



# Info Capsule

## CLARIFICATION ON PAYMENT OF SERVICE TAX IN TRANSITIONAL PERIOD<sup>1</sup>

Certain transitional issues arising with respect to payment of service tax after June 30, 2017 have been clarified by CBEC vide circular dated September 28, 2017.

It has been clarified that in cases where service was received before July 1, 2017 and payment for the value of the service was also made before July 1, 2017, but the service tax was paid by July 5 /6, 2017, details of credit should be indicated in Part I of Form ST-3 by filing a revised return.

In order to give compliant assesseees who had filed their ST 3 return by the due date or some days later, an immediate and viable window to file revised returns, all ST3 returns for the period April 1, 2017 to June 30, 2017 which have been filed upto and inclusive of the 31st day of August 2017, shall be deemed to have been filed on August 31, 2017.

Once details of such credit are reflected in the ST-3, the assessee may proceed to fill in the details in Form GST TRAN-1.

In the case of assesseees who were not registered under ACES, who want to make payment of service tax on or after July 1, 2017, they may avail of the category of “non assessee registration” in the registration module of ACES.

## UNION FINANCE MINISTER RELEASES BOOK ON FINANCIAL MANAGEMENT<sup>2</sup>

The Union Minister for Finance and Corporate Affairs, Shri Arun Jaitley along with the Chief Minister of Andhra Pradesh, Shri N. Chandrababu Naidu released a book on financial management in New Delhi on September 26, 2017. The Union Minister for Civil Aviation Shri Ashok Gajapathi Raju, Minister of State for Science & Technology and Earth Sciences, Shri Y.S. Chowdary were also present on the occasion. The book titled “A to Z of Financial Management in Autonomous Institutions” is authored by Dr. Rajat Bhargava and Shri Deenanath Pathak.

Public Financial Management – The fine art of budgeting, spending and managing public money has undergone a major revolution. The unique interdisciplinary combination of economics, science, public administration and accounting has seen influx of innovative ideas and reform that has sought to address some of perennial challenges of managing finances in Autonomous Institutions. The effective and efficient use of

<sup>1</sup> Available at: <http://pib.nic.in/newsite/erelease.aspx>

<sup>2</sup> Available at: <http://pib.nic.in/newsite/erelease.aspx>

taxpayer's money by Autonomous Institutions requires sound financial management with infusion of e-governance and transparency. There have been a number of efforts to enhance financial management in Autonomous Institutions, like local and urban authorities, independent public institutions such as universities, but these efforts were piecemeal in nature, focusing on just a few aspects of financial management, e.g., budget or amounting. Hence, there were varying degrees of success in improving in their performance in term of fiscal management or allocative and technical efficiency.

This book covers almost all aspects of financial management in Autonomous Institutions and offers an insightful perspective on the challenges of managing public money. Considering the current trends in financial management, the authors have analysed all facets. Their analysis is empirically based on broad spectrum of sources.

## **CABINET APPROVES SIGNING OF (I) INTER-BANK LOCAL CURRENCY CREDIT LINE AGREEMENT AND (II) COOPERATION MEMORANDUM RELATING TO CREDIT RATINGS BY EXIM BANK UNDER BRICS INTERBANK COOPERATION MECHANISM<sup>3</sup>**

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its approval to the signing of the (i) Interbank Local Currency Credit Line Agreement and (ii) Cooperation Memorandum Relating to Credit Ratings by Exim Bank with participating member banks under BRICS Interbank Cooperation Mechanism. As both the Agreement and the MoU are umbrella pacts, and are non-binding in nature, the Board of Directors of Exim Bank has been authorized to negotiate and conclude any individual contracts and commitments within their framework.

### **Impact**

The Agreements will promote multilateral interaction within the area of mutual interest which will deepen political and economic relations with BRICS nations.

Signing of the Agreement will position Exim Bank in the international platform along with large development finance institutions, like CDS, VEB and BNDES. At an appropriate time, Exim Bank, leveraging this umbrella agreement, could enter into bilateral agreement with any of these member institutions to raise resources for its business. As and when an opportunity arises for co-financing in commercial terms, by any two member institutions (say India and South Africa), lending in single currency by both the institutions would also be possible.

### **Background**

Exim Bank finances, facilitates and promotes India's international trade. It provides competitive finance at various stages of the business cycle covering import of technology, export product development, export production and export credit at pre-shipment and post-shipment stages and investments overseas.

### **Interbank Local Currency Credit Line Agreement**

The initial Master Agreement on Extending Credit Facility in Local Currency under the BRICS Interbank Cooperation Mechanism had a validity of five years, which has expired in March 2017. It is understood that some of the member banks (like CDB and VEB; CDB and BNDES) have entered into bilateral agreements for local currency financing under the Master Agreement signed in 2012. Although the current conditions are not conducive to usage, it was useful to keep the same alive as an enabling feature in case a suitable opportunity materializes in future. Exim Bank raises resources in the off-shore market in diverse currencies

---

<sup>3</sup> Available at: <http://pib.nic.in/newsite/erelease.aspx>

and swaps to mitigate the risk. The umbrella Agreement would serve as an enabler to enter into bilateral agreements with member banks subject to national laws, regulations and internal policies of the signatories.

### **Cooperation Memorandum Relating to Credit Ratings**

It would enable sharing of credit ratings amongst the BRICS member banks, based on the request received from another bank. This would be an ideal mechanism to mitigate the credit risks associated with cross-border financing. In future, such a mechanism could also serve as pre-cursor to the proposal of having an alternate rating agency by BRICS nations.

The Agreement and the MoU have also been highlighted in the BRICS Leaders Xiamen Declaration made in Xiamen, China on September 4, 2017.

***Team ICSI***

*Disclaimer: The information in the Info Capsules is developed according to the information available in public domain and for academic purposes only. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.*