

GST Update

Weekly Update
10.07.2021

Background

- This Presentation covers the GST changes / observations/ press releases released by CBEC since the last update on 05.06.2021. 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

GST Revenue for June 2021

- **PIB Press release dated 6th July 2021.**
- The gross GST revenue collected in June' 2021 is **₹92,849 crore** of which CGST is **₹16,424 crore**, SGST is **₹20,397**, IGST is **₹49,079 crore** (including **₹25,762 crore** collected on import of goods) and Cess is **₹6,949 crore** (including **₹809 crore** collected on import of goods).
- The above figure includes GST collection from domestic transactions between 5th June to 5th July' 2021 since taxpayers were given various relief measures in the form of waiver/reduction in interest on delayed return filing for 15 days for the return filing month June'21 for the taxpayers with the aggregate turnover up to Rs. 5 crore in the wake of covid pandemic second wave.

GST Revenue for June 2021

- The GST collection for June'2021 is related to the business transactions made during May' 2021. During May' 2021, most of the States/UTs were under either complete or partial lock down due to COVID. The e-way bill data for the month of May 2021 shows that during the month, 3.99 crore e-way bills were generated as compared to 5.88 crore in the month of April 2021, down by more than 30%.
- However, with reduction in caseload and easing of lockdowns, the e-way bills generated during June 2021 is 5.5 crore which indicates recovery of trade and business. The daily average generation of e-way bill for the first two weeks of April 2021 was 20 lakh, and the same has reached again to similar levels since week beginning 20th June. Therefore, it is expected that the revenues will see an increase again from July 2021 onwards.

GST Rate on COVID related supplies up to 30th September 2021

Notification No. 05/2021-Central Tax (Rate) dated 14th June 2021

Chapter, Heading, Sub-heading or Tariff item	Description of Goods	Earlier Rate	Rate
30	Tocilizumab, Amphotericin B	5%	Nil
2804	Medical Grade Oxygen	12%	5%
30	Remdesvir, Heparin (anti-coagulant)	12%	5%
3002 or 3822	Covid-19 testing kits Inflammatory Diagnostic (marker) kits, namely- IL6, DDimer, CRP (C-Reactive Protein), LDH (Lactate DeHydrogenase), Ferritin, Pro Calcitonin (PCT) and blood gas reagents	12%	5%

GST Rate on COVID related supplies up to 30th September 2021 (Contd)

Chapter, Heading, Sub-heading or Tariff item	Description of Goods	Earlier Rate	Rate
3808 94	Hand Sanitizer	18%	5%
6506 99 00	Helmets for use with non-invasive ventilation	12%	5%
8417 or 8514	Gas/Electric/other furnaces for crematorium	18%	5%
9018 19 or 9804	Pulse Oximeter High flow nasal canula device	12%	5%
9019 20 or 9804	Oxygen Concentrator/ generator	12%	Nil

GST Rate on COVID related supplies up to 30th September 2021 (Contd)

Chapter, Heading, Sub-heading or Tariff item	Description of Goods	Earlier Rate	Rate
9018 or 9019	Ventilators	12%	5%
9019	BiPAP Machine	12%	5%
9019	(i) Non-invasive ventilation nasal or oronasal masks for ICU ventilators (ii) Canula for use with ventilators	12%	5%
9025	Temperature check equipment	18%	5%
8702 or 8703	Ambulance	28%	12%

GST Rate on COVID related service up to 30th September 2021

- **Notification No. 04/2021- Central Tax (Rate) dated 14th June 2021** (During the period beginning from 14th June 2021 and ending with the 30th September 2021)

Chapter, Section, Heading	Description of service	Rate
9954 (Construction Services) S. No. 3(iv)(f)	(iii) Composite supply of works contract as defined in section 2(119) of the CGST Act, 2017, supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,- (f) a structure meant for funeral, burial or cremation of deceased	5%

GST on supply of food in Anganwadis and Schools

- **Circular No. 149/05/2021-GST dated 17th June 2017**
- Whether serving of food in schools under Mid-Day Meals Scheme would be exempt if such supplies are funded by government grants and/or corporate donations?
- Entry 66 clause (b)(ii) of notification No. 12/2017-Central Tax (Rate) dated 28th June 2017, exempts Services provided to an educational institution, by way of catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory. This entry applies to pre-school and schools.
- The scope of this entry is thus wide enough to cover any serving of any food to a school, including pre-school.

GST on supply of food in Anganwadis and Schools (Contd)

- Further, an Anganwadi interalia provides pre-school nonformal education. Hence, aganwadi is covered by the definition of educational institution (as pre-school).
- **Clarification:** Services provided to an educational institution by way of serving of food (catering including mid- day meals) is exempt from levy of GST irrespective of its funding from government grants or corporate donations [under said entry 66 (b)(ii)].
- Educational institutions as defined in the notification include aganwadi. Hence, serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates.

GST on the activity of construction of road where considerations are received in deferred payment (annuity)

- **Circular No.150/06/2021-GST dated 17th June 2021**
- Applicability of GST on annuities paid for construction of road where certain portion of consideration is received upfront while remaining payment is made through deferred payment (annuity) spread over years.
- GST is exempt on service, falling under heading 9967 (service code), by way of access to a road or a bridge on payment of annuity [entry 23A of notification No. 12/2017-Central Tax].

GST on the activity of construction of road where considerations are received in deferred payment (annuity) Contd

- Heading 9967 covers “supporting services in transport” under which code 996742 covers “operation services of National Highways, State Highways, Expressways, Roads & streets; bridges and tunnel operation services”.
- Entry 23 of said notification exempts “service by way of access to a road or a bridge on payment of toll”. Together the entries 23 and 23A exempt access to road or bridge, whether the consideration are in the form of toll or annuity [heading 9967].

GST on the activity of construction of road where considerations are received in deferred payment (annuity) Contd

- Services by way of construction of road fall under heading 9954. This heading inter alia covers general construction services of highways, streets, roads railways, airfield runways, bridges and tunnels. Consideration for construction of road service may be paid partially upfront and partially in deferred annual payments (and may be called annuities). Said entry 23A does not apply to services falling under heading 9954 (it specifically covers heading 9967 only). Therefore, plain reading of entry 23A makes it clear that it does not cover construction of road services (falling under heading 9954), even if deferred payment is made by way of instalments (annuities).
- **Clarification:** Entry 23A of notification No. 12/2017-CT(R) does not exempt GST on the annuity (deferred payments) paid for construction of roads.

GST on supply of various services by Central and State Board (such as National Board of Examination)

- **Circular No. 151/07/2021-GST dated 17th June 2021**
- Taxability of various services supplied by Centre and State Boards such as National Board of Examination (NBE). These services include entrance examination (on charging a fee) for admission to educational institution, input services for conducting such entrance examination for students, accreditation of educational institutions or professional so as to authorise them to provide their respective services.
- According to explanation 3(iv) of the notification No. 12/ 2017 CTR, “Central and State Educational Boards” are treated as Educational Institution for the limited purpose of providing services by way of conduct of examination to the students. Therefore, NBE is an ‘Educational Institution’ in so far as it provides services by way of conduct of examination, including any entrance examination, to the students.

GST on supply of various services by Central and State Board (such as National Board of Examination)

- Following services supplied by an educational institution are exempt from GST vide sl. No. 66 of the notification No. 12/ 2017-Central Tax (Rate) dated 28.06.2017,
- Services provided –
 - *(a) by an educational institution to its students, faculty and staff;*
 - *(aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;*
- Services provided to an educational institution, relating to admission to, or conduct of examination is also exempt from GST [Sl. No. 66 (b)(iv)- 12/2017-CT(R)].

Construction services provided to a Government Entity, in relation to construction such as of a Ropeway on turnkey basis

- **Circular No. 152/08/2021-GST dated 17th June 2021**
- Whether services supplied to a Government Entity by way of construction such as of “a ropeway” are eligible for concessional rate of 12% GST under entry No. 3 (vi) of Notification No. 11/2017-CT (R) dt. 28.06.2017.
- Civil constructions, such as rope way for tourism development shall not be covered by said entry 3(vi) not being a structure that is meant predominantly for purposes other than business. While road, bridge, terminal, or railways are covered by entry No. 3(iv) and 3(v) of said notification, structures like ropeway are not covered by these entries too. Therefore, works contract service provided by way of construction such as of rope way shall fall under entry at Sl. No. 3(xii) of notification 11/2017-(CTR) and attract GST at the rate of 18%.

GST on milling of wheat into flour or paddy into rice for distribution by State Governments under PDS

- **Circular No. 153/09/2021-GST dated 17th June 2021**
- Whether composite supply of service by way of milling of wheat into wheat flour, along with fortification, by any person to a State Government for distribution of such wheat flour under Public Distribution System is eligible for exemption under entry No. 3A of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, and as regards the rate of GST on such milling, if it does not fall in said entry No. 3A.

GST on milling of wheat into flour or paddy into rice for distribution by State Governments under PDS (Cond)

- Entry at Sl. No. 3A of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 exempts “composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution”.

GST on milling of wheat into flour or paddy into rice for distribution by State Governments under PDS (Cond)

- Public Distribution specifically figures at entry 28 of the 11th Schedule to the constitution, which lists the activities that may be entrusted to a Panchayat under Article 243G of the Constitution. Hence, said entry No. 3A would apply to composite supply of milling of wheat and fortification thereof by miller, or of paddy into rice, provided that value of goods supplied in such composite supply (goods used for fortification, packing material etc) does not exceed 25% of the value of composite supply. It is a matter of fact as to whether the value of goods in such composite supply is up to 25% and requires ascertainment on case-to-case basis.

GST on milling of wheat into flour or paddy into rice for distribution by State Governments under PDS (Cond)

- In case the supply of service by way of milling of wheat into flour or of paddy into rice, is not eligible for exemption under Sl. No. 3 A of Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 for the reason that value of goods supply in such a composite supply exceeds 25%, then the applicable GST rate would be 5% if such composite supply is provided to a registered person, being a job work service (entry No. 26 of notification No. 11/2017- Central Tax (Rate) dated 28.06.2017). Combined reading of the definition of job-work [section 2(68), 2(94), 22, 24, 25 and section 51] makes it clear that a person registered only for the purpose of deduction of tax under section 51 of the CGST Act is also a registered person for the purposes of the said entry No. 26, and thus said supply to such person is also entitled for 5% rate.

GST on service supplied by State Govt. to their undertakings or PSUs by way of guaranteeing loans taken by them

- **Circular No.154/10/2021-GST dated 17th June 2021**
- Entry No. 34A of Notification no. 12/2017-Central Tax (Rate) dated 28.06.2017 exempts “Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.”
- Accordingly, as recommended by the Council, it is re-iterated that guaranteeing of loans by Central or State Government for their undertaking or PSU is specifically exempt under said entry No. 34A

GST rate on laterals/parts of Sprinklers or Drip Irrigation System

- **Circular No. 155/11/2021-GST dated 17th June 2021**
- The GST rate on Sprinklers or Drip Irrigation System along with their laterals/parts are governed by S. No. '195B' under Schedule II of notification No. 1/2017- Central Tax (Rate), dated 28th June 2017 which has been inserted vide notification No. 6/2018-Central Tax (Rate), dated 25th January 2018.
- Laterals/parts to be used solely or principally with sprinklers or drip irrigation system, which are classifiable under heading 8424, would attract a GST of 12%, even if supplied separately. However, any part of general use, which gets classified in a heading other than 8424, in terms of Section Note and Chapter Notes to HSN, shall attract GST as applicable to the respective heading.

Dynamic Quick Response (QR) Code

(Notification 14/2020- Central Tax dated 21st March 2020;
Clarifications issued vide Circular No. 156 dated 21st June 2021;
Notification No. 28/2021-Central Tax dated 30 June 2021)

Dynamic QR Code

- Dynamic QR Code on B2C invoice issued by taxpayers having aggregate turnover more than 500 crore rupees, w.e.f. 01.12.2020
- Penalty has been waived for non-compliance of the provisions of notification No.14/2020 – Central Tax from 1st December 2020 to 30th September 2021 (Notification No. 28/2021-Central Tax dated 30th June 2021)

Invoices issued to UINs

- Whether Dynamic QR Code is to be provided on an invoice, issued to a person, who has obtained a Unique Identity Number(UIN) as per the provisions of Section 25(9) of CGST Act 2017?
- *Any person, who has obtained a UIN as per the provisions of Section 25(9) of CGST Act 2017, is not a “registered person” as per the definition of registered person provided in section 2(94) of the CGST Act 2017. Therefore, any invoice, issued to such person having a UIN, shall be considered as invoice issued for a B2C supply and shall be required to comply with the requirement of Dynamic QR Code.*

Bank account and IFSC details in QR Code

- UPI ID is linked to the bank account of the payee/ person collecting money. Whether bank account and IFSC details also need to be provided separately in the Dynamic QR Code along with UPI ID?
- *Given that UPI ID is linked to a specific bank account of the payee/ person collecting money, separate details of bank account and IFSC may not be provided in the Dynamic QR Code.*

Payment collected by person other than supplier

- In cases where the payment is collected by some person other than the supplier (ECO or any other person authorized by the supplier on his/ her behalf), whether in such cases, in place of UPI ID of the supplier, the UPI ID of such person, who is authorized to collect the payment on behalf of the supplier, may be provided?
- *Yes. In such cases where the payment is collected by some person, authorized by the supplier on his/ her behalf, the UPI ID of such person may be provided in the Dynamic QR Code, instead of UPI ID of the supplier.*

Recipient outside India

- In cases, where receiver of services is located outside India, and payment is being received by the supplier of services in foreign exchange, through RBI approved modes of payment, but as per provisions of the IGST Act 2017, the place of supply of such services is in India, then such supply of services is not considered as export of services as per the IGST Act 2017; whether in such cases, the Dynamic QR Code is required on the invoice issued, for such supply of services, to such recipient located outside India?
- No. Such invoice may be issued without having a Dynamic QR Code, as such dynamic QR code cannot be used by the recipient located outside India for making payment to the supplier.

Over the counter sales

- In some instances of retail sales over the counter, the payment from the customer is received on the payment counter by displaying dynamic QR code on digital display, whereas the invoice, along with invoice number, is generated on the processing system being used by supplier/ merchant after receiving the payment. In such cases, it may not be possible for the merchant/ supplier to provide details of invoice number in the dynamic QR code displayed to the customer on payment counter. However, each transaction i.e., receipt of payment from a customer is having a unique Order ID/ sales reference number, which is linked with the invoice for the said transaction. Whether in such cases, the order ID/ reference number of such transaction can be provided in the dynamic QR code displayed digitally, instead of invoice number.

Over the counter sales (Contd)

- In such cases, where the invoice number is not available at the time of digital display of dynamic QR code in case of over the counter sales and the invoice number and invoices are generated after receipt of payment, the unique order ID/ unique sales reference number, which is uniquely linked to the invoice issued for the said transaction, may be provided in the Dynamic QR Code for digital display, as long as the details of such unique order ID/ sales reference number linkage with the invoice are available on the processing system of the merchant/ supplier and the cross reference of such payment along with unique order ID/ sales reference number are also provided on the invoice.*

Part payment

- When part-payment has already been received by the merchant/supplier, either in advance or by adjustment (e.g. using a voucher, discount coupon etc), before the dynamic QR Code is generated, what amount should be provided in the Dynamic QR Code for “invoice value”?
- The purpose of dynamic QR Code is to enable the recipient/ customer to scan and pay the amount to be paid to the merchant/ supplier in respect of the said supply. When the part-payment for any supply has already been received from the customer/ recipient, in form of either advance or adjustment through voucher/ discount coupon etc., then the dynamic QR code may provide only the remaining amount payable by the customer/ recipient against “invoice value”. The details of total invoice value, along with details/ cross reference of the part payment/ advance/ adjustment done, and the remaining amount to be paid, should be provided on the invoice.



GST Portal Updates

(www.gst.gov.in)

Returns- New Functionality

- **Moving the records saved in IFF, to later months of same Quarter, by taxpayers under QRMP Scheme**
- Following enhancements have been made for the taxpayers under QRMP Scheme in the Invoice Furnishing Facility (IFF):
 - Taxpayers can now MOVE the records saved in their IFF of first month of a quarter (if the time for filing it has expired) to IFF of second month of the quarter.
 - Taxpayers can also MOVE the records saved in IFF of first month & second month of the quarter (if the time for filing it has expired) to their quarterly Form GSTR-1 (of the same quarter). Please note that the records can be moved only within a quarter.
 - While preparing IFF/GSTR-1 (of later months of same quarter) online, in case of saved records, taxpayers will get a pop-up prompting them to either MOVE the records by selecting YES or delete them by selecting NO

Returns- New Functionality

- **Auto population of GSTR-3B liability, for taxpayers under QRMP Scheme, from their IFF and GSTR 1**
- A taxpayer under QRMP Scheme can declare their liability through optional IFF for Month 1 and Month 2 of a quarter & Form GSTR-1 for Month 3 of the quarter. Declaration of liability in these forms, would now be auto-populated in their Form GSTR-3B (Quarterly) of that quarter, based on their filed Form GSTR-1 and IFF.

Returns- New Functionality

- **Filing for refund of accumulated ITC by taxpayers making exempt/ nil-rated supplies, by selecting an option of not having an LUT number in the refund application**
- A taxpayer is required to enter a valid LUT number, while applying for refund of accumulated ITC, on account of exports of goods and services without payment of tax and supplies made to SEZ without payment of tax.
 - To enable a taxpayer making exempt and/or nil-rated supplies, without LUT, to file a refund application (as they don't have a valid LUT number to enter in the refund application), the Form RFD-01 has now been modified.
 - At the time of refund filing, such taxpayers would now be asked to select one of the following options:
 - I have a valid LUT number.
 - I don't have a valid LUT number, since I am making only exempt/ nil rated supplies.
 - Such taxpayers can now select the second option to proceed with filing of their refund applications.

Ledgers- New Functionality

- **Facility to view ledger for 12 months and its download**
- Taxpayers have now been provided with a facility to view their ledgers (viz. Electronic Credit Ledger, Electronic Cash Ledger and Electronic Liability Register (Part-I & II)) on their dashboard, for a period of 12 months, instead of 06 months earlier. The details can now also be downloaded in pdf and Excel formats

Ledgers- New Functionality

- **Transfer of amount in cash ledger, between major/minor heads, by Temp ID holders and unregistered applicants**
- Temp ID holders and unregistered applicants have also now been provided with the functionality, to transfer the amount within cash ledger from one major/minor head to another major/minor head, through Form GST PMT-09

- **Negative liability statement made available to composition taxpayers**
- In case of a negative liability in any tax period of a composition taxpayer (and if no amount is required to be paid by the taxpayer (during that period)), the said negative liability will be maintained in Negative liability statement. This negative balance lying in the negative liability statement will be automatically adjusted against the liabilities of subsequent tax period(s).
- The statement would be accessible to them, post-login, by navigating to Services > Ledgers > Negative Liability Statement.

- **Inclusion of common names in the HSN Directory and its download in excel format by the taxpayers**
- The currently available HSN Master has been updated on the GST Portal and it now includes product names commonly used in Trade corresponding to a particular HSN code.
- A download facility for the entire HSN directory in Excel Format has also been provided to the taxpayers under the link “Download HSN in Excel Format”. This facility is available as a part of the ‘Search HSN’ functionality, available both in Pre and Post Login, on the GST Portal.



THANK YOU