

JANUARY-2023

NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax



Income Tax	
1. Abolishment of Limit Prescribed for reporting of Interest income in Statement of Financial Transactions (SFT)	
	CBDT Notification No. 01/2023 dated 05.01.2023
<p>Vide this notification, CBDT has abolished the limit prescribed for reporting of Interest Income by banks, post offices etc. as SFT for the purpose of prefilling the Income Tax Return. Earlier, Interest income was required to be reported as SFT only if it exceeded Rs. 5,000. However now any Interest income (irrespective of amount) needs to be reported.</p> <p>Interest Income from <i>Jan Dhan Account</i> of depositors is excluded from reporting.</p> <p>Notification No.1</p>	
2. Extension of time limit for compliance to be made for claiming any exemption under section 54 to 54GB of the Income Tax Act, 1961 (Related to Covid 19 Pandemic)	
	CBDT Circular No. 1/2023 dated 06.01.2023
<p>In view of genuine hardship faced by taxpayers due to prevailing COVID-19, CBDT vide Circular No 12 of 2021 provided relaxation in respect of certain compliances to be made by tax payers including inter alia investment, deposit, payment , acquisition, purchase, construction or such other action by whatever name called, for the purpose of claiming Capital Gain exemption under section 54 to 54GB of the Income Tax Act, 1961. The circular provided that with respect to claim for the aforementioned exemptions for which the last date of compliance fell between 01 April, 2021 to 29th September, 2021 (both days inclusive), may be completed on or before 30th September, 2021.</p> <p>Now, in view of the representations received and on further consideration of the then prevailing COVID-19 pandemic, further relaxation has been provided to taxpayers.</p> <p>CBDT vide this circular has notified that the transaction for the purpose of claiming exemption under section 54 to 54GB of the Income Tax Act, 1961, for which the last date of compliances falls <i>between 01st April, 2021 to 28th February, 2022 (Both days inclusive)</i> may be completed on or before 31st March, 2023.</p> <p>Circular No.1</p>	

GOODS AND SERVICES TAX

1. Clarification regarding rates and classification of certain goods under GST.

CBIC

Notification No.189/01/2023 dated 13/01/2023

Based on recommendations of the GST Council in its 48th meeting held on 17th December, 2022, clarifications, with reference to GST levy, related to the following areas have been issued vide this circular:

1) **RAB -classifiable under Tariff heading 1702:**

"RAB" means 'massecuite prepared by concentrating sugarcane juice on open pan furnaces, and includes Rab Galawat and Rab Salawat, but does not include khandsari molasses or lauta gur.' Although, a product of sugarcane, Rab exists in semi-solid/liquid form, and is thus not covered under heading 1701. The Hon'ble Supreme Court in its order in *Krishi Utpadan Mandi Samiti vs. M/s Shankar Industries and others* [1993 SCR (1)1037] has distinguished Rab from Molasses. Thus, Rab being distinguishable from molasses is not classifiable under heading 1703.

Accordingly, it is hereby clarified that RAB is appropriately classifiable under heading 1702 attracting GST rate of 18% (S. No. 11 in Schedule III of notification No. 1/2017-Central Tax (Rate), dated the 28th June, 2017).

2) **GST on by-products of milling of Dal/ Pulses such as Chilka, Khanda and Churi/Chuni**

Full exemption from GST in respect of supply of Dal/ Pulses such as Chilka, Khanda and Churi/Chuni has been provided irrespective of end use.

Accordingly with effect from 01 Jan 23 the said goods shall be exempt under GST vide S. No. 102C of schedule of notification No. 2/2017- Central Tax (Rate), dated 28.06.2017.

3) **Applicability of GST on Snack pellets manufactured through extrusion process (such as 'fryums'):**

Meaning of Snack Petals: *Snack pellets are high-density and expandable intermediate products that are manufactured through extrusion using raw materials such as potato, corn, tapioca, rice, legumes and other cereals and vegetables*

It is hereby clarified that snack pellets (such as 'fryums'), which are manufactured through the process of extrusion, are **appropriately classifiable under tariff item 1905 90 30**, which covers goods with description 'Extruded or expanded products, savoury or salted', and thereby attracts GST at the rate of 18% vide S. No. 16 of Schedule-III of notification No. 1/2017-Central Tax (Rate), dated 28 June 2017.

4) **Applicability of Compensation cess on Sports Utility Vehicles (SUVs)**

CBIC has issued clarification in respect of specifications of motor vehicles, which attract compensation cess at the rate of 22% vide entry at S. No. 52B of notification No. 01/2017 Compensation Cess (Rate), dated 28 June 2017

It is clarified that Compensation Cess at the rate of 22% is applicable on Motor vehicles, falling under heading 8703, which satisfy all four specifications, namely: -

- these are popularly known as SUVs;
- the engine capacity exceeds 1,500 cc;
- the length exceeds 4,000 mm; and
- ground clearance is 170 mm and above.

This clarification is confined to and is applicable only to Sports Utility Vehicles.

[Notification No. 189](#)

2. Clarification regarding applicability of GST on Accommodation services supplied by Air Force Mess to its personnel

CBIC

Circular No. 190/02/2023- GST dated 13.01.2023

Vide this circular, clarification has been provided on applicability of GST on accommodation services supplied by Air Force Mess to its personnel.

All services supplied by Central Government, State Government, Union Territory or local authority to any person other than business entities (barring a few specified services such as services of postal department, transportation of goods and passengers etc.) are exempt from GST vide Sl. No. 6 of notification No. 12/2017 – Central Tax (Rate) dated 28.06.2017.

It has been clarified that accommodation services provided by Air Force Mess and other similar messes, such as, Army mess, Navy mess, Paramilitary and Police forces mess to their personnel or any person other than a business entity are covered by S. No. 6 of notification No. 12/2017 – Central Tax (Rate) dated 28.06.2017 provided the services supplied by such messes qualify to be considered as services supplied by Central Government, State Government, Union Territory or Local Authority.

[Circular No. 190](#)

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



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