

GST Update

Weekly Update
22.12.2018

- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 15.12.2018. 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

- Seven Press Releases issued by CBIC pursuant to the 31st meeting of the GST Council on 22nd December, 2018
- Major Announcements with regards to rates, returns, refunds, composition scheme etc made
- The link to all the press releases as under:
- <http://www.cbic.gov.in/htdocs-cbec/press-release/press-release-new>

GoM to study revenue trend

- 7 Member Group of Ministers to study the revenue trend, including analysing the reasons for structural patterns affecting the revenue collection in some of the States. The study would include the underlying reasons for deviation from the revenue collection targets vis a vis original assumptions discussed during the design of GST system, its implementation and related structural issues
- GoM to be assisted by the committee of experts from Central Government, State Governments and the NIPFP (National Institute of Public Finance and Planning),

Effective Date for Amendment in GST Act(s)



- Changes made by CGST (Amendment) Act, 2018, IGST (Amendment) Act, 2018, UTGST (Amendment) Act, 2018 and GST (Compensation to States) Amendment Act, 2018 and the corresponding changes in SGST Acts
- Would be notified **w.e.f. 01.02.2019.**

- In principle approval for -
- Creation of a Centralised Appellate Authority for Advance Ruling (AAAR) to deal with cases of conflicting decisions by two or more State Appellate Advance Ruling Authorities on the same issue.
- Amendment of section 50 of the CGST Act to provide that interest should be charged only on the net tax liability of the taxpayer, after taking into account the admissible input tax credit, i.e. interest would be leviable only on the amount payable through the electronic cash ledger.
- Will be effective only after the necessary amendments in the GST Acts are carried out.

- The new return filing system shall be introduced on a trial basis from 01.04.2019 and on mandatory basis from 01.07.2019
- The due date for furnishing FORM GSTR-8 by e-commerce operators for the months of October, November and December, 2018 shall be extended till 31.01.2019.
- The due date for submitting FORM GST ITC-04 for the period July 2017 to December 2018 shall be extended till 31.03.2019.
- ITC in relation to invoices issued by the supplier during FY 2017-18 may be availed by the recipient till the due date for furnishing of FORM GSTR-3B for the month of March, 2019, subject to specified conditions.

GST Returns (Contd)

- Late fee shall be completely waived for all taxpayers in case FORM GSTR-1, FORM GSTR-3B & FORM GSTR-4 for the months / quarters July, 2017 to September, 2018, are furnished after 22.12.2018 but on or before 31.03.2019.
- Taxpayers who have not filed the returns for two consecutive tax periods shall be restricted from generating e-way bills. This provision shall be made effective once GSTN/NIC make available the required functionality.

Annual Return and Audit Report for FY 2017-18

- The due date for furnishing the annual returns in FORM GSTR-9, FORM GSTR-9A and reconciliation statement in FORM GSTR-9C for the Financial Year 2017 – 2018 further extended till 30.06.2019.
- **Clarificatory changes to be carried out in the formats/ instructions**
 - Headings in the forms to be amended to specify that the return in FORM GSTR 9 and FORM GSTR 9A would be in respect of supplies etc. **‘made during the year’** and not **‘as declared in returns filed during the year’**;
 - All returns in FORM GSTR 1 and FORM GSTR 3B have to be filed prior to filing Annual Return and Audit Report in FORM GSTR 9 and FORM GSTR 9C;

- **Clarificatory changes to be carried out in the formats/ instructions**
 - All returns in FORM GSTR 4 to be filed before filing of FORM GSTR 9A;
 - HSN code to be declared only for those inward supplies whose value independently accounts for 10% or more of the total value of inward supplies;
 - Additional payments, if any, required to be paid can be done through **FORM GST DRC 03** only in **cash**
 - No ITC can be availed through FORM GSTR 9 and FORM GSTR 9C;
 - All invoices pertaining to previous FY would be auto-populated in Table 8A of FORM GSTR 9;
 - Value of “non-GST supply” shall also include the value of “no supply” and may be reported in Table 5D, 5E and 5F of FORM GSTR 9;
 - Verification by taxpayer who is uploading reconciliation statement would be included in FORM GSTR 9C

- One more window for completion of migration process is being allowed.
- The due date for the taxpayers who did not file the complete FORM GST REG-26 but received only a Provisional ID (PID) till 31.12.2017 for furnishing the requisite details to the jurisdictional nodal officer shall be extended till 31.01.2019.
- Also, the due date for furnishing FORM GSTR-3B and FORM GSTR-1 for the period July, 2017 to February, 2019/quarters July, 2017 to December, 2018 by such taxpayers shall be extended till 31.03.2019.

Refunds

- The following types of refunds shall also be made available through FORM GST RFD01A:
- Refund on account of Assessment/Provisional Assessment/Appeal/Any Other Order;
- Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice-versa;
- Excess payment of Tax; and
- Any other refund

Refunds (Contd)

- All the supporting documents/invoices in relation to a claim for refund in FORM GST RFD-01A shall be uploaded electronically on the common portal at the time of filing of the refund application itself, thereby obviating the need for a taxpayer to physically visit a tax office for submission of a refund application.
- GSTN will enable this functionality on the common portal shortly.
- A scheme of single authority for disbursement of the refund amount sanctioned by either the Centre or the State tax authorities would be implemented on pilot basis. The modalities for the same shall be finalized shortly.

From 28%

To 18%

- Pulleys, transmission shafts and cranks, gear boxes etc., of HSN Code 8483
- Monitors and TVs of up to 32" screen
- Re-treaded or used pneumatic tyres of rubber;
- Power banks of lithium ion batteries. *(Lithium ion batteries already at 18%)*
- Digital cameras and video camera recorders
- Video game consoles and other games and sports requisites falling under HSN-9504

To 5%

- Parts and accessories for the carriages for disabled persons

From 18%	
To 12%	To 5%
Cork roughly squared or debugged Articles of natural cork Agglomerated cork	Marble rubble
From 12%	
To 5 %	To Nil
Natural cork Walking Stick Fly ash Blocks	Music Books

From 5% to Exempted

- Vegetables, (uncooked or cooked by steaming or boiling in water), frozen, branded and put in a unit container
- Vegetable provisionally preserved (for example by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption

S. No	Service/ Sector	Rate Change
1	Cinema Tickets	<ul style="list-style-type: none"> •Tickets above INR 100 - Reduced from 28% to 18% •Tickets up to INR 100 - Reduced from 18% to 12%
2	Insurance Services	Third party insurance premium of goods carrying vehicles - Reduced from 18% to 12%
3	Banking Services	Services supplied by banks to Basic Saving Bank Deposit ('BSBD') account holders under Pradhan Mantri Jan Dhan Yojana ('PMJDY') exempted
4	Air Travel	Air travel of pilgrims by non-scheduled/charter operations, for religious pilgrimage facilitated by the Government of India under bilateral arrangements shall attract the same rate of GST as applicable to similar flights in Economy class (i.e. 5% with ITC of input services)

- **GST on solar power generating plant and other renewable energy plants**
- GST rate of 5% rate has been prescribed on renewable energy devices & parts for their manufacture (bio gas plant/solar power based devices, solar power generating system (SGPS) etc) [falling under chapter 84, 85 or 94 of the Tariff]. Other goods or services used in these plants attract applicable GST. [?]
- Certain disputes have arisen regarding GST rates where specified goods attracting 5% GST are supplied along with services of construction etc and other goods for solar power plant.

- **GST on solar power generating plant and other renewable energy plants**
- To resolve the dispute the Council has recommended that in all such cases, the 70% of the gross value shall be deemed as the value of supply of said goods attracting 5% rate and the remaining portion (30%) of the aggregate value of such EPC contract shall be deemed as the value of supply of taxable service attracting standard GST rate.

- **Clarifications**
- Sprinkler system consisting of nozzles, lateral and other components would attract 12% GST rate under S. No. 195B of notification No. 1/2017-Central Tax (Rate) dated 28.6.2018 ☐
- Movement of Rigs, Tools & Spares and all goods on wheels on own account where such movement is not intended for further supply of such goods but for the provision of service does not involve a supply (e.g., movement of testing equipment etc.) and is not be liable to GST.
- The goods with description Bagasse Board [whether plain or laminated] falling under Chapter 44 attract GST at the rate of 12%.

- **Clarifications**
- Concessional GST rate of 5% applies to the LPG supplied in bulk to an OMC by refiners/fractioners for bottling for further supply to household domestic consumers.
- While animal/cattle/aquatic/poultry feed are exempt vide S. No. 102 of notification No. 2/2017-Central Tax (Rate), this exemption would not apply to their inputs such as fish meal, meat bone meal, bran, sharps, oil cakes of various oil seeds etc.
- Manure of determination of classification of vitamins, pro-vitamins etc. as animal feed supplements
- Scope of concessional rate of 5% GST rate for specified equipment for waste to energy plant

- **Clarifications**
- Sattu or Chattua fall under HS 1106 and attracts the applicable GST rate.
- Polypropylene Woven and Non-Woven Bags and PP Woven and Non-Woven Bags laminated with BOPP falls under HS 3923 and attract 18% GST rate.
- 18% GST is applicable on wood logs including the wood in rough/log used for pulping.
- Turbo charger is classified under heading 8414 and attracts 18% GST and not 5% GST.
- Fabric even if embroidered or has stitching of lace and tikki etc., and even if sold in three piece fabric as ladies suit set, will be classifiable as fabric and would attract 5% GST.

- **Clarifications**
- Degrees/ diploma awarded by IIMs under IIM Act, 2017 will be exempt from GST with effect from 31st January, 2018
- The services provided by IFC and ADB are exempt from GST in terms of provisions of IFC Act, 1958 and ADB Act, 1966.
- Services provided by Council/ Board of Primary/ Secondary/ Higher Secondary Education for conduct of examination to its students are exempt.
- “Printing of pictures” falls under service code “998386: Photographic and videographic processing services” of the scheme of classification of services and attract GST @18% and not under “998912: Printing and reproduction services of recorded media, on a fee or contract basis” which attracts GST @12%

- **Clarifications**
- Leasing of pumps and reservoirs by the OMCs to petrol pump dealers is a mixed supply and the Licence Fee Recovery (LFR) charged for the same shall be leviable to GST @ 28%, the rate applicable to pumps. Leasing of land and buildings along with equipment shall fall under heading 9972 (real estate services) and attract GST rate of 18%.
- Incentives paid by RBI to Banks under “Currency Distribution and Exchange Scheme” (CDES) are taxable.
- Under section 11(3) of the CGST Act, 2017 scope of entry for multi-modal transport with GST rate of 12% inserted w.e.f. date 26.07.2018, covers only transport of goods from a place in India to another place in India, that is, only domestic multi-modal transport.

- **Clarifications**
- The nature of business establishment making supply of food, drinks and other articles for human consumption will not determine whether the supply by such establishments is a supply of goods or services. It will rather depend on the constituents of each individual supply and whether same satisfies the conditions / ingredients of a “composite supply” or “mixed supply”
- GST is exempt on supply of food and drinks by an educational institution when provided by the institution itself to its students, faculty and staff and is leviable to GST of 5% when provided by any other person based on a contractual arrangement with such institutions

- **Clarifications**
- The banking company is liable to pay GST on the entire value of service charge or fee charged to customers whether or not received via business facilitator or the business correspondent
- The service provided by godown owner in case of lease with services, where the godown owner, besides leasing the warehouse, undertakes to carry out activities of storage and preservation of stored food grains, is the service of storage and warehousing of agricultural produce and the same is exempt.

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