

# Callidus News

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# VALUE ADDED TAX

## to be implemented from January 2018



1st January 2018 will witness the implementation of Value Added Tax (VAT) law in UAE which was a topic of discussion within the companies and individuals since last one year. The implementation of VAT will provide a new source of income to the UAE Government which they will be contributing to improve the services to public. The VAT shall be made applicable on all the import and / or supply of goods and / or services at every stage of production, distribution, at a rate equal to or less than 5%.

As per the VAT law, published by the government, the VAT will not be charged on the following categories:

1. Exports of Goods and Services to outside GCC;
2. International Transportation, and related supplies;
3. Supplies of certain sea, air and land means of transportation (such as aircrafts and ships);
4. Newly constructed residential properties, that are supplied for the first time within 3 years of their construction;

Impact of VAT on different sectors:

### 1. Education:

No VAT shall be imposed on the Private and

Public School education (excluding higher education) and related goods and services provided by such educational institutions, higher education provided by any institution owned by Government and / or 50% funded by government; after school activities supplied by the teachers and school trips where is the actual purpose is educational and within the curriculum. All the above mentioned categories are exempted from VAT.

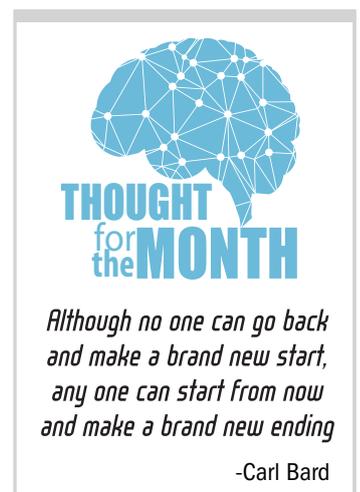
However, the education provided by private higher educational institutions, School uniforms, related stationeries, electronic equipments like tablets, laptops etc; school trips of recreation and not within the curriculum shall impose VAT at the rate of 5%.

### 2. Medical & Healthcare

Though basic healthcare and related services including but not limited to Dental Services, Vaccinations etc will not attract VAT, the medical insurance products like Medicines, Medical equipments will not be exempted. Hence the VAT shall be payable on annual premiums.

### 3. Transportation:

Although VAT will be added to the price of petrol, the supply of local passenger transport, such as taxis, buses and the metro will be zero-rated,



and consumers will not be affected. International transport, whether by air, sea or road, will also be free of VAT, though with the cost of the supply of these services set to increase in many circumstances, this will no doubt be passed on to the consumer in the way of price increases.

#### 4. Telecommunication :

The VAT shall also be made applicable to the telecom service providers in UAE. Starting from January 2018, most of the telecom services shall be subject to 5% VAT in compliance with the Federal laws and regulations.

With the introduction of VAT from January 2018

and the imposition of Excise tax from October, 2017, the Country is considering to impose new taxes in the future in order to increase its revenue and thereby making them less dependent on the revenue from the production and export of Crude Oil, which played a huge role in increasing the Government revenue.

## Insolvency and Bankruptcy Code: The Supreme Court of India to decide on the contentious decisions of the NCLAT



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The decisions of the National Company Law Appellate Tribunal (NCLAT) making it mandatory for the Operational Creditors to file Certificate from the Financial Institution with which they are maintaining their account under section 9(3)(c) of the Insolvency and Bankruptcy Code and thereby refusing to entertain the applications not having the said certificate was found as a hindrance by the operational creditors, especially by the foreign operational creditors who does not have an office in India and/or does not have an account with a Financial Institution. In a strict interpretation of section 9(3)(c) of the Code, the NCLAT in the case of Macquarie Bank Limited v. Uttam Galva Metallics Limited has held that “an Operational Creditor which is a foreign bank, not having any account with a financial institution as defined under section 3(14) of the Code and thereby not being able to file a certificate under section 9(3)(c) of the Code, cannot initiate insolvency proceedings under section 9 of the Code as the filing of the said certificate is mandatory and not directory in nature. Therefore, the certificate by the Finan-

cial Institution is a strict requirement for initiating insolvency proceedings.

Further, the NCLAT in the same decision went on to hold that the Advocate/lawyer, a Chartered Accountant or a Company Secretary in the absence of any authority of the Board of Directors, and holding no position with or in relation to the Operational Creditor cannot issue a notice under section 8 of the Code. The rejection of the application on the said seemingly technical ground has stripped the operational creditor of their right to approach the NCLAT as in most of the cases the notice under section 8 of the Code have been filed by the advocates for the operational creditors.

The Supreme Court of India while recognizing the need to lay down the correct legal position on the above contentious decisions of the NCLAT, has entertained three civil appeals filed by the aggrieved Operational Creditors. The Supreme Court while observing that the issues involved in the matter are recurring and it is important to settle the said issues conclusively has issued notice in all the three civil appeals.



## TIPS & HOT NEWS

### 10 TIPS FOR A HAPPY AND POSITIVE NEW YEAR

#### 1 Change your vocabulary

The first thing you can do to make the New Year a more promising one is to stop saying words like can't, impossible and problem. If your head is filled with negative words like that, you will never get to make the most out of the year. There is no such word as can't, nothing is impossible, and a problem is merely a challenge. Change your mind set to a positive one and you will be amazed at how much more you can achieve.

#### 2 Read inspirational books

Fill your reading list for the year with books that will inspire you. Read the stories of how people have faced terrible odds and survived, or tales of people who have followed their dreams. You can gain huge motivation from learning more about other people's struggles and their determination to win.

#### 3 Ignore the cynics

There will always be someone who wants to run down your ideas or tell what can't be done. Just ignore these cynics and pessimists and make your own mind up. Take the decision to mix with positive, upbeat people and leave the pessimists on their own to worry about why their glass is always half empty.

#### 4 Make your happiness your priority

It's not surprising that some people are unhappy when so many don't even try to make their own happiness a priority. Make this year the year that you actually start putting yourself first a bit more and doing more of the things that you enjoy. We all have commitments and responsibilities, but that shouldn't be all that you ever worry about. Put aside some time, every week, that will be just for you.

## 5 Take more walks

It's such a small thing to do, but going for walks can really make a big difference to your life. Walking is not only a good way to get a bit more exercise; it also gives you a break and allows you some time to clear your mind. Just take a short stroll on your lunch break or a short walk in the mornings. It could make all the difference to the rest of your day.

## 6 Get organised

Make this the year that you finally get your life organised. Clear out some of the clutter, free up more time to do positive and productive things, and start to keep to-do lists to help you prioritise your tasks. If your life is a disorganised muddle, you will spend more time firefighting, than you do getting things done. If you get organised, you will have more free time to enjoy.

## 7 Take control

Another thing that will sap your positivity and your happiness is letting other people dictate what you do. Don't think of yourself as just a pawn in a game, take control and become the Queen. Choose what you want to do, who you want to be, and where you are going from here. This year could be the beginning of something great.

## 8 Stop complaining

Complaining achieves nothing; if you want things to change, then you have to be the one who changes them. People who complain a lot are usually moaning about things over which no one has any control, like the weather, or saying how they hate something like their job, which is something they could change themselves. All that does is it gets everyone down, including themselves.

## 9 Help someone else get to where they want to be

When you can share your positive and happy nature with other people, you can inspire them to achieve greater things too. Be prepared to lend a helping hand, now and then, because it will help someone else on their way and it will make you feel more fulfilled too.

## 10 Enjoy the journey

When you start this New Year; set out to enjoy every moment that it has to offer. Remember that every day only comes along once, so you might as well make the most of each and every one. Life is too short to spend it regretting the past, or fretting about the future. Take each day as it comes and live it to the full.

**Stay happy!**



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