

GST Update

Weekly Update
05.10.2019

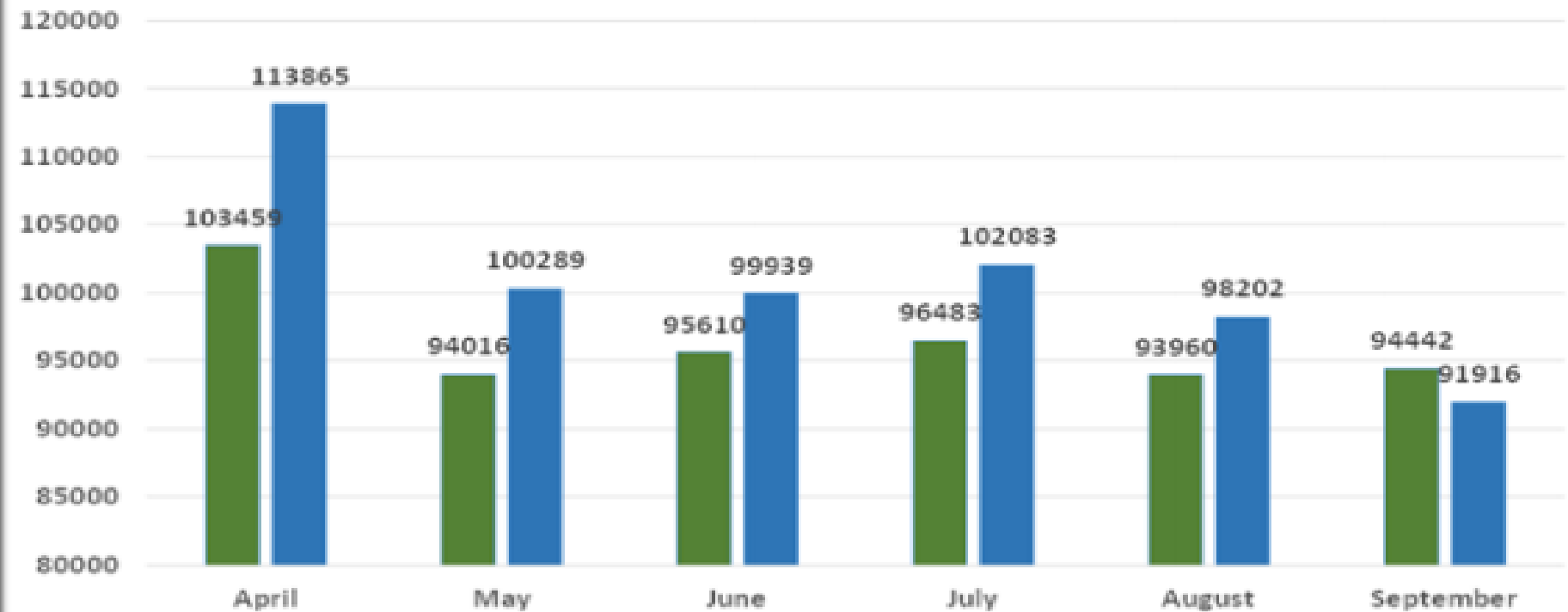
- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 28.09.2019. It supplements the earlier GST Updates.
- This presentation is based on CGST Act/Rules/ Notifications, except the provisions related solely to SGST provisions. Similar parallel provisions in State Laws may be referred to as required

- 12 Central Tax(Rate) Notifications issued; One Central Tax notification issued; three Central tax CBIC circulars issued;
- Four Customs notifications issued
- Two Compensation Cess(Rate) notification issued

- The total gross GST revenue collected in the month of September, 2019 is ₹ 91,916 crore of which CGST is ₹ 16,630 crore, SGST is ₹ 22,598 crore, IGST is ₹ 45,069 crore (including ₹ 22,097 crore collected on imports) and Cess is ₹7,620 crore (including ₹ 728 crore collected on imports).
- The total number of GSTR 3B Returns filed for the month of August up to 30th September, 2019 is 75.94 lakh
- The revenue during September, 2019 is declined by 2.67% in comparison to the revenue during September, 2018. During April-September, 2019 vis-à-vis 2018, the domestic component has grown by 7.82% while the GST on imports has shown negative growth and the total collection has grown by 4.90%.

Trends in GST Collection in Rs. Crore

- GST Collection in FY 2018-19
- GST Collection in FY 2019-20



Exemption to Goods

- **Notification No. 15/2019-Central Tax (Rate) dated 30th September, 2019** (Amends Notification No.2/2017-Central Tax (Rate), dated the 28th June, 2017)
- Following goods exempted
 - 0813 - Tamarind, dried (Earlier 5%)
 - Ch. 46 - Plates and cups made up of all kinds of leaves/flowers/bark (Earlier 5%/Nil)

Change in rate of GST on goods

- **Notification No. 14/2019-Central Tax (Rate) dated 30th September, 2019** (Amends Notification No.1/2017-Central Tax (Rate), dated the 28th June, 2017)
- Marine Fuel 0.5% (FO) – 5% (Earlier 18%)
- 8509 - Wet grinder consisting of stone as grinder – 5% (Earlier 12%)
- Parts of slide fasteners- 12% (Earlier 18%)
- 2202 99 90- Caffeinated beverages- 28% (Earlier 18%)
 - Plus 12% Compensation Cess imposed as well (Notification No. 2/2019-Compensation Cess (Rate) dated 30th September, 2019)

Change in rate of GST on goods (Contd)

- **Rate for following goods reduced to 0.25% (Earlier 3%)**
- 7103- precious stones (other than diamonds) and semi-precious stones, whether or not worked or graded but not strung, mounted or set; ungraded precious stones (other than diamonds) and semi-precious stones, temporarily strung for convenience of transport
- 7104-Synthetic or reconstructed precious or semiprecious stones, whether or not worked or graded but not strung, mounted or set; ungraded synthetic or reconstructed precious or semiprecious stones, temporarily strung for convenience of transport

Change in rate of GST on goods (Contd)

- Rail locomotives and related goods & parts of HSN 8601, 8602, 8603, 8604, 8605, 8606, 8607 and 8608
 - Rate increased from 5% to 12%
 - Railways vendors will be able to utilise Input Tax Credit.
- Woven and non-woven bags and sacks of polyethylene or polypropylene strips or the like, whether or not laminated of a kind used for packing goods -3923 or 6305
 - Rate reduced to 12% (Earlier 18%/12% /5%)

Export Against Supply by Nominated Agency

- **Notification 17/2019-CT(R) dated 30.09.2019:**
- Seeks to amend notification No 26/2018- Central Tax (Rate) dated 31.12.2018, so as to exempt CGST on supplies of silver and platinum by nominated agencies to registered persons.
- The exemption which was earlier given to the sale of gold by nominated agency under the scheme for "Export Against Supply by Nominated Agency" as referred to in paragraph 4.41 of the Foreign Trade Policy 2015-20 has now been **extended to supply of silver and platinum** as well.

Composition scheme not applicable to persons supplying aerated water

- **Notification 18/2019-CT(R) dated 30.09.2019**
- Seeks to amend notification No 2/2019- Central Tax (Rate) dated 7.3.2019 so as to exclude manufacturers of aerated waters from the purview of composition scheme
- The composition tax rate of 6% as notified w.e.f 1.4.2019 for persons with aggregate turnover of up to Rs. 50 lakhs, would not be applicable in case where the registered person is engaged in the supply of aerated water as covered by entry 2202 10 10 of the Tariff.

Additional services covered under Reverse Charge Mechanism (RCM)

Notification No. 22/2019- Central Tax (Rate) dated 30.09.2019

Nature of Service	Service Provider	Person liable to pay tax
Services of renting of a motor vehicle provided to a body corporate	Any person other than a body corporate, paying central tax at the rate of 2.5% on renting of motor vehicles with input tax credit only of input service in the same line of business.	Any body corporate located in the taxable territory

Additional services covered under Reverse Charge Mechanism (RCM)

Nature of Service	Service Provider	Person liable to pay tax
<p>Services of lending of securities under Securities Lending Scheme, 1997 (“Scheme”) of Securities and Exchange Board of India (“SEBI”), as amended.</p>	<p>Lender i.e. a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the Scheme of SEBI</p>	<p>Borrower i.e. a person who borrows the securities under the Scheme through an approved intermediary of SEBI.”</p>

Services of author – option to pay under forward charge

- **Services of author – option to pay under forward charge**
- With respect to the services of transfer or permitting the use or enjoyment of a copyright relating to original literary works supplied by an author to a publisher, the author is given a choice to either pay the GST under forward charge, else the publisher located in India would be liable to pay GST under RCM.
- In case the author wishes to pay under forward charge, he should be registered under the CGST Act, 2017 and file a declaration in Annexure I with the jurisdictional CGST or SGST Commissioner by 31st Oct '19 for exercising the option from 01.11.2019 (for F.Y 2019-20) or before commencement of a financial year for the option to be effective from that financial year. This declaration would be valid up to the end of the financial year 2019-20. Such declaration is to be filed for each financial year.

Services of author – option to pay under forward charge

- Also, the author is required to make a declaration in accordance with Annexure II on the invoice issued by him in Form GST INV-I to the publisher.
- The declaration in Annexure I shall be filed on or before 31.10.2019 for exercising the option from 1.11.2019 (for FY 2019-20) or before commencement of a financial year for the option to be effective from that financial year. The option cannot be withdrawn within a period of 1 year from the date of exercise.

Changes in rate of tax for various services

- **Notification No. 20/2019- Central Tax (Rate) dated 30th September, 2019**
- Seeks to amend notification No. 11/2017- Central Tax (Rate) so as to notify CGST rates of various services
- **Hospitality and tourism (lodging)**

The rate of GST on hotel accommodation service as below: –

Transaction Value per Unit (Rs) per day GST

Rs 1000 and less - Nil

Rs 1001 to Rs 7500 - 12%

Rs 7501 and more. - 18%

Changes in rate of tax for various services (Contd)

- Notification No. 20/2019- Central Tax (Rate) dated 30th September, 2019
- Outdoor catering
- Rate of GST on outdoor catering services other than in premises having daily tariff of unit of accommodation of Rs 7501 reduced **from present 18% with ITC to 5% without ITC**. The rate shall be mandatory for all kinds of catering.
- Catering in premises with daily tariff of unit of accommodation is Rs 7501 and above **shall remain at 18% with ITC**.

Changes in rate of tax for various services (Contd)

- **Job Work Services**
- **For diamond related services**
- Rate of GST reduced **from 5% to 1.5%** on supply of job work services in relation to diamonds.
- **For engineering related services other than bus body bldg.**
- The rate of GST reduced from 18% to 12% on supply of machine job work such as in engineering industry, except supply of job work in relation to bus body building which would remain at 18%.

Exemption to Services

- **Notification No. 21 /2019- Central Tax (Rate) dated 30th September, 2019** (Amends Notification No.12/2017- Central Tax (Rate) dated the 28th June, 2017)
- Heading 9961- Services provided by an intermediary when location of both supplier and recipient of goods is outside the taxable territory
 - Exempted provided documents like bill of lading, contract, commission debit note, country of origin certificate are maintained for a period of five years

Exemption to Services (Contd)

- Following Services exempted-
- Heading 9967 or 9985- Services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea.
- Heading 9996 - Services by way of right to admission to the events organized under FIFA U-17 Women's World Cup 2020
- Heading 9971 or 9991 -Services of general insurance business provided under Bangla Shasya Bima

Exemption to Services (Contd)

- Exemption to the following services extended up to 30.09.2020
 - 19A Heading 9965 -Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India.
 - 19B Heading 9965 -Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India.
- The services provided in relation to transportation of goods from India to outside India which was exempt till 30.9.2019 has been further extended to one more year and the ocean freight or air fare paid for such transportation would be exempted from GST.

Time of liability with respect to development rights supplied on or after 1st April, 2019

- **Notification No. 23/2019-Central Tax (Rate) dated 30th September, 2019**
- For development rights supplied on or after 1st Apr '19 the time of liability will only be the date of issuance of completion certification or first occupation, whichever is earlier.
- Notification No. 4/2018- CTR dated 25.01.2018 is suitably amended by adding following explanation clause-
- *Explanation.- Nothing contained in this notification shall apply with respect to the development rights supplied on or after 1st April, 2019*

GST under RCM on purchase of cement by a promoter from an unregistered supplier

- **Notification No. 24/2019- Central Tax (Rate) dated 30th September, 2019**
- Cement falling in chapter heading 2523 in the first schedule to the Customs Tariff Act, 1975
- Any value of cement purchased from an unregistered person by a promoter would be liable in his hands under RCM irrespective of the threshold limit.

Neither supply of goods nor supply of service

- **Notification No. 25/2019-Central Tax (Rate) dated 30th September, 2019**
- Service by way of grant of alcoholic liquor licence, against consideration in the form of licence fee or application fee or by whatever name it is called –
 - shall be treated neither as a supply of goods nor a supply of service
- This notification is issued to implement the recommendation of the 26th GST Council meeting held on the 10th March, 2018 that no GST shall be leviable on licence fee and application fee, by whatever name it is called, payable for alcoholic liquor for human consumption.

Place of supply of R&D services in relation to pharmaceutical sector

- **Notification No. 04/2019- Integrated Tax dated 30th September, 2019**
- The place of supply of R&D services relating to the pharmaceutical sector of the following nature provided by a person located in taxable territory to a person located in the non-taxable territory, would be the location of the recipient of service
- 1. Integrated discovery and development 2. Integrated development 3. Evaluation of the efficacy of new chemical/ biological entities in animal models of disease 4. Evaluation of biological activity of novel chemical/ biological entities in in-vitro assays 5. Drug metabolism and pharmacokinetics of new chemical entities 6. Safety Assessment/ Toxicology 7. Stability Studies 8. Bio-equivalence and Bioavailability Studies 9. Clinical trials 10. Bio analytical studies

- **Notification No. 04/2019- Integrated Tax dated 30th September, 2019**
- The following conditions should be fulfilled in this regard:
 - Supply of services are provided as per a contract between the service provider located in taxable territory and service recipient located in non-taxable territory.
 - Such supply of services fulfils all other conditions in the definition of export of services, excepting the requirement of place of supply being outside India.

Refund of Compensation Cess under inverted duty structure

- **Notification 3/2019-Compensation Cess (Rate) dated 30th September, 2019**
- No refund of unutilised ITC of compensation cess would be allowed in case of Tobacco and manufactured tobacco substitutes (Chapter 24), where the credit has accumulated on account of rate of compensation cess on inputs being higher than the rate of compensation cess on the output supplies of such goods (other than nil rated or fully exempt supplies).

Withdrawal of Circular No. 105/24/2019-GST dated 28.06.2019

- Circular No. 112/31/2019 – GST dated 3rd October, 2019
- Circular No. 105/24/2019-GST dated 28.06.2019 wherein certain clarifications were given in relation to various doubts related to treatment of secondary or post-sales discounts under GST.
 - is withdrawn, ab-initio.

Procedure to claim refund subsequent to favourable order in appeal or any other forum

- **Circular No. 111/30/2019 - GST dated 3rd October, 2019**
- As per rule 93 of the CGST Rules, 2017, where an appeal is filed against the rejection of a refund claim, re-crediting of the amount debited from the electronic credit ledger, if any, is not done till the appeal is finally rejected. Therefore, such rejected amount remains debited in respect of the particular refund claim
- In case a favourable order is received by a registered person in appeal or in any other forum in respect of a refund claim rejected through issuance of an order in FORM GST RFD-06, the registered person would file a fresh refund application under the category “Refund on account of assessment/ provisional assessment/ appeal/ any other order” claiming refund of the amount allowed in appeal or any other forum.

Procedure to claim refund subsequent to favourable order in appeal or any other forum (Contd)

- Since the amount debited, if any, at the time of filing of the refund application was not re-credited, the registered person shall not be required to debit the said amount again from his electronic credit ledger at the time of filing of the fresh refund application
- The registered person would also be required to upload a copy of the order of the Appellate or other authority, copy of the refund rejection order in FORM GST RFD 06 issued by the proper officer or such other order against which appeal has been preferred and other related documents.
- The proper officer would sanction the amount of refund as allowed in appeal or in subsequent forum which was originally rejected and shall make an order in FORM GST RFD 06 and issue payment order in FORM GST RFD 05 accordingly

Procedure to claim refund subsequent to favourable order in appeal or any other forum (Contd)

- The proper officer shall also ensure re-credit of any amount which remains rejected in the order of the appellate as per the guideline as laid down in para 4.2 of Circular no. 59/33/2018 – GST dated 04/09/2018.
- Example: Consider a registered person who makes an application for refund of unutilized ITC on account of export to the extent of Rs.100/- and debits the said amount from his electronic credit ledger. The proper officer disposes the application by allowing refund of Rs.70/- and rejecting the refund of Rs. 30/-. However, he does not re-credit Rs.30/- since appeal is preferred by the claimant and accordingly FORM GST RFD 01B is not uploaded. Assume that the appellate authority allows refund of only Rs.10/- out of the Rs. 30/- for which the registered person went in appeal. This Rs.10/- shall be claimed afresh and processed accordingly. However, subsequent to processing of this claim of Rs.10/- the proper officer shall re-credit Rs.20/- to the electronic credit ledger of the claimant, provided that the registered person is not challenging the order in a higher forum.

Filing a refund application where a NIL refund application has already been filed

- **Circular No. 110/29/2019 - GST dated 3rd October, 2019**
- Several registered persons have inadvertently filed a NIL refund claim for a certain period under a particular category on the common portal in FORM GST RFD-01A/RFD-01 in spite of the fact that they had a genuine claim for refund for that period under the said category. Once a NIL refund claim is filed, the common portal does not allow the registered person to re-file the refund claim for that period under the said category.
- Representations were received requesting that registered persons may be allowed to re-file the refund claim for the period and the category under which the NIL claim has inadvertently been filed.

Filing a refund application where a NIL refund application has already been filed (Contd)

- It is now clarified that a registered person who has filed a NIL refund claim in FORM GST RFD-01A/RFD-01 for a given period under a particular category, may again apply for refund for the said period under the same category only if he satisfies the following two conditions:
 - a) The registered person must have filed a NIL refund claim in FORM GST RFD-01A/RFD-01 for a certain period under a particular category; and
 - b) No refund claims in FORM GST RFD-01A/RFD-01 must have been filed by the registered person under the same category for any subsequent period.

Filing a refund application where a NIL refund application has already been filed (Contd)

- It may be noted that condition (b) shall apply only for refund claims falling under the following categories:
 - i. Refund of unutilized input tax credit (ITC) on account of exports without payment of tax;
 - ii. Refund of unutilized ITC on account of supplies made to SEZ Unit/SEZ Developer without payment of tax;
 - iii. Refund of unutilized ITC on account of accumulation due to inverted tax structure;
- In all other cases, registered persons shall be allowed to re-apply even if the condition (b) is not satisfied

Filing a refund application where a NIL refund application has already been filed (Contd)

- Registered persons satisfying the above conditions may file the refund claim under “Any Other” category instead of the category under which the NIL refund claim has already been filed. However, the refund claim should pertain to the same period for which the NIL application was filed
- On receipt of the claim, the proper officer shall calculate the admissible refund amount as per the applicable rules and in the manner detailed in para 3 of Circular No.59/33/2018-GST dated 04.09.2018, wherever applicable. Further, the proper officer shall request the taxpayer in writing, if required, to debit the said amount from his electronic credit ledger through FORM GST DRC-03. Once the proof of such debit is received by the proper officer, he shall proceed to issue the refund order in FORM GST RFD-06 and the payment order in FORM GST RFD-05.

Manufacture and Other Operations in Warehouse

- **Circular No. 34/2019-Customs dated 1st October, 2019 (read with Manufacture and Other Operations in Warehouse Regulations 2019- MOOWR, 2019)- GST Provisions**
- The warehouse in which section 65 permission(Manufacture and other operations) is granted shall also be declared by the Licensee as the principal/additional place of business for the purposes of GST.
- To the extent that the resultant product manufactured or worked upon in a bonded warehouse is exported, the licensee shall have to file a shipping bill and pay any amounts due. A GST invoice shall also be issued for such removal

Manufacture and Other Operations in Warehouse (Contd)

- To the extent that the resultant product (whether emerging out of manufacturing or other operations in the warehouse) is cleared for domestic consumption, such a transaction squarely falls within the ambit of “supply” under Section 7 of the CGST Act, 2017. It would therefore be taxable in terms of section 9 of the CGST Act, 2017 or section 5 of the IGST Act, 2017 depending upon the supply being intra-state or inter-state. The resultant product will thus be supplied from the warehouse to the domestic tariff area under the cover of GST invoice on payment of appropriate GST and compensation cess, if any.
- The waste generated during the course of manufacture of the resultant product may be cleared for home consumption as per section 65(2)(b) of the Customs Act on payment of applicable duties of customs and GST.

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