017, Notification No. 13/2017- Central Tax (Rate) dated 28th June, 2017 as well as Notification No. 13/2017-State Tax (Rate) dated 30th June, 2017, have been issued respectively, by the Union of India (Respondent No. 1) and the GNCTD (Respondent No. 2), which are per se in violation of the Central Goods and Service Tax Act 2017 (CGST Act), the Delhi Goods and Service Tax Act 2017 (DGST Act) read with Article 279 A of the Constitution of India and have adverse consequences to lawyers in general including himself. Accordingly, in this petition the constitutional validity of the aforesaid notifications is challenged.
5. In addition, the petition also challenges Notification No.5/2017-Central tax dated 19th June, 2017 issued by the Union of India and Notification No. F3(10)/Fin(Rev-I)/2017-18/DS-VI/340 dated 22nd June, 2017 issue by the GNCTD essentially on the ground that these notifications are contrary to the recommendations of GST Council. The petition also challenges the constitutional validity of Section 9 (4) of CGST Act, Section 5(4) of The Integrated Goods and Services Tax Act, 2017 (IGST Act) and Section 9 (4) W.P. (C) 5709/2017 Page 3 of 9 of DGST Act. He points out that this provision was not to be found in the model laws prepared by the GST Council. It seeks to collect GST on 'reverse charge' basis from a person registered under the CGST Act, IGST Act or DGST Act in respect of goods supplied and services received by such person from a person who has not been so registered. Mr Mittal submits that this provision lacks a proper corresponding machinery provision to facilitate its implementation, and is therefore ultra vires the statute. According to him this provision is incapable of being complied with and is bound to cause undue hardship to the persons registered under the aforementioned three statutes.



6. In addition the above main points of challenge, in support of his plea for urgent interim relief Mr Mittal submits that under Article 279 A of the Constitution of India, the GST Council is a constitutional body. Article 279 A (4) (c) of the Constitution of India states that the GST Council "shall make recommendations to the Union and the States on the model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax..." Consistent with this requirement a number of provisions of the CGST Act including Section 9 (1), 9 (2), 9 (3) and 9 (5) envisage notifications being issued by the central government "on the recommendations of the Council." The categorical averment is that the impugned notifications are in violation of this mandatory statutory requirement inasmuch as the GST Council had recommended that legal services as a whole would be amenable to GST only on 'reverse charge' basis. To make good this assertion, Mr. Mittal draws the attention of the W.P. (C) 5709/2017 Page 4 of 9 Court to the document titled "SERVICES UNDER REVERSE CHARGE AS APPROVED BY GST COUNCIL". Row 3 of this chart reads as under:-

**"SERVICES UNDER REVERSE CHARGE AS APPROVED BY GST COUNCIL"**

The fitment of rates of services were discussed on 19 May 2017 during the 14th GST Council meeting held at Srinagar, Jammu & Kashmir. The Council has broadly approved the GST rates for services at Nil, 5%, 12%, 18% and 28%. The list of services that will be under reverse charge as proved by the GST Council is given below. The information is being uploaded immediately after the GST Council's decision and it will be subject to further vetting during which the list may undergo some changes. The decisions of the GST Council are being communicated for general information and will be given effect to through gazette notifications which shall have force of law.

S. No. Service Provider of service Percentage of service tax payable by Service Provider Recipient of Service Percentage service tax payable by any person other Service Provider 3 Services provided or agreed to be provided by an individual advocate or firm of advocates by way of all legal services directly or indirectly An individual advocate or firm of advocates Nil Any business entity 100% W.P. (C) 5709/2017 Page 5 of 9

7. In contrast, Notification No.13/2017-Central Tax

(Rate), dated 28th June, 2017 in relation to the above entry reads as under:

"GSR ..... (E).- In exercise of the powers conferred by sub-section (3) of section 9 of the Central Goods and Services Tax Act 2017 ( 12 of 20 17), the Central Government on the recommendations of the Council hereby notifies that on categories of supply of services mentioned in column (2) or the Table below supplied by a person as specified in column (3) of the said Table, the whole of central tax leviable under section 9 of the said Central Goods and Services Tax Act, shall be paid on reverse charge basis by the recipient of the such services as specified in column (4) of the said Table:-

S. No. Category of Supply of Services Supplier of Service Recipient of Service 2 Services supplied by an individual advocate including a senior advocate by way of representational services before any court, tribunal or authority, directly or indirectly, to any business entity located in the taxable territory including where contract for provision of such service has been entered through another advocate or a firm of advocates or by a firm of advocates, by way of legal services to a business entity. An individual advocate including a senior advocate or firm of advocates Any business entity located in the taxable territory 8. Notification No.13/2017-State Tax (Rate), dated 30th June, 2017 issued by the GNCTD is on the same lines. The case of Mr. Mittal is that the expression "provision of such services" following the expression "located in the taxable territory" restricts the exemption to only 'representational W.P. (C) 5709/2017 Page 6 of 9 services' provided by a legal practitioner before any court, tribunal etc. and not to all legal services provided by such legal practitioner or a firm.

9. A further difficulty expressed by Mr. Mittal is that he and certain other lawyers had, in compliance with the provisions of the Finance Act 1994 (FA), got themselves registered way back in 2011 under FA as service providers. After a period of about six months the provision of legal services was notified as being taxable under 'reverse charge' basis. However, there was no provision in the FA to allow for de-registration. Thus Mr Mittal's FA registration continues. Mr. Mittal draws attention to Section 22(2) of the CGST Act, which reads as under:-

"22 (2) Every person who, on the day immediately preceding the appointment day, is registered or





holds a licence under an existing law, shall be liable to be registered under this Act with effect from the appointed day.”

10. He submits that the mere clarification that all legal services are amenable to GST on reverse charge basis may not solve his problem. A legal practitioner like himself who is already registered under the FA would have to be exempted from registration under the GST laws under Section 23 (2) read with Section 22 (2) of the CGST and the corresponding provisions of the IGST Act and DGST Act.
11. One of the central issues that requires to be addressed is whether the impugned Notification No.13/2017 dated 28th and 30th June, 2016 cover all legal services not restricted to representational services rendered by legal practitioners. The ancillary question is whether there is any requirement of registration by legal practitioners and/or firms rendering legal services under W.P. (C) 5709/2017 Page 7 of 9 the CGST Act or the IGST Act or the DGST Act even if they are earlier registered under the FA?
12. Mr. Mittal has pointed out that under Section 25 (3) of the CGST Act, it is open to a person, though not liable to be registered under Section 22 or Section 24 of the CGST Act to get himself registered voluntarily under the CGST Act. However, Mr. Mittal is clear that as far as he is concerned, he does not wish to be so registered. His concern is that since his registration under the FA continues, by virtue of Section 22 (2) of the CGST Act he is under an obligation to get registered under the CGST Act and thereby be subject to a whole series of legal obligations including having to pay tax on reverse charge basis under Section 9 (4) of the CGST Act and DGST Act and Section 5(4) of the IGST Act. He states that the prevalent uncertainty is causing great inconvenience to him and other legal practitioners in the matter of receiving and rendering services.
13. Both Mr. Narula, learned counsel appearing on behalf of the Union of India and Mr. Gautam Narayan, learned counsel for the GNCTD seek a short adjournment to take instructions from the respective governments to clarify the legal position in respect of the above impugned notifications. In particular they seek time to obtain a clarification whether all legal services (not restricted to representational services) provided by legal practitioners and firms would be governed by the reverse charge mechanism under the CGST Act, the DGST Act and the

IGST Act. They also seek time to obtain clarification regarding the requirement of persons already registered under W.P. (C) 5709/2017 Page 8 of 9 the FA Act being liable to get registered under the CGST Act, the IGST Act or the DGST Act.

14. In view of the above submissions it is plain that as of date there is no clarity on whether all legal services (not restricted to representational services) provided by legal practitioners and firms would be governed by the reverse charge mechanism. If in fact all legal services are to be governed by the reverse charge mechanism than there would be no purpose in requiring legal practitioners and law firms to compulsorily get registered under the CGST, IGST and/or DGST Acts. Those seeking voluntary registration would anyway avail of the facility under Section 25 (3) of the CGST Act (and the corresponding provision of the other two statutes). There is therefore prima facie merit in the contention of Mr Mittal that the legal practitioners are under a genuine doubt whether they require to get themselves registered under the three statutes. In the circumstances, the Court directs that no coercive action be taken against any lawyer or law firms for non-compliance with any legal requirement under the CGST Act, the IGST Act or the DGST Act till a clarification is issued by the Central Government and the GNCTD and till further orders in that regard by this Court.
15. It is clarified that any lawyer or law firm that has been registered under the CGST Act, or the IGST Act or the DGST Act from 1st July, 2017 onwards will not be denied the benefit of such clarification as and when it is issued.

W.P. (C) 5709/2017 Page 9 of 9

16. It is further clarified that if an appropriate clarification is not able to be issued by the Respondents 1 and 2 by the next date, the Court will proceed to consider passing appropriate interim directions.
17. List on 18th July, 2017.
18. Order be given dasti under the signature of Court Master.

S.MURALIDHAR, J  
PRATHIBA M. SINGH, J  
JULY 12, 2017, dk & j

**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
**(Statutory body under an Act of Parliament)**  
**ICAI-HYDERABAD CHAPTER**  
**1-2-56/44A, 5<sup>th</sup> STREET, HIMAYATNAGAR, HYDERABAD – 500 029**

**NOTIFICATION**

Hyderabad, the 10<sup>th</sup> August 2017

**ELECTION TO THE MANAGING COMMITTEE 2017 -19 FOR HYDERABAD CHAPTER**

Election to the Managing Committee, 2017 -2019 for Hyderabad Chapter will be held as per the following notification:

In pursuance of Bye-Law No. 19 of the Chapter Bye-Laws, 2017 issued by the Institute of Cost Accountants of India, the Election Officer of Hyderabad Chapter hereby notifies the following for the conduct of Election to the Managing Committee, 2017 – 2019:

**Total Number of candidates to be elected to the Managing Committee of Hyderabad Chapter of Cost Accountants for the years 2017-19 : 7 (Seven)**

1.	Date of issue of Notification	Thursday the 10 <sup>th</sup> August, 2017
2.	In terms of the Chapter Bye Laws 2017 issued by the Institute:	
	a the last date, time and place for receipt of nominations	Thursday, the 31 <sup>st</sup> August, 2017 at the Institute of Cost Accountants of India, Hyderabad Chapter, CMA Bhavan, 1-2-56/44A, Street No. 5, Himayatnagar, Hyderabad 500 029
	b the date and place of scrutiny of nominations	Saturday, the 2 <sup>nd</sup> September, 2017 at the Institute of Cost Accountants of India, Hyderabad Chapter, CMA Bhavan, 1-2-56/44A, Street No. 5, Himayatnagar, Hyderabad 500 029
	c the last date and time for withdrawal of nominations	Saturday the 9 <sup>th</sup> September, 2017 up to 6.00 PM
	d the date, time and place of polling	Tuesday, the 12 <sup>th</sup> September, 2017 (From 8:00 A.M. to 7:00 P.M.) at the Institute of Cost Accountants of India, Hyderabad Chapter, CMA Bhavan, 1-2-56/44A, Street No. 5, Himayatnagar, Hyderabad 500 029.
	e the last date and time for receipt of applications for permission to vote by post	N.A.
	f the last date and time for receipt by post of ballot papers back from voters	N.A.
	g the date and time of commencement of counting of votes	Tuesday, the 12 <sup>th</sup> September, 2017 (from 07:00 P.M. onwards)
	h the date of declaration of results	Tuesday, the 12 <sup>th</sup> September, 2017
3.	Fee for Election fixed by the Council	Rs.1,000/- (Rupees One Thousand Only) DD in favour of the ICAI, Hyderabad Chapter
4.	Security Deposit payable by the candidate	NA
5.	Names of the members of the panel for scrutiny of nomination papers	CMA J. S. Anand CMA S. Nagendra Kumar Mrs. K. Kavitha, Election Officer, ICAI – Hyderabad Chapter



K. Kavitha  
Election Officer



**CAREER COUNSELING PROGRAMMES**



at Avinash College of Kukatpally, Hyderabad  
by CMA Vijay Kiran Agastya, MC. Member



at Aurora Degree College  
by CMA DR P.V.S. Jagan Mohan Rao



at Shyamala Devi Degree College, Hyderabad  
by CMA NSV. Krishna Rao, Practicing Cost Accountant



at Ideal Degree College for Women, Dilsukhnagar, Hyderabad  
by CMA Dr. R. Chandrasekhar, Secretary



at Key's Junior College for Girls, Secunderabad by CMA KVN. Lavanya, Vice Chairperson

**"Valuation in GST"**



**"Walk Through of Returns in GST"**



**"Valuation and Payment of Tax"**







**Courtesy Visit to Sri Somesh Kumar, IAS,  
The Principle Secretary, Telangana  
Government, Secretariat, Hyderabad**

**"Insolvency and Bankruptcy"**



***Congratulations***



"Lions Club of Hyderabad East - entering into its Golden Jubilee Year (50th) is going to be lead by our Lion CMA Sandeep Zanwar who has been elected as President. We wish him all the best"



CMA R.S. RAJU, CFO and Associate Director, Finance & Accounts, NCC Ltd, receiving 'CMA Achiever Award' under the category Service-Small - Male by The Institute of Cost Accountants of India



CMA RAMAKANTA TRIPATHY, Group CFO & Head Shared Services, Sandor Medicaids Pvt Ltd receiving 'The Best CMA CFO Award - 2016' by The Institute of Cost Accountants of India

If undelivered please return to:

**HYDERABAD CHAPTER OF COST ACCOUNTANTS**

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Himayatnagar, Hyderabad - 500 029.  
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Email: [hyderabad@icmai.in](mailto:hyderabad@icmai.in)

**To PRINTED MATTER - BOOK POST**

CMA R.S. RAJU, CFO and Associate Director,  
Finance & Accounts, NCC Ltd, receiving 'CMA  
Achiever Award' under the category Service-  
Small - Male by The Institute of Cost  
Accountants of India

Views expressed by contributors are their own and The Institute of Cost Accountants of India - Hyderabad Chapter does not accept any responsibility.

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