

GST Update

Weekly Update
21.07.2018

- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 14.07.2018. It supplements the earlier GST Updates.
- This presentation is based on CGST Act/Rules/ Notifications. Similar parallel provisions in State Laws may be referred to as required

- No Notification/ Circular/Order issued during last week.
- Two Press release third refund fortnight and appointment of nodal officers for E-way bill implementation.
- One GST Refund Advisory No.2 issued
- Press Note on GST Council meeting held on 21st July, 2018 and decisions taken therein

- CBIC now has Self Service

Website for taxpayers and officers to raise queries on GST, GST portal, Central Excise, Service Tax or ACES:

Go to <https://cbec-gst.gov.in/cbec-portal-ui/?webticketing>

- i. Please select the relevant option/drop down related to your query.
- ii. Click on the relevant FAQs in the pop-up window to get your answer.
- iii. If relevant answer or FAQ is not available with respect to your query, please proceed with ticket logging.

Third Refund Fortnight

- <http://www.cbic.gov.in/resources//htdocs-cbec/press-release/press-release-16july2018.pdf;jsessionid=A4F710372205C7D8967C7BC8EBAE5EE8>
- Third refund fortnight from 16th July, 2018 to 30th July, 2018. Dedicated refund cells and helpdesks would be provided for exporters to get their refund claims processed, in each Commissionerate.
- The facility to view reasons for pending IGST refunds have been provided on ICEGATE

GST Refund Advisory No. 2

- http://www.cbic.gov.in/resources//htdocs-cbec/gst/GST_REFUND_ADVISORY_No_2.pdf;jsessionid=B35B9EF18BAF2AC6634934FBD1106B34
- Refund sanctions issued by State Tax authorities shall be communicated through the nodal officer to the sanctioning authority of the concerned division/commissionerates in terms of para 6 of the circular dated 21.12.2017 issued by GST policy wing of CBIC. After getting such sanctions (RFD 04/06) through nodal officer, the concerned sanctioning authority will sign on it with remarks “RFD 05 dated ---- issued against this sanction”. RFD 05 (payment advise) along with duly signed and remarked sanction (RFD 04/06 issued by state authority) will be sent in original to the concerned PAO through DDO

GST Refund Advisory No. 2

- **Review of Sanctions.**
- As per Advisory No.1, all sanctioned refund > Rs.50,00,000/- should be sent for review by the Competent Authority.
- However, undue time is being taken for sending sanctions for review.
- It is therefore advised that the process of review of sanction should be completed on the same day or at the most by next day. For this purpose, the proposal should be communicated through exchange of dedicated email from zonal offices to HQ and vice versa. The zonal officers of the accounting organisation will ensure the completion of the sanction review process in respect of PAO of their zone

GST Refund Advisory No. 2



- **Submission of refund bills by DDO to PAO immediately after generating of Bill in PFMS.**
- It is noticed that after the bill is generated by DDO on PFMS, the physical copies of sanctions and payment advice along with printouts of the PFMS generated bill are not sent to PAO for a considerable period of time.
- It is therefore advised that the DDO should send these documents preferably on the same day or at the most by next day to the PAO so that the delay on account of this can be avoided. Similarly, in case of any error detected in the refund bills by PAO, it should be communicated by PAO to DDO immediately and bill should be collected on the same day for re-submission to the PAO after corrections

PRESS NOTE ON GST RATE ON SERVICES

Decisions taken by GST Council in its 28th meeting held on 21.07.2018. Recommendations to be notified effective from 27th July 2018

http://www.cbic.gov.in/resources//htdocs-cbec/gst/decision-services-gst-consil_28.pdf;jsessionid=69F1F0CB1492F4A1BD BF60AB8DB3228D

EXEMPTIONS IN GST RATE AND SERVICES

- **Sector –Farmers/ Agriculture/ Food Processing**
- 1. Exempt services by way of artificial insemination of livestock (other than horses).
- 2. Exempt warehousing of minor forest produce in line with exemptions provided to the agricultural produce.
- 3. Exempt the works of installation and commissioning undertaken by DISCOMS/electricity distribution companies for extending electricity distribution network upto the tube well of the farmer/ agriculturalist for agricultural use.
- 4. Exempt services provided by FSSAI to food business operators.

EXEMPTIONS IN GST RATE AND SERVICES

- **Education/ Training/ Skill Development**
- 5. Reduce rate of GST from 18% to 5% on supply only of e-books for which print version exist.
- **Social Security/ Pension Security/ Senior Citizens**
- 6. Exempt services provided by Coal Mines Provident Fund Organisation to the PF subscribers from the applicability of GST on the lines of EPFO.
- 7. Exempt supply of services by an old age home run by State / Central Government or by a body registered under 12AA of Income Tax Act) to its residents (aged 60 years or more) against consideration upto Rupees Twenty Five Thousand per month per member provided consideration is inclusive of charges for boarding, lodging and maintenance.

EXEMPTIONS IN GST RATE AND SERVICES

- **Social Security/ Pension Security/ Senior Citizens**
- 8. Exempt GST on the administrative fee collected by National Pension System Trust.
- 9. Exempt services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in activities relating to the welfare of industrial or agricultural labour or farmer; or for the promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to own members against consideration in the form of membership fee up to an amount of one thousand rupees per member per year.

EXEMPTIONS IN GST RATE AND SERVICES

- **Banking/ Finance/ Insurance**
- 10. Exempt Reinsurance Services provided to specified Insurance Schemes such as Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) (Ayushman Bharat), funded by Government.
- **Government Services**
- 11. Exempt services provided by Government to ERCC by way of assigning the right to collect royalty, DMFT etc. from the mining lease holders.
- 12. Exempt the guarantees given by Central/State Government/UT administration to their undertakings/PSUs

EXEMPTIONS IN GST RATE AND SERVICES

- **Miscellaneous**
- 13. Exempt GST on import of services by Foreign Diplomatic Missions/ UN & other International Organizations based on reciprocity.
- 14. Exempt services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in accordance with Explanation I in section 8 of the IGST Act provided the place of supply is outside the taxable territory of India in accordance with section 13 of IGST Act.
- 15. Prescribe GST rate slabs on accommodation service based on transaction value instead of declared tariff which is likely to provide major relief to the hotel industry.
- 16. Prescribe GST rate of 12% with full ITC under forward charge for composite supply of multimodal transportation.

EXEMPTIONS IN GST RATE AND SERVICES

- **Miscellaneous**
- 17. Rationalize the notification entry prescribing reduced GST rate on composite supply of works contract received by the Government or a local authority in the course of their sovereign functions.
- 18. Rationalize entry relating to composite supply of food and drinks in restaurant, mess, canteen, eating joints and such supplies to institutions (educational, office, factory, hospital) on contractual basis at GST rate of 5%; **and making it clear that the scope of outdoor catering under 7(v) is restricted to supplies in case of outdoor/indoor functions that are event based and occasional in nature.**

CLARIFICATIONS

- 19. Supply of services provided by State and Central educational boards to students for conduct of examination will be clarified to be exempt.
- 20. To clarify that the courses run by private ITIs for designated trades are exempt under GST whereas non-designated courses are taxable.
- 21. To clarify that GST on premium paid by the Governments for implementing Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) (Ayushman Bharat) is exempt from GST.
- 22. To provide clarification on applicability of Service Tax / GST on services rendered by an Indian Architect- Consultant in relation to immovable property located outside India to Indian Diplomatic Missions/Posts abroad.

CLARIFICATIONS

- 23. To clarify to Auroville foundation that ‘maintenance’ paid by it to Aurovilians is not liable to GST.
- 24. To insert an explanation in notification No. 13/2017-Central Tax(Rate) to define the term renting of immovable property.
- 25. To clarify that certain services such as “deposit works(expenses for providing electric line/plant)” related to distribution of electricity provided by DISCOM, attract GST.

EXPORT TRADE FACILITATION MEASURES

- 26. Extend the exemption granted on **outward transportation of all goods by air and sea** by another one year i.e. **upto 30th September, 2019** as relief to the exporter of goods.
- 27. Place liability to pay GST on services provided by individual DSAs to banks/NBFCs under reverse charge on the buying banks/NBFCs. However, services by non-individual NBFCs (corporate, partnership firms) to banks/NBFCs would continue under forward charge, as at present.

Recommendations on opening of migration window for tax payers till 31st August ,2018

- The GST Council in its 28th meeting held here today has approved the proposal to open the migration window for taxpayers, who received provisional IDs but could not complete the migration process.
- The taxpayers who filed Part A of FORM GST REG-26, but not Part B of the said FORM are requested to approach the jurisdictional Central Tax/State Tax nodal officers with the necessary details on or before 31st August, 2018.
- The nodal officer would then forward the details to GSTN for enabling migration of such taxpayers.
- It has also been decided to waive the late fee payable for delayed filing of return in such cases. Such taxpayers are required to first file the returns on payment of late fees, and the waiver will be effected by way of reversal of the amount paid as late fees in the cash ledger under the tax head.
- Taxpayers who intend to complete the migration process are requested to approach their jurisdictional Central Tax/State Tax nodal officers in this regard.

Amendments to CGST/SGST/IGST/UTGST Acts

- **Following recommendations made by GST Council in its 28th meeting held on 21.07.2018. These amendments will now be placed before the Parliament and the legislature of State and Union territories with legislatures for carrying out the amendments in the respective GST Acts.**
- 1. Upper limit of turnover for opting for composition scheme to be raised from Rs. 1 crore to Rs. 1.5 crore. Present limit of turnover can now be raised on the recommendations of the Council.
- 2. Composition dealers to be allowed to supply services (other than restaurant services), for upto a value not exceeding 10% of turnover in the preceding financial year, or Rs. 5 lakhs, whichever is higher.
- 3. Levy of GST on reverse charge mechanism on receipt of supplies from unregistered suppliers, to be applicable to only specified goods in case of certain notified classes of registered persons, on the recommendations of the GST Council.

Amendments to CGST/SGST/IGST/UTGST Acts

- 4. The threshold exemption limit for registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand to be increased to Rs. 20 Lakhs from Rs. 10 Lakhs.
- 5. Taxpayers may opt for multiple registrations within a State/Union territory in respect of multiple places of business located within the same State/Union territory.
- 6. Mandatory registration is required for only those e-commerce operators who are required to collect tax at source.
- 7. Registration to remain temporarily suspended while cancellation of registration is under process, so that the taxpayer is relieved of continued compliance under the law.

Amendments to CGST/SGST/IGST/UTGST Acts

- 8. The following transactions to be treated as no supply (no tax payable) under Schedule III:
 - Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India;
 - Supply of warehoused goods to any person before clearance for home consumption; and
 - Supply of goods in case of high sea sales.
- 9. Scope of input tax credit is being widened, and it would now be made available in respect of the following:
 - Most of the activities or transactions specified in Schedule III;
 - Motor vehicles for transportation of persons having seating capacity of more than thirteen (including driver), vessels and aircraft;
 - Motor vehicles for transportation of money for or by a banking company or financial institution;

Amendments to CGST/SGST/IGST/UTGST Acts

- 9. Scope of input tax credit is being widened, and it would now be made available in respect of the following: (Contd...from previous slide)
 - Services of general insurance, repair and maintenance in respect of motor vehicles, vessels and aircraft on which credit is available; and
 - Goods or services which are obligatory for an employer to provide to its employees, under any law for the time being in force.
- 10. In case the recipient fails to pay the due amount to the supplier within 180 days from the date of issue of invoice, the input tax credit availed by the recipient will be reversed, but liability to pay interest is being done away with.
- 11. Registered persons may issue consolidated credit/debit notes in respect of multiple invoices issued in a Financial Year.

Amendments to CGST/SGST/IGST/UTGST Acts

- 12. Amount of pre-deposit payable for filing of appeal before the Appellate Authority and the Appellate Tribunal to be capped at Rs. 25 Crores and Rs. 50 Crores, respectively.
- 13. Commissioner to be empowered to extend the time limit for return of inputs and capital sent on job work, upto a period of one year and two years, respectively.
- 14. Supply of services to qualify as exports, even if payment is received in Indian Rupees, where permitted by the RBI.
- 15. Place of supply in case of job work of any treatment or process done on goods temporarily imported into India and then exported without putting them to any other use in India, to be outside India.
- 16. Recovery can be made from distinct persons, even if present in different State/Union territories.
- 17. The order of cross-utilisation of input tax credit is being rationalised.

GST COUNCIL APPROVES SIMPLIFIED RETURN PROCESS

- The GST Council in its 28th meeting has approved the new return formats and associated changes in law.
- All taxpayers excluding small taxpayers and a few exceptions like ISD etc. shall file one monthly return. The return is simple with two main tables. One for reporting outward supplies and one for availing input tax credit based on invoices uploaded by the supplier. Invoices can be uploaded continuously by the seller and can be continuously viewed and locked by the buyer for availing input tax credit. This process would ensure that very large part of the return is automatically filled based on the invoices uploaded by the buyer and the seller. Simply put, the process would be “UPLOAD – LOCK – PAY” for most tax payers.
- Taxpayers would have facility to create his profile based on nature of supplies made and received. The fields of information which a taxpayer would be shown and would be required to fill in the return would depend on his profile.
- NIL return filers (no purchase and no sale) shall be given facility to file return by sending SMS.

GST COUNCIL APPROVES SIMPLIFIED RETURN PROCESS

- The Council approved quarterly filing of return for the small taxpayers having turnover below Rs. 5 Cr as an optional facility. Quarterly return shall be similar to main return with monthly payment facility but for two kinds of registered persons – small traders making only B2C supply or making B2B + B2C supply. For such taxpayers, simplified returns have been designed called **Sahaj and Sugam**. In these returns details of information required to be filled is lesser than that in the regular return.
- The new return design provides facility for amendment of invoice and also other details filed in the return. Amendment shall be carried out by filing of a return called amendment return. Payment would be allowed to be made through the amendment return as it will help save interest liability for the taxpayers.
- 93% of the taxpayers have a turnover of less than Rs 5 Cr and these taxpayers would benefit substantially from the simplification measures proposed improving their ease of doing business. Even the large taxpayers would find the design of new return quite user friendly.

REDUCTION IN RATE OF TAX FOR GOODS

- **GST rates reduction on 28% items:**
- **28% to 18%**
 - Paints and varnishes (including enamels and lacquers)
 - Glaziers' putty, grafting putty, resin cements
 - Refrigerators, freezers and other refrigerating or freezing equipment including water cooler, milk coolers, refrigerating equipment for leather industry, ice cream freezer etc.
 - Washing machines.
 - Lithium-ion batteries
 - Vacuum cleaners
 - powder-puffs and pads for the application of cosmetics or toilet preparations.

REDUCTION IN RATE OF TAX FOR GOODS (Contd)

- **GST rates reduction on 28% items:**
- **28% to 18%**
 - Domestic electrical appliances such as food grinders and mixers & food or vegetable juice extractor, shaver, hair clippers etc
 - Storage water heaters and immersion heaters, hair dryers, hand dryers, electric smoothing irons etc
 - Televisions upto the size of 68 cm
 - Special purpose motor vehicles. e.g., crane lorries, fire fighting vehicle, concrete mixer lorries, spraying lorries
- Works trucks [self-propelled, not fitted with lifting or handling equipment] of the type used in factories, warehouses, dock areas or airports for short transport of goods.
- Trailers and semi-trailers.
- Miscellaneous articles such as scent sprays and similar toilet sprays,

REDUCTION IN RATE OF TAX FOR GOODS

- **I. GST rates reduction on 28% items:**
- **A. 28% to 18%**
 - Works trucks [self-propelled, not fitted with lifting or handling equipment] of the type used in factories, warehouses, dock areas or airports for short transport of goods.
 - Trailers and semi-trailers.
 - Miscellaneous articles such as scent sprays and similar toilet sprays, powder-puffs and pads for the application of cosmetics or toilet preparations.
- **B. 28% to 12%**
 - Fuel Cell Vehicle. Further, Compensation cess shall also be exempted on fuel cell vehicle

Refund on account of inverted rate structure allowed to fabric manufacturers

- **I. Refund of accumulated credit on account of inverted duty structure to fabric manufacturers:**
- Fabrics attract GST at the rate of 5% subject to the condition that refund of accumulated ITC on account of inversion will not be allowed. However, considering the difficulty faced by the Fabric sector on account of this condition, the GST Council has recommended for allowing refund to fabrics on account of inverted duty structure. The refund of accumulated ITC shall be allowed only with the prospective effect on the purchases made after the notification is issued.

REDUCTION IN RATE OF TAX FOR GOODS

- **III. GST rates have been recommended to be brought down from:**
- **A. 18%12%/5% to Nil:**
 - Stone/Marble/Wood Deities
 - Rakhi [other than that of precious or semi-precious material of chapter 71]
 - Sanitary Napkins,
 - Coir pith compost
 - Sal Leaves siali leaves and their products and Sabai Rope
 - PhoolBhariJhadoo [Raw material for Jhadoo]
 - Khali dona.
 - Circulation and commemorative coins, sold by Security Printing and Minting Corporation of India Ltd [SPMCIL] to Ministry of Finance.
- **B. 12% to 5%:**
 - Chenille fabrics and other fabrics under heading 5801
 - Handloom dari
 - Phosphoric acid (fertilizer grade only).
 - Knitted cap/topi having retail sale value not exceeding Rs 1000

REDUCTION IN RATE OF TAX FOR GOODS

- **III. GST rates have been recommended to be brought down from:**
- **C. 18% to 12%:**
 - Bamboo flooring
 - Brass Kerosene Pressure Stove.
 - Hand Operated Rubber Roller
 - Zip and Slide Fasteners.
- **D. 18% to 5%:**
 - Ethanol for sale to Oil Marketing Companies for blending with fuel
 - Solid bio fuel pellets

IV. Rate change made in respect of footwear

5% GST is being extended to footwear having a retail sale price up to Rs. 1000 per pair
Footwear having a retail sale price exceeding Rs. 1000 per pair will continue to attract 18%

REDUCTION IN RATE OF TAX FOR GOODS

- **V. GST rates have been recommended to be brought down for specified handicraft items [as per the definition of handicraft, as approved by the GST council] from,-**
- **A. 18% to 12%:**
 - Handbags including pouches and purses; jewellery box
 - Wooden frames for painting, photographs, mirrors etc
 - Art ware of cork [including articles of sholapith]
 - Stone art ware, stone inlay work
 - Ornamental framed mirrors
 - Glass statues [other than those of crystal]
 - Glass art ware [incl. pots, jars, votive, cask, cake cover, tulip bottle, vase]
 - Art ware of iron
 - Art ware of brass, copper/ copper alloys, electro plated with nickel/silver
 - Aluminium art ware
 - Handcrafted lamps (including panchloga lamp)
 - Worked vegetable or mineral carving, articles thereof, articles of wax, of stearin, of natural gums or natural resins or of modelling pastes etc, (including articles of lac, shellac)

REDUCTION IN RATE OF TAX FOR GOODS

- **V. GST rates have been recommended to be brought down for specified handicraft items [as per the definition of handicraft, as approved by the GST council] from,-**
- **B. 12% to 5%:**
 - Handmade carpets and other handmade textile floor coverings (including namda/gabba)
 - Handmade lace
 - Hand-woven tapestries
 - Hand-made braids and ornamental trimming in the piece
 - Toran

VI. Miscellaneous Change relating to valuation of a supply:

IGST @5% on Pool Issue Price (PIP) of Urea imported on Govt. account for direct agriculture use, instead of assessable value plus custom duty.

Exemption from Compensation cess to Coal rejects from washery [arising out of cess paid coal on which ITC has not been taken].

REDUCTION IN RATE OF TAX FOR GOODS

- **VII Clarifications/amendments as regards applicability of GST rate in respect of certain goods recommended by GST Council which inter-alia includes:**
 - Milk enriched with vitamins or minerals salt (fortified milk) is classifiable under HS code 0401 as milk and exempt from GST.
 - 5% GST on both treated (modified) tamarind kernel powder and plain (unmodified) tamarind kernel powder.
 - Beet and cane sugar, including refined beet and cane sugar, (falling under heading 1701) attracts 5% GST rate.
 - Water supplied for public purposes (other than in sealed containers) does not attract GST.
 - Marine engine (falling under sub-heading 8408 10 93) attracts 5% GST rate.
 - Kota stone and similar stones [other than marble and granite] other than polished will attracts 5% GST, while ready to use polished Kota stone and similar stones will attracts 18%.
 - Certain other miscellaneous clarification as regards classification/rate have been recommended



GST LEGAL UPDATES

Case of TVS Motor Company Vs Asstt Commr reported in 2018-TIOL-71-HC-MAD-GST

Issue in brief

The petitioner has filed the writ petition challenging the order dated 30.5.2018, which according to the respondents is only a SCN - The petitioner's case is that the impugned order is not a SCN, but a demand, which has been made on them without considering the objections filed by petitioner and that it is not in the nature of a SCN, as a final decision has been taken and communicated to them - It is further submitted that the impugned order denying a legitimate transitional credit eligible to petitioner in accordance with Section 140 of CGST Act, 2017 is illegal and arbitrary and has been passed in violation of principles of natural justice –

Case of TVS Motor Company Vs Asstt Commr reported in 2018-TIOL-71-HC-MAD-GST

Decision of High Court

The High Court held that the impugned order, is not in the nature of a SCN, but a demand by itself whereby the petitioner's claim for transitional credit has been rejected and that they have been directed to reverse the credit along with interest within 15 days, failing which, penal action would be initiated for recovery of arrears under Section 79 of the said Act - These are sufficient grounds to hold that the impugned order is in violation of principles of natural justice - On this ground alone, the petitioner is entitled to succeed

Any ISSUES/ queries?

- <https://cbec-gst.gov.in/>
- [CBEC MITRA HELPDESK](#)
 - 1800 1200 232
 - cbecmitra.helpdesk@icegate.gov.in
- GSTN Help Desk
 - <https://selfservice.gstsystem.in/> - Grievance redressal portal
 - Help Desk Number: 0120-4888999

Any ISSUES/ queries?

- Twitter Handles
- For General Questions
- https://twitter.com/askGST_GoI
- For technology related issues
- <https://twitter.com/askGSTech>
- NACIN twitter
- https://twitter.com/NACIN_OFFICIAL



THANK YOU