

Synopsis

Indirect Taxes

Indian Stamp Act

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## SYNOPSIS

### 1. Indirect Tax Updates:

- i. Conditional waiver of late fee for delay in furnishing returns in Form GSTR 3B for tax periods of February 2020 to July 2020.
- ii. Furnishing of Nil GST returns through SMS
- iii. Extension of due date of filing of Form GSTR 4 for FY 2019-20

### 2. Indian Stamp Act:

- i. Stamp duty on Securities market instruments.


**INDIRECT TAX UPDATES**
**A. Goods and Services Tax Updates:**

1. **Notification No. 57/2020– Central Tax dated June 30, 2020:** Late fee has been reduced or waived off for the tax payers who have not filed returns in form GSTR 3B for the period February 2020 to July 2020 and if they file the returns by September 30, 2020

Sl. No	Category of taxpayers	Late Fee
1.	With Liability	INR 250 Per return
2.	Nil returns	Nil

2. **Notification No. 58/2020 – Central Tax dt. July 01, 2020:** Rule 67A – Furnishing of Nil Return in Form GSTR 3B or Nil details of outward supplies in Form GSTR 1 by Short Messaging Service facility (SMS) shall come into force on July 01, 2020

3. **Notification No. 59/2020 – Central Tax dated July13, 2020:** Due date for filing FORM GSTR-4 by composition dealer for financial year 2019-2020 has been extended to August 31, 2020.

4. **Circular No. 141/11/2020-GST dated June 24, 2020 –** Clarification in respect of various measures announced by the Government in view of COVID 19

Sl No	Notification No	Remarks
1.	Notification No 51/2020- Central Tax, dated June 24, 2020	Provide relief to tax payers by reducing rate interest from 18% to 9% Per annum for specified period
2.	Notification No 52/2020- CentralTax, dated June 24, 2020	Provide relief to tax payers by conditional waiver of late fee for delay in furnishing Form GSTR 3B for specified period
3.	Notification No 53/2020- CentralTax, dated June 24, 2020	Provide relief to tax payers by conditional waiver of late fee for delay in furnishing Form GSTR 1 for specified period

**5. Manner of calculation of interest in case of delay in filing of return in form GSTR 3B (Notification 51/2020 & 52/2020-Central Tax dated June 24, 2020):**

- a. For taxpayers having aggregate turnover above INR 5 Crores for the month of Feb, Mar, & Apr 2020 (Notification No 51/2020 dated June 24, 2020):

Rate of Interest per annum	For the period
Zero	15 Days after the due date of filing return
9%	After the due date of filing return till June 24, 2020
18%	From June 24, 2020 till the date of filing of return

- b. For Taxpayers having an aggregate turnover of up to INR 5 crores in the preceding financial year, whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep

Month	Zero Rate of Interest if returns in form GSTR 3B filed before specified due dates	Reduced rate of interest @ 9% if returns in form GSTR 3B filed after the specified due dates but before Sep 30, 2020	Rate of interest @ 18% if returns in form GSTR 3B filed after Sep 30, 2020
Feb	June 30, 2020	July 01, 2020 – Sep 30, 2020	Oct 01, 2020 till the date of filing of return
March	July 03, 2020	July 04, 2020 – Sep 30, 2020	
April	July 06, 2020	July 07, 2020 – Sep 30, 2020	
May	September 12, 2020	Sep 13, 2020 – Sep 30, 2020	
June	September 23, 2020	Sep 24, 2020 – Sep 30, 2020	
July	September 27, 2020	Sep 28, 2020 – Sep 30, 2020	

- c. For taxpayers having an aggregate turnover of up to INR 5 crores in the preceding financial year, whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi

Month	Zero Rate of Interest if returns in form GSTR 3B filed before specified due dates	Reduced rate of interest @ 9% if returns in form GSTR 3B filed after the specified due dates but before Sep 30, 2020	Rate of interest @ 18% if returns in form GSTR 3B filed after Sep 30, 2020
Feb	June 30, 2020	July 01, 2020 – Sep 30, 2020	
March	July 05, 2020	July 06, 2020 – Sep 30, 2020	
April	July 09, 2020	July 09, 2020 – Sep 30, 2020	

May	September 15, 2020	Sep 16, 2020 – Sep 30, 2020	Oct 01, 2020 till the date of filing of return
June	September 25, 2020	Sep 26, 2020 – Sep 30, 2020	
July	September 29, 2020	Sep 30, 2020	

**6. Conditional Waiver of Late Fee (Notification No. 53/2020 – Central Tax dated June 24, 2020):** In case the returns in Form GSTR 3B for the period Feb 20 – Jul 20 is are not furnished on or before the dates specified in the said notification, then late fee shall be payable from the due date of returns, till the date on which the return is filed.

## B. Case Law:

In the Case of	Date ruling	of Matter Related to	GIST of the case
Honey Macker Vs. Pivotal Infrastructure (P) Ltd	June 26, 2020	Passing of benefit of additional ITC to customers (Anti-profiteering measure)	<p>Pivotal Infrastructure (P) Ltd ('Pivotal') denied the benefit of reduced ITC to Flat/shop buyers</p> <p>The company was availing ITC on purchase of the inputs at higher rates of GST which had resulted in benefit of additional ITC.</p> <p>ITC as a percentage of total turnovers which was available to the Pivotal during the pre-GST period was 1.13% and Post GST period was 11.72%. The additional ITC benefit of 10.59% which the Pivotal was required to pass on to the buyers for the corresponding project. The Pivotal has not reduced the basic prices of the flats/shops by 10.59% due to additional ITC and by charging GST at the increased rate of 12% on the pre-GST basic prices, it has contravened the provisions of Section 171 (Anti-Profiteering measure).</p> <p>National Anti-Profiteering Authority orders that the company shall reduce the prices to be realized from the buyers of the flats/shops commensurate with the benefit of ITC received by the company.</p>

## C. Customs

**1. Notification No. 29/2020-Cus dated July 06, 2020:** Amended notification no. 152/2009 dated December 31, 2009, to increase the rate of duty of customs on imports of Phthalic Anhydride originating in Korea RP and imported under the India-Korea Comprehensive Economic Partnership Agreement, on

recommendation of preliminary findings of Directorate General of Trade Remedies under India-Korea Comprehensive Economic Partnership Agreement (Bilateral Safeguard Measures) Rules, 2017. Detailed notification is available at:

<https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-tarr2020/cs29-2020.pdf;jsessionid=19B2D5AC7E5A948DC34CB07F9E0759D8>

2. **Notification No. 30/2020-Cus dated July 10, 2020:** Last date for re-import of cut and polished diamonds by Gems and Jewellery exporters extended by 3 months, where the last date of such re-import falls between Feb 01, 2020 and July 31, 2020 (amendment to Notification No 09/2012 dt. March 09, 2012)
3. **Notification No. 31/2020-Cus dated July 13, 2020:** Amended notification no. 152/2009 dated December 31, 2009, to increase the rate of duty of customs on imports of "Polybutadiene Rubber" originating in Korea RP and imported under the India-Korea Comprehensive Economic Partnership Agreement, on recommendation of preliminary findings of Directorate General of Trade Remedies under India-Korea Comprehensive Economic Partnership Agreement (Bilateral Safeguard Measures) Rules, 2017.

Detailed notification is available at:

[https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-tarr2020/cs31\\_2020.pdf;jsessionid=D2E9FEC37554E2C96353B0FB2E330BEC](https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-tarr2020/cs31_2020.pdf;jsessionid=D2E9FEC37554E2C96353B0FB2E330BEC)

4. **Notification No. 56/2020-Cus (NT) dated July 13, 2020:** Amendment in notification No. 07/2020-Cus. (N.T.) dated January 01, 2020 relating to All Industry Rates (AIR) of Duty Drawback and made effective from July 15, 2020 vide Circular No. 33/2020-Customsdt, July 15, 2020.

Detailed notification is available at:

<https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt56-2020.pdf;jsessionid=F02BC40256B11E60D325DC6B1F14D5CB>

5. **Notification No. 57/2020-Cus (NT) dated July 15, 2020:** Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver.

Detailed notification is available at:

<https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt57-2020.pdf;jsessionid=49DAD50606317E42375E25A07AF01F8A>

6. **Notification No. 59/2020-Cus (NT) dated July 16, 2020:** Exchange Rates Notification

Detailed notification is available at:

<https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt59-2020.pdf;jsessionid=152BC2CD9DF333809053A494D1BEE606>

7. **Notification No. 17/2020-Cus (ADD) dated July 08, 2020:** Levy of definitive anti-dumping duty on imports of Steel and Fiber Glass Measuring tapes and their parts and components, originating in, or exported from, People's Republic of China for a period of five years, in pursuance of final findings of sunset review investigations issued by DGTR.
8. **Notification No. 18/2020-Cus (ADD) dated July 09, 2020:** Extended anti-dumping duty on import of Phenol originating in or exported from South Africa, imposed vide Notification No. 32/2015-Customs (ADD) dated July 10, 2015, up to and inclusive of January 09, 2021.
9. **Circular No. 31/2020-Customs dated June 30, 2020:** Extension of validity of AEO (Authorized Economic Operator) certificates expired/expiring between March 01, 2020 and September 30, 2020 to September 30, 2020, except for those entities against which a negative report is received during the period in order to ease the renewal process.
10. **Circular No. 32/2020-Customs dated July 06, 2020:** Turant Suvridha Kendra in all Customs Formations and Other Initiatives for Contactless Customs.

Detailed circular is available at:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2020/Circular-No-32-2020.pdf;jsessionid=E59F574C3777D7BEC8D3D34BC844A8D7>

**INDIAN STAMP ACT, 1899****A. Rationalization of Stamp Duty on Securities market Instruments:**

The Finance Act, 2019 introduced certain amendments to Indian Stamp Act, 1899 to rationalize the collection of stamp duty on securities market instruments across India and consequently Ministry of Finance notified Indian Stamp (Collection of Stamp-Duty through Stock exchanges, Clearing Corporations and Depositories) Rules, 2019. These provisions are effective from July 01, 2020.

**B. The Rates of Stamp Duty for securities market instruments effective from July 01, 2020 are as below:**

Security Instrument	Rate of Stamp Duty*
Issue of debenture	0.005%
Transfer and Re-Issue of debenture	0.0001%
Issue of Security other than debenture	0.005%
Transfer of security other than debenture on delivery basis	0.015%
Transfer of Security other than debenture on non-delivery basis	0.003%
Derivatives -	
(i) Futures (Equity and Commodity)	0.002%
(ii) Options (Equity and Commodity)	0.003%
(iii) Currency and Interest Rate Derivatives	0.0001%
(iv) Other Derivatives	0.002%
Government securities	0%
Repo on corporate bonds	0.00001%



1. \*Rate of Stamp duty is payable on the market value of the security, Market value means:

Security Instrument	Market Value
Any security which is traded on a stock exchange	Price at which security is traded on stock exchange
Any security is transferred through a depository but not traded in the stock exchange	Price or consideration mentioned in the instrument
Any security is dealt otherwise than in the stock exchange or depository	Price or consideration mentioned in the instrument

2. The person responsible for payment of stamp duty in case of transactions undertaken otherwise than through Stock exchange / depository:

Particulars	Person responsible for payment of stamp duty
Issue of securities by an Issuer	Issuer of securities
Sale or transfer or reissue of securities for consideration	Seller or transferor or issuer, as the case may be.

3. The person responsible for Collection of stamp duty in case of transactions undertaken through Stock exchange / depository:

Particulars	Person responsible for collection of stamp duty	Person from whom stamp duty shall be collected
Sale of any securities through a stock exchange	Stock exchange or clearing corporation authorized by it.	Buyer of securities
Transfer of securities for a consideration made by a depository otherwise than through stock exchange	Depository	Transferor of securities
Issue of securities pursuant to which any creation or change in the records of a depository is made	Depository	Issuer of securities

4. FAQ's Issued by SEBI:

- Whether stamp duty will be charged on off-market transactions of securities without consideration such as gift/legacy transfer?
  - No stamp duty payable in such cases
- Stamp duty will be applicable on Bonus issue of shares?

- No, since stamp duty is to be collected on the market value which is based on price or consideration involved.

c. Whether switching in mutual fund will attract stamp duty?

- Yes, since units in the new mutual fund scheme are deemed to be purchased with the net asset value realized from the sale of earlier units.

d. Whether stamp duty is applicable on redemption of mutual fund units?

- Redemption of units of a mutual fund is not liable to duty as it is neither a transfer nor an issue or a sale.

The complete FAQ's issued by SEBI on the amendments to Indian Stamp Act, 1899 and the rules made thereunder can be found at the below mentioned link:

[https://www.sebi.gov.in/sebi\\_data/faqfiles/jun-2020/1593534237938.pdf](https://www.sebi.gov.in/sebi_data/faqfiles/jun-2020/1593534237938.pdf)

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