

16th January 2018

GST UPDATE - 1/2018

200 Days of GST

Overview

- ∞ 6 GST Council Meetings
- ∞ Notifications - 75 Central Tax , 47 Central Tax (Rate) , 12 Integrated Tax, 50 Integrated Tax (Rate) , 1 Cess, 7 Cess (Rate)
- ∞ Circulars – 28 Central Tax, 2 Integrated Tax, 1 Cess
- ∞ Orders – 11
- ∞ FAQs – General, Topic wise, Sectoral
- ∞ Press Release – Around 50
- ∞ Tweets – Numerous
- ∞ Flyers – 51

Composition Levy

- ✓ **Turnover Limit** to opt for Composition Levy enhanced to Rs. 1 Crore. Proposal approved to increase the limit to Rs. 2 Crores and notify the limit to Rs. 1.5 Crores after change in the law.
- ✓ **Rates** of Composition Levy reduced to 1% (0.5% CGST + 0.5% SGST) with effect from 01.01.2018
- ✓ **Rate** of Composition Levy applicable to manufacturers also reduced from 2% to 1% (0.5% CGST + 0.5% SGST).
- ✓ Tax to be payable only on **taxable turnover** and not on aggregate turnover w.e.f. 01.01.2018

Registration

Relaxation from Registration requirements

- Notification No. 7/2017 – Integrated Tax was issued on 15.09.2017 granting exemption from registration **to job-workers** making inter-State supply of services to a registered person
- Notification No. 8/2017 – Integrated Tax was issued on 15.09.2017 Granting exemption to a person making inter-State taxable supplies of **handicraft goods**.
- Person engaged in **Inter-State Supplies of Services** is mandated to register irrespective of turnover as per Section 23 of CGST Act, 2017 BUT the same has been relaxed vide Notification No. 10/2017 – Integrated Tax dated 13.10.2017
- Notification No. 32/2017 – Central Tax dated 15.09.2017 granted exemption to a **casual taxable person** making supplies of **handicraft goods** to obtain registration

Cancellation of Registration

- **Form GST REG 16**, application for cancellation of GST Registration is now active on the GST Portal.
- **Form GST REG 29**, application to surrender provisional registration also is still active

Returns

- **Form GSTR 3B** made compulsory till month of March 2018 vide Notification 56-2017 - Central Tax - dated 15.11.2017
- **Quarterly Option** provided to registrants whose aggregate turnover in previous year or whose aggregate turnover is expected to be lower than Rs. 1.5 Crores in current financial year to file GSTR 1 quarterly.

➤ **GSTR 1 due dates**

For those whose aggregate turnover < Rs. 1.5 Crores and opted for quarterly filing

Period	Due Date
July – September 2017	10.01.2018
October – December 2017	15.02.2018
January – March 2018	30.04.2018

For those whose aggregate turnover > Rs. 1.5 Crores

Period	Due Date
July – November 2017	10.01.2018
December 2017	10.02.2018
January 2018	10.03.2018
February 2018	10.04.2018
March 2018	10.05.2018

- **GSTR 2 & 3** postponed.
- Return by person who opted for composition levy i.e. **GSTR 4** for quarter 2 & 3 of FY 2017-18 active now
- **GSTR 5** (Return by Non-Resident Taxable Person) and **GSTR 5A** (Return by person supplying OIDARS to a non-taxable online recipient) for months of July to December 2017 to be filed on or before 31.01.2018
- **GSTR 6** (Return by Input Service Distributor) is available online.
- **Late fee for GSTR 3B** pertaining to months of July, August & September 2017 has been waived vide Notification 50-2017 - Central Tax - dated 24.10.2017
- Vide Notification 64 -2017 - Central Tax - dated 15.11.2017, Late fee for GSTR 3B subsequent months reduced to
 - Rs. 10 per day for NIL return
 - Rs. 25 per day for other returns
- **Late fee** waived for filing **GSTR 4** vide Notification No. Notification 73 -2017 - Central Tax - dated 29.12.2017

Reverse Charge

- ❖ **Section 9(4)** of CGST Act, 2017 and **Section 5(4)** of IGST Act, 2017 suspended w.e.f 13.10.2017 till 31.03.2018 vide Notification No. 38-2017-Central Tax (Rate), dt. 13-10-2017
- ❖ If Goods Transport Agency (GTA) charges GST@ 12% (6% CGST+ 6% SGST), the recipient of GTA Service need **NOT** pay tax under Reverse Charge. This relaxation is given vide Notification No.22/2017 – Central Tax (Rate) dated 22.08.2017

Payment

No GST on advances in case of supply of **Goods** as per Notification 66 -2017 - Central Tax - dated 15.11.2017

E-Way Bill

E-Way bill system made **effective from 01.02.2018** vide Notification No. 74/2017 – Central Tax dated 29.12.2017. The facility of E-way bill system will be made available from 16.01.2018.

Transition

- **Form GST TRAN 1** due date extended upto 31.12.2017
- **Form GST TRAN 2** can be filed now. Last date for filing GST TRAN 2 not yet announced.

Changes w.r.t Goods Transport Agency (GTA)

- ☞ Tax Rate on GTA
 - 5% without Input Tax Credit (ITC)
 - 12% with Input Tax Credit (ITC)
- ☞ No RCM if GTA charges tax @ 12%
- ☞ Tax paid on Reverse Charge under Section 9(3) of CGST Act, 2017 on GTA services is allowed as Input Tax Credit of the recipient.

☞ Notification No. 32-2017-Central Tax (Rate) ,dt. 13-10-2017 exempted from Services provided by a GTA to an unregistered person other than following recipients, namely: -

- Any factory registered under or governed by the Factories Act, 1948
- Any Society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India; or
- Any Co-operative Society established by or under any law for the time being in force; or
- Any body corporate established, by or under any law for the time being in force; or
- Any partnership firm whether registered or not under any law including association of persons;
- Any casual taxable person registered under the CGST Act or IGST Act or the SGST Act or the UTGST Act.

Clarifications w.r.t Construction Services

Property for which OC obtained	Entire Consideration received prior to 01.07.2017	Part Consideration paid before 01.07.2017
<ul style="list-style-type: none"> • No GST 	<ul style="list-style-type: none"> • No GST 	<ul style="list-style-type: none"> • 4.5% Service Tax on Invoices raised or Consideration received before 01.07.2017 • 12% on Payments made or invoices issued on or after 01.07.2017



Clarification on GST on Sale of Vehicles

Sale of vehicles by a registered person who had procured the vehicle prior to 1st July, 2017 and has not availed any Input Tax Credits of Central Excise duty, VAT or any other taxes paid on such motor vehicles, would also be subject to 65% of applicable GST rate (including Compensation Cess) [Notification No. 37-2017-Central Tax (Rate) ,dt. 13-10-2017]

Clarification on GST rate on Restaurants

	Rate of Tax
Restaurant under Composition Scheme	5% of Aggregate Turnover
All Stand-alone restaurants (Air-Conditioned or otherwise)	5% without ITC
Restaurants in hotel premises having room tariff < Rs. 7,500 per unit per day	5% without ITC
Restaurants in hotel premises having room tariff > or = Rs. 7,500 per unit per day	18% Full ITC
Rate of tax on takeaway	Rate as applicable on serving of food for consumption on premises of that restaurant
Outdoor Catering	18% Full ITC

Attention Consumers!

GST slashed on your Restaurant bills
Eating out & ordering food much more affordable.

	RATE OF TAX (CGST+SGST)/ COMPOSITION LEVY
Restaurant under Composition Scheme	Composition Levy @ 5% of the turnover*
All stand-alone restaurants (Air-conditioned or otherwise)	5% (without ITC)
Restaurants in hotel premises having room tariff of less than Rs. 7,500 per unit per day	5% (without ITC)
Restaurants in hotel premises having room tariff of Rs. 7,500 and above per unit per day (even for a single room)	18% (Full ITC)
Is there any restaurant where the rate of tax is 28%?	No
Rate of tax on takeaway	As applicable on serving of food for consumption on premise of that restaurant
Outdoor Catering	18% (Full ITC)

Note: As alcoholic liquor for human consumption is outside the purview of GST, such liquor served in restaurants will attract local taxes as per State laws.
*This is an amount to be paid in lieu of tax payable by restaurants opting for Composition Scheme & they shall not collect any tax from the customer on supplies made by them.

GST - A Good & Simple Tax

Central Board of Excise and Customs &
Commercial Taxes Departments of States/Union Territories
www.cbec.gov.in, www.cbec-gst.gov.in

Exports & SEZ Supplies

Issues relating to Exports, LUT, Bond have been clarified vide 4 Circulars and the Circular No. 8/8/2017 dated 04.10.2017 superseded all previous circulars and the procedure regarding Exports/LUT are as under:-

- ❖ **Eligibility to export under LUT** – ALL registered exporters EXCEPT those who have been prosecuted for any offence under the CGST Act or IGST Act or any of the existing laws and the amount of tax evaded in such cases > Rs. 250 Lakhs.
- ❖ **Validity of LUT** – For whole Financial Year
- ❖ **Form of LUT** – Form GST RFD - 11 The LUT shall be furnished on the letter head of the registered person, in duplicate
- ❖ **Documents for LUT** - Self-declaration to the effect that the conditions of LUT have been fulfilled shall be accepted
- ❖ **Time for acceptance of LUT/Bond** – LUT/bond should be accepted within a period of 3 working days.

- ✧ **Bank guarantee** – Only in case of persons who is prosecuted for cases involving amount > Rs.250 Lakhs.
- ✧ **Realization of export proceeds in Indian Rupee** - acceptance of LUT for supplies of goods to Nepal or Bhutan or SEZ developer or SEZ unit will be permissible irrespective of whether the payments are made in Indian currency or convertible foreign exchange as long as they are in accordance with the applicable RBI guidelines.
- ✧ **Jurisdictional officer** - LUT/Bond shall be accepted by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over the principal place of business of the exporter.

Some more Clarifications on GST vide Circulars

GST on CMR Charges – Since Milling of paddy is not an intermediate production process in relation to cultivation of plant and it is a process carried out after the process of cultivation is over and paddy has been harvested, Milling of paddy into rice on job work basis, is liable to GST at the rate of 5%, on the processing charges (and not on the entire value of rice). [Circular No. 19/19/2017 –GST dated 20.11.2017]

GST on Printing Contracts – Vide Circular No. 11/11/2017 – GST dated 20.10.2017

- ➔ It is clarified that supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc. printed with logo, design, name, address or other contents supplied by the recipient of such printed goods, are composite supplies and the question, whether such supplies constitute supply of goods or services would be determined on the basis of what constitutes the principal supply.
- ➔ In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the

usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute supply of service falling under heading 9989 of the scheme of classification of services.

➔ In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. falling under Chapter 48 or 49, printed with design, logo etc. supplied by the recipient of goods but made using physical inputs including paper belonging to the printer, predominant supply is that of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods falling under respective headings of Chapter 48 or 49 of the Customs Tariff.

Clarification on Cut Fabrics – Vide Circular No. 13/13/2017 – GST dated 27.10.2017, it is clarified that Cut Fabrics also are grouped as Fabric that attracts GST @ 5%

Clarification on Inter-state movement of rigs, tools and spares, and all goods with wheels like cranes – It is clarified that except in cases where movement of such goods is for further supply of the same goods, such inter-state movement shall be treated 'neither as a supply of goods or supply of service,' and consequently no IGST would be applicable on such movements.

For any further clarifications on the subject, feel free to write us @ bcoakp@gmail.com.

This update contains updates on major issues of GST from 01.07.2017 to 16.01.2018. There are many other clarifications and amendments which are available on www.cbec.gov.in for further reading and understanding. In this update, I tried to summarise major amendments which are applicable now and the amendments which are already superseded are not mentioned.