



## INCOME TAX

### CBDT Notifies Amendment to Section 269ST of Income Tax for 'No Penalty on Cash Withdrawals above Rs. 2 Lacs from Banks'

Certain restrictions on cash transaction have been placed thru insertion of new Sections 269ST & 271DA under the Income-tax Act.

It has been provided that no person (other than those specified therein) shall receive an amount of two lakh rupees or more,

- (a) in aggregate from a person in a day;
- (b) in respect of a single transaction; or
- (c) in respect of transactions relating to one event or occasion from a person,

otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account.

Any contravention to the said provision shall attract penalty of a sum equal to the amount of such receipt. However, it may be noted that said restriction is not applicable to any receipt by Government, banking company, post office savings bank or co-operative bank.

Subsequently, CBDT has amended the provisions u/s 269ST relating to penalty for Cash withdrawal transactions with bank/ co-op. bank/ post office savings bank above Rs. 2 Lac. Now such transactions are not subject to penalty as per the Notification dt. 5 Apr. 2017, as under: CBDT Notification No. 28/2017 dt. 5 Apr. 2017

S.O. 1057(E).—In exercise of the powers conferred by clause (iii) of the proviso to section 269ST of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies that the provision of section 269ST shall not apply to receipt by any person from an entity referred to in sub-clause (b) of clause (i) of the proviso to section 269ST.

The notification shall be deemed to have come into force with effect from 1st day of April, 2017.

### Important changes in the IT returns A.Y. 2017-18

- All cash payments of over Rs 2 lakh for paying loans and credit card bills during the 50-day period post demonetisation will have to be disclosed in the new one-page income tax return (ITR) form.
- Besides providing for declaring income, exemption claimed and tax paid, the forms have a new column providing for declaration for any deposit of over Rs 2 lakh in bank accounts made during November 9 and December 30, 2016 after the old 500 and 1,000 rupee notes were demonetized, has been introduced in the new income tax return form.
- It is mandatory to link the adhaar number with PAN for filing income tax returns.

## EDITORS NOTE

Dear Readers, this 11th edition highlights on proposed amendment and important changes in Income Tax, Service Tax exception for Educational Institutions. Also new updates on GST.

Expecting your valuable suggestions for improving in order to make it more relevant and useful.

We thank all of you for the encouraging feedback.

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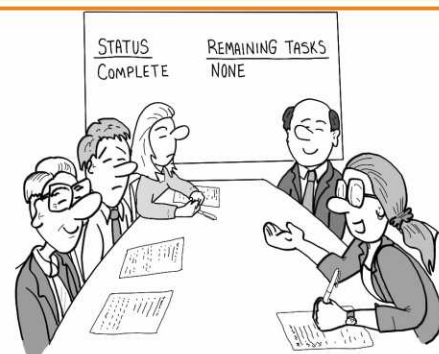
## TAX DUE DATES - APRIL 2017

### Monthly Compliances

Sl. No	Particulars	Due Date
1	Service Tax Payment	06-April-2017
2	Central Excise Payment	06-April-2017
3	TDS / TCS Payment/Remittance	30-April-2017
4	Central Excise Monthly Return	10-April-2017
5	CST Payment	20-April-2017
6	VAT Monthly Payment	20-April-2017
7	ESIC Payment	21-April-2017
8	PF Payment	15-April-2017
8	PF Return	25-April-2017

### Half yearly Compliances

Sl. No	Particulars	Due Date
1	Service Tax return for the half year October 2016 - March 2017	25-April-2017



"Actually, we finished the project months ago. We just keep meeting because it's on the calendar until the end of the year."





## Receipt of Rs.2 Lakh or More w.e.f 01.04.2017

Sr. no.	Questions	Answers
1)	From <b>which date</b> this section is applicable?	This section applies from <b>01/04/2017</b> (F.Y.2017-18 onwards)
2)	What are the <b>provisions of Section 269ST</b> ?	Finance Bill 2017 proposed to insert section 269ST in the Income Tax Act to provide that no <b>person</b> shall <b>receive</b> an <b>amount</b> of <b>Two lakh rupees or more,—</b> (a) in aggregate from a person in a day; (b) in respect of a single transaction; or (c) in respect of <b>transactions</b> relating to one <b>event</b> or <b>occasion</b> from a person, other-wise than by an <b>account payee cheque</b> or <b>account payee bank draft</b> or <b>use of electronic clearing system through a bank account.</b>
3)	<b>EXAMPLES OF TRANSACTIONS COVERED IN (a), (b) &amp; (c) above</b>	
	(a) in aggregate from a person in a day	E.g. if a person receives Rs.2.25 lakhs in cash for <b>2 different bills</b> of Rs.1 lakh and 1.25 lakh, then also penalty is levied
	(b) in respect of single transaction	E.g. if there is single bill of Rs.3.10 Lakh and cash is <b>received on different days</b> of Rs.1.6 lakh and Rs.1.5 lakh, then also penalty is levied.
	(c) in respect of transactions relating to one event or occasion from a person	E.g. if marriage is <b>one occasion</b> and a person receives amount of Rs.3,00,000/-. Thus penalty is levied of 100% of amount received.
	(d) withdrawal of amount from own bank account	E.g. if a person <b>withdraws in a day</b> amount of Rs.2 lakhs or above, then penalty is levied.
4)	To <b>whom does</b> Section 269 ST applies?	To <b>any person</b> receiving cash above Rs.2 lakh.
5)	For which transactions is Section 269ST <b>not applicable</b> ?	Restriction on cash receipt of Rs.2 Lakh or more w.e.f. 01.04.2017 shall not apply to - Government, any banking company, post office savings bank or co-operative bank. - Transactions of the nature referred to in section 269SS; - Such other persons or class of persons or receipts, as may be specified by the Central Government by notification in the Official Gazette.
6)	Whether penalty is applicable for <b>regular receipts</b> only?	Any type of amount of Rs.2 Lakh or above received in cash <b>whether capital or revenue</b> in nature.
7)	Whether <b>exempt income</b> is covered under Section 269ST?	Both <b>taxable and exempt incomes</b> are covered in Section 269ST.
8)	If the amount is received for <b>personal purpose</b> whether 269ST is applicable?	Irrespective of purpose of accepting amount i.e., whether <b>business purpose or personal purpose or as a trustee, custodian</b> etc. section 269ST is applicable.
9)	What is the <b>Penalty</b> for Contravention of Section 269ST?	<b>100% penalty on receiver of amount.</b>



# SERVICE TAX

## Exemption to Educational Institutions

Government has revised Clause 9 Related to Service Tax Exemption vide

**Notification No. 10/2017- Service Tax, dated 08.03.2017** and revised Exemption Clause 9 is as follows :-

9. Services provided, -

(a) By an educational institution to its student, faculty and staff;

(b) To an educational institution, by way of,

- Transportation of student, faculty and staff;
- catering, including any mid-day meals scheme sponsored by the Government;
- security or cleaning or house-keeping services performed in such educational institution;
- services relating to admission to, or conduct of examination by, such institution;

**“Provided** that nothing contained in clause (b) of this entry shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent;”.

## UPDATES ON GST

### ★ Key features of CGST, IGST, UTGST & Compensation to States bills passed in Lok Sabha

**GST Bills—CGST, IGST, UTGST and Compensation to States, introduced in Lok Sabha on 27.03.2017 and passed by Lok Sabha on 29.03.2017.**

The following are the key features of the Bills :-

- CGST provides for a maximum tax of 20 per cent
- Actual rates would however be a four-tier tax structure of 5, 12, 18 and 28 per cent as approved by the GST Council
- A Union Territory GST Bill will take care of taxation in UTs of Chandigarh, Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli and Daman and Diu
- A Bill on Integrated-GST — to be levied and collected by the Centre on inter-state supply of goods and services, was also introduced in the Lok Sabha
- The IGST law provides for a maximum tax of 40 per cent
- Jaitley also introduced a fourth legislation called GST (Compensation to States) Bill, 2017 that provides for mechanism for making good any loss of revenue of states from introduction of GST in first five years of rollout
- Another mirror legislation of CGST, called State-GST, will amalgamate all state taxes like VAT, will be levied by states and has to be approved by all state legislatures
- Together, CGST and SGST will enable the GST incidence of 40 per cent
- GST will not apply to Jammu and Kashmir
- The CGST Bill also provides for e-commerce companies to collect tax at source at a rate not exceeding 1

Continued





- ✦ per cent of net value of taxable supplies, out of payments to suppliers supplying goods or services through their portals
  - To protect small businesses, the CGST provides for a tax of no more than 1 per cent of turnover for manufacturers with annual turnover of up to Rs 50 lakh  
A 2.5 per cent tax is prescribed for suppliers
  - To ensure that benefit of lower taxes is passed on to consumers, an anti-profiteering measure has been incorporated in the law
  - It provides for constituting an Authority to examine whether input tax credits availed by any registered taxable person, or the reduction in the price on account of any reduction in the tax rate, have actually resulted in a commensurate reduction in the price of the said goods and/or services supplied by him
  - The law provides for arrest, ordered by no less than a Tax Commissioner, in case of suppression of any transaction or evading taxes. A person convicted is punishable by up to 5 years of imprisonment and/or fine
  - The Compensation Law provides for levy of cess on top of the peak rate of approved tax (28 per cent presently) on paan masala, tobacco, aerated waters, luxury cars and coal to create a non-lapsable fund for compensating states
  - Compensation will be paid bi-monthly and the amount due would be calculated after considering a 14 per cent growth rate in taxes over the base year of 2015-16
  - Touted as the biggest taxation reform since independence, GST is expected to boost GDP growth by up to 2 per cent. The government proposes to roll out GST by July 1, 2017.

✦ **Revised Plan of GST User Enrollment (State-wise) at GST Portal**

The revised deadline/ last date for enrollment with GST portal for dealers (registered upto 31 Jan. 2016) is now extended upto **30 April 2017** for all taxpayers registered under VAT, Service Tax, Excise or any combination thereof. Further, enrollment process has not yet opened for subsequent registrants (i.e. those registered from 1 Feb. 2016 onwards).

✦ **Know your Registration Status under GST**

A new facility is provided on the website of Goods and Service Tax regarding the registration status of all those taxpayers who have enrolled for GST under VAT/ Excise or Service Tax regime. The taxpayer may now check their exact status regarding the registration under GST regime State wise either based on Registration Number or Provisional Id or Permanent Account Number.

✦ **CBEC renamed as Central Board of Indirect Taxes & Customs (CBIC)**

Reorganisation of the field formations of the Central Board of Excise & Customs (CBEC) for the implementation of Goods & Services Tax (GST has been approved by the Union Finance Minister, Shri Arun Jaitley. The existing formations of Central Excise & Service Tax under the CBEC have been reorganised to implement and enforce the provisions of the proposed Goods & Services Tax Laws.

The Central Board of Excise & Customs (CBEC) is being renamed as the Central Board of Indirect Taxes & Customs (CBIC), after getting legislative approval.

**Sarathy & Vasu wishes a happy and prosperous Tamil New year.**

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email:sarathyvasuca@gmail.com

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Sarathy and Vasu LLP, Chartered Accountants, No.3, First Floor, Sriman Srinivasan Road, Alwarpet, Chennai 600018 - email: sarathyvasuca@gmail.com  
● CHENNAI - 9994287611 ● TIRUCHIRAPPALLI - 7200585709 ● HYDERABAD - 9940366146