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UAE TO INTRODUCE NEW TAX LAW



The United Arab Emirates has now framed a Federal law No. 7 of 2017 on Tax Procedures to introduce the tax in all the emirates of UAE. This new Tax Law shall explain the rules for regulating the collection of Taxes, defines the role of the Federal Tax Authority, penalties etc.

The Tax Law mainly categorise the tax into two, namely VAT (Value Added Tax) which will be introduced on January 1st, 2018 by Federal Decree Law No. (8) of 2017 and Excise Tax, which shall be introduced in October, 2017 by Federal-Decree Law No. (7) of 2017. The VAT is actually a consumption tax which is usually imposed on a product at each stage of production before the final sale. In simple words, it is imposed on the Customers. In UAE, the VAT will be calculated as a percentage, ie., at the rate of 5%, of the retail sale price of a product. Whereas the excise tax which shall be in force from the upcoming months, is imposed on the manufacturer and not the customer. The Excise Tax Law shall impact all the excise goods consumed inside the Country including all the free zones and Ports. This tax is set to discourage the consumption of products that negatively impact the environment and more importantly, people's health, while the revenues it generates will go towards supporting advanced services for all members of society.

Since the draft UAE Tax Law is not yet published, it is generally mentioned that all business that provide taxable goods or services with annual revenue of more than AED 375,000 will be required to register for VAT.

As per the New Tax Law, it is to be noted that the accounting records of the companies/business not only have to be prepared and maintained in accordance with the provisions of the tax Law, but any submissions to the Federal Tax Authority shall be in Arabic. Since the recently introduced Federal Law No (2) of 2015 on Commercial Companies already requires the companies to keep the books of accounts and financial records and to prepare the annual financial statement, the companies may not find it difficult to maintain the same under the New Tax Law. But it is to be noted that the application of any penalties in terms of the Commercial Company Law, will be without prejudice to any penalties imposed under Tax law. Upon registration for the Tax, the companies (hereinafter the tax payer) shall receive a unique registration number and the tax payer shall use/quote this registration number on all payments and correspondences with the FTA. The FTA's power to conduct Audit, includes the Audit on the tax Payer's premises, and they would also check if the Tax payer has complied with the tax law.



"Efforts and courage are not enough without purpose and direction"

-John F. Kennedy



The FTA has also given authority to issue Tax Assessments and administrative penalties on the following circumstances:

1. Where a taxable person do not register for the Tax
2. Where the taxable person fails to submit the return within the timeframe specified.
3. Where the taxable person fails to make any payments due
4. Where the taxable person submits incorrect returns or payments.

Apart from the situations mentioned above, the records in Arabic.

The penalties for Tax evasion will be imposed from the range starting from AED 500 to three times the amount of any tax amount due per violation.

For the companies that evade the Tax registration, the penalty shall include prison sentence and a monetary penalty of upto 5 times the amount of evaded tax amount. The penalty for tax evasion shall also be imposed on the below companies:

1. Charge and collect taxes when not registered to do so under any tax law.
2. Deliberately fails to pay the tax due.
3. Destroy, steal or falsify financial records
4. Deliberately submits false documents to FTA
5. Deliberately understate any tax amount payable.

Since the regulations regarding the Tax Law has not been issued and once the same is published, it will give more clarity on the responsibility and obligations of a tax payer.

NEW PROCEDURE LAID DOWN FOR SELF SEALING OF CONTAINERS IN INDIA



For the sake of uniformity and ease of doing business, the Central Board of Excise and Customs by its Circular No. 26/2017- Cus dated 01/07/2017 has decided to simplify the procedure relating to factory stuffing hitherto carried out under the supervision of the Central Excise Officers. Accordingly, it has been decided to do away with the sealing of containers with export goods by CBEC officials. Instead, self-sealing procedure is being prescribed, which shall be followed subject to the following:

1. The exporter to inform the jurisdictional customs officer of the details of the premises where the stuffing is to be carried out.
2. The exporter needs to be registered under the GST except in the case of Status Holders recognised by DGFT.
3. The exporter needs to seek permission for self sealing at least 15 days before the first planned

movement of the consignment from the approved premises. Once the permission is granted, the exporter shall furnish only intimation to the jurisdictional officer each time self-sealing is carried out at the approved premises.

4. The self-sealing permission once given shall be valid for export at all customs stations.
5. The exporter shall seal the container with the tamper proof electronic-seal of standard specification. The electronic seal should have a unique number which should be declared in the Shipping Bill.
6. All consignments in self-sealed containers are subject to risk based criteria and intelligence, if any, for examination/inspection at the port of export.

In furtherance to the above circular, the Board vide its circular No.36/2017 has laid down the

procedure for implementing the electronic sealing for containers by exporters under the self- sealing procedure. The new self-sealing procedure shall come into effect from 01.10.2017. As per the latest circular, the exporters opting for self-sealing shall adhere to the following procedure:-

1. The exporters following the system of supervised factory stuffing shall be automatically entitled for self-sealing procedure.
2. The permission to self-seal the export goods shall be valid unless withdrawn by the jurisdictional Principal Commissioner or Commissioner of Customs.
3. The Importer Exporter Code of the 4 classes of exporters mentioned in the circular needs to be communicated to the Risk Management Division of the Board by the Principal Commissioner/-Commissioners.

4. The exporter has to declare the physical serial number of the e-seal at the time of filing the online integrated shipping bill or in the case of manual shipping bill before the container is dispatched for the designated port/ICD/LCS.

5. The electronic seal to be used by the exporter is an "RFID tamper proof one-time bolt seal", each bearing a unique serial number and the same shall be purchased by the exporters at their own cost. The seal shall be in conformity with the standards mentioned in para 3 of the circular.

6. The exporter shall provide the (a) IEC Code (b) shipping bill number (c) shipping bill date (d) e-seal number (e) date of sealing (f) time of sealing (g) destination customs station for export (h) container number (g) trailer - truck number. Once such data is given to RMD and the respective customs it should not be edited or over written.

Conclusion

The new procedure of electronic sealing of containers would considerably bring down the

expenses on the exporter for the sealing of the containers under the supervision of the customs officials and would also eliminate acts of corruption on the part of the officials. However, the fact that no customs officer would be on duty at the time of sealing of the container, would indicate that the exporter can take this to their advantage. Nevertheless, let us hope that the Risk Management Division of the Board would be able to exercise sufficient checks on the entire procedure of electronic sealing of containers.



TIPS & HOT NEWS

Here's how your desk should be organized by Kathryn Vasel

In the office, your desk is your command center. And experts said how well it's organized can help set the tone and productivity level at work.

"Surveys show the average person loses an hour a day to disorganization," said Lisa Zaslow, a professional organizer in New York City. "It takes much less time to get and stay organized. Think about how frantic and stressed you are when you can't find something."

Here's how experts suggest organizing your desk for maximum efficiency and productivity:

➤ Get your layout right

Your monitor should be in front of you at eye-level and about 17-inches from your body, according to Zaslow.

Put frequently-used items, like the phone or supplies, on your dominant side to avoid having to reach across.

➤ Mind your office supplies

Supplies used every day can go on the desk. Items used a couple times a week should go in a drawer under or to the side of a desk.

"Getting up even just once a day for a pencil or paper clip is shutting your brain off a project you are working on and you will have to come back and re-center," said Amy Trager, a professional organizer in Chicago.

It's also best to group like items together. "All your office supplies should be kept together, not split up in multiple drawers," said Andrew Mellen, a professional organizer.

➤ Go easy on reminders

When it comes to sticky notes, moderation is key.

Framing your monitor with notes isn't the most effective. "They've lost their usefulness at that point," said Trager. Use them for important short-term reminders.

➤ Don't go overboard with personal knick-knacks

Maintaining work-life balance is hard, especially on your desk. Family pictures, vacation souvenirs and other trinkets can provide positive feelings during the work day, but too many mementos can be a distraction. "Our eyes pull every single thing in front of us and our brain processes it -- even if we don't realize it," explained Zaslow. A desk full of stuff means "that is a lot of work and editing for you."

She recommended keeping no more than three personal items on a desk.

➤ Control your inbox

E-mail is a convenient way to communicate, but it can also be a major distraction.

If it becomes too much of a distraction, Trager recommended designating certain time periods throughout the day to check and respond to email. "The rest of the time is for work."

Also, don't be afraid to disable the pop-up notices of new mail if it interrupts work flow.

➤ Embrace white space

Keep a paper-sized free space to your dominant side as a designated work space to make it easier to review or sign documents.

➤ Prioritize your work flow

Only keep relevant and active projects and documents on your desk.

When work gets backed up, it's easy to get overwhelmed and stall productivity, so here's how Trager recommended grouping projects to prioritize:

1. Important and urgent
2. Urgent, but not necessarily important
3. Important, without urgency
4. Non-urgent, and not important

She added vertical file holders help avoid stacking folders on top of each other and overlooking the ones not on top.

➤ Reassess frequently

Keeping a desk organized requires frequent upkeep and assessments, so be sure to take a weekly scan of your desk to make sure everything still deserves a spot on your work space.

"People don't even see [the clutter], it has an impact but they are de-sensitized to it," said Mellen.

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