

LOVI MEHROTRA & ASSOCIATES

CHARTERED ACCOUNTANTS

MONTHLY UPDATE FOR THE MONTH OF MAY 2018

(Circulars/ Notifications released during May
2018)

31st May 2018

[Income Tax](#)

[GST](#)

[Customs Duty](#)

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I. INCOME TAX

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBDT Notification No. 23/2018 dated 24.05.2018	Income-tax (Sixth Amendment) Rules, 2018	<p>CBDT has amended rule 11U and rule 11UA of the Income tax Rules, 1962 to omit the word 'accountant'.</p> <p>As a result, now only merchant banker can do valuation of unquoted equity shares under Discounted Free Cash Flow method and Chartered Accountants are no longer allowed to do the same.</p> <p>Notification</p>
2.	CBDT Notification No. 24/2018 dated 24.05.2018	Relaxation from the conditions of issue of shares at premium in excess of Fair Market Value u/s 56(2)(viib)	<p>CBDT has notified that provisions of clause (viib) of sub-section (2) of section 56 of the Income Tax Act, 1961 shall not apply to consideration received by a company for issue of shares that exceed the face value, if the consideration has been received from an investor in accordance with the approval granted by the Inter-Ministerial Board of Certification (IMBC).</p> <p>This implies that no tax shall be levied on issue of share capital by eligible start-ups at a premium where the necessary approval has been granted by IMBC.</p> <p>Notification</p>
3.	CBDT Press Release dated 03.05.2018	Draft notification pertaining to new Rule 11UAB of IT Rules, 1962	<p>CBDT has invited suggestions on draft notification pertaining to new rule 11UAB of the Income tax Rules, 1962 for prescribing the manner of determination of fair market value of inventory which has been converted into, or treated as, capital asset.</p> <p>Press Release</p> <p>Draft Notification</p>

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II. GOODS AND SERVICE TAX

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBIC Notification No. 22/2018-CT dated 14.05.2018	To waive the late fee for FORM GSTR-3B	<p>CBIC has waived the late fee payable for failure to furnish the return in FORM GSTR-3B by the due date for each of the months from October, 2017 to April, 2018, for the class of registered persons whose declaration in FORM GST TRAN-1 was submitted but not filed on the common portal on or before 27-12-2017.</p> <p>Provided that such registered persons have filed the declaration in FORM GST TRAN-1 on or before the 10th day of May, 2018 and the return in FORM GSTR-3B for each of such months, on or before 31-05-2018.</p> <p>Notification</p>
2.	CBIC Notification No. 11/2018-CT(R) & 12/2018-IT(R) – dated 28.05.2018	Amendment in Notification No.- 4/2017	<p>CBIC has made further amendment to the notification No.4/2017-Central Tax (Rate), dated the 28th June, 2017 by inserting an entry “<i>Priority Sector Lending Certificate</i>” at S. No. 7 in the Table of Tariff.</p> <p>This implies that supply of this item shall be covered under Reverse Charge Mechanism.</p> <p>Notification-CT(R)</p> <p>Notification-IT(R)</p> <p>Notification-UT(R)</p>
3.	CBIC Circular No. 44/2018-CT dated 02.05.2018	Issue related to taxability of 'tenancy rights' under GST	<p>CBIC has clarified that transfer of tenancy rights to a new tenant against consideration in the form of tenancy premium is liable to GST.</p> <p>However it is to be noted that grant of tenancy rights in a residential dwelling for use as residence dwelling against tenancy premium or periodic rent or both is exempt as per Notification No. 12/2017-CT(R).</p> <p>Circular</p>

4.	CBIC Circular No. 3/1/2018-IGST – dated 25.05.2018	Applicability of Integrated Goods and Services Tax (integrated tax) on goods supplied while being deposited in a customs bonded warehouse	<p>CBIC has clarified that integrated tax shall be levied and collected at the time of final clearance of the warehoused goods for home consumption i.e., at the time of filing the ex-bond bill of entry and the value addition accruing at each stage of supply shall form part of the value on which IGST would be payable.</p> <p>This Circular would be applicable for supply of warehoused goods while being deposited in a custom bonded warehouse on or after 01-04-2018.</p> <p>Circular</p>
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III. CUSTOMS DUTY

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBIC Notification No. 43/2018 dated 17.05.2018	Rate of Exchange	CBIC has notified the rate of exchange of conversion of foreign currency for import and export of goods for 20 currencies specified in Schedule I & Schedule II effective from 18-05-2018. Notification

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Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month.

Instead it is only a listing of some of the circulars/notifications that we considered important

