

# TAXTIME

NEWSLETTER

## HAPPY REPUBLIC DAY

January 26th is significant for the country's political history as it is the day when the country formally adopted its constitution in 1950. The Preamble to the Constitution of India is an introductory statement that presents the key principles of the Constitution. It was adopted on 26 November 1949 by the Constituent Assembly and came into effect on 26 January 1950, celebrated as the Republic day in India.

Full text of Preamble to the Constitution of India

**WE, THE PEOPLE OF INDIA, having solemnly resolved to constitute India into a SOVEREIGN SOCIALIST SECULAR DEMOCRATIC**

**REPUBLIC and to secure to all its citizens:**

**JUSTICE, social, economic and political;**

**LIBERTY of thought, expression, belief, faith and worship;**

**EQUALITY of status and of opportunity; and to promote among them all**

**FRATERNITY assuring the dignity of the individual and the unity and integrity of the Nation;**

**IN OUR CONSTITUENT ASSEMBLY this twenty-sixth day of November, 1949, do HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION.**

## **EU CONSULTS ON ADAPTING VAT RULES TO DIGITAL AGE**



The European Commission on January 21 announced the launch of a consultation on how the value-added tax (VAT) system can be updated to adapt to the digital economy and new business models while also reducing burdens and costs for businesses.

The consultation is being held in advance of the planned issuance later this year of new legislation changing the way VAT is collected and reported. The legislation is intended to address digital reporting requirements for businesses in the EU, as well as rules with respect to digital platforms like Uber and Airbnb. It will also set out a single registration site for businesses in the EU.

The Commission is asking for stakeholder input on these planned legislative measures. It is also generally seeking comments on how the VAT rules are adapted to the digital age and how digital technology can both help states fight VAT fraud and facilitate business compliance.

The consultation is open until April 15.

## **ADD 18% GST, FOR A BRIGHTER SMILE**

A recent ruling by Maharashtra's Authority for Advance Rulings (MAAR) on an application by Nashik-based Jyoti Ceramic has said services including bleaching of teeth and dental veneers will attract 18 per cent GST.

"Bleaching of teeth and dental veneers for smile designing provided by dental clinic of applicant fall under Chapter Heading 999722 at 18 per cent GST," the authority said.

Though AAR ruling is applicable for the applicant and concerned jurisdictional tax officer only, it can be used as reference in similar matters.

Also, many of such rulings have become the base for policy decisions by GST Authorities, which then becomes applicable for all.

The applicant in the said matter is engaged in the manufacture, sale and export of various ceramic products. It is also engaged in running a dental clinic.

The applicant sought advance ruling on classification of 'Zirconium Oxide ceramic dental blanks' and the services of bleaching of teeth and dental veneers. It also sought advance ruling on listing services of providing artificial teeth, crown, bridges under healthcare services.

While dealing with question related to the dental blanks, the MAAR did not agree with the contention of the applicant that said the product should be considered artificial teeth and dental fittings.

The authority said when the product in question "leaves the factory, they are in various shapes like squares and circles etc and not in the shape of teeth and also not ready to be used as artificial teeth."

## **NO INPUT TAX CREDIT FOR 99-YEAR LEASE: AAAR**



In what could impact several companies and hotels, an Appellate Authority for Advance Ruling (AAAR) has denied input tax credit under the Goods and Services Tax (GST) framework on leasing of land and property.

Most companies and hotels pay GST at 18% on lease rentals and claim credit to reduce their tax outgo. Also in many instances the leased properties are treated as owned ones and the rights are transferred when the property is sold or bought by new owners.

The Tamil Nadu AAAR denied the input tax credit to Inox Air Products, a medical gas manufacturer, on leasehold rights acquired for air-separation-unit construction.

The ruling could result in additional scrutiny and notices for several companies and even hotels that work on lease models, say tax experts.

# TODAY'S QUOTE

*"The weak can never forgive.  
Forgiveness is the attribute  
of the strong."*

*— Mahatma Gandhi*



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