

GST Update

Weekly Update
28.07.2018

- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 21.07.2018. 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

- 9 Central Tax (Rate) notifications issued under CGST Act issued to give effect to the decisions of the GST council taken in its 28th meeting held on 21.07.2018.
- Similar notifications issued under IGST/SGST/UTGST Acts.
- 1 Compensation Cess (Rate) Notification and 1 Customs Notification on IGST exemption issued

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-13-2018-cgst-rate-english.pdf;jsessionid=E12AE74037C5510ADC8D33E8F7AF0AA7>

- Notification No.13/2018-CT (Rate) dated 26.07.20218 amends Notn. 11/2017-CT(Rate)
- Specifies rate on accommodation, food & beverages services, multimodal transport services and supply of e-book services.
- Clarifies the scope of Outdoor Catering
- Rate of tax on accommodation service to be determined on the basis of actual value of service and not declared tariff.

- Rate of GST on Accommodation, Food & Beverages services
- The GST Council in its 28th meeting had taken the following decision
- *“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.**”*
- Entries against sr.no.7(i) of principal notification 11/2017-Central Tax (Rate) dated 28.6.2017 Substituted. New entry with explanations added.

- Explanation 1 inserted in the entry to clarify that this item includes such supply at a canteen, mess, cafeteria or dining space of an institution such as a school, college, hospital, industrial unit, office, by such institution or by any other person based on a contractual arrangement with such institution for such supply, provided that such supply is not event based or occasional.
- Explanation 2 inserted in the entry to clarify that this item excludes the supplies covered under item 7 (v).
- Explanation 3 inserted to clarify that the “declared tariff” includes charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air conditioner, refrigerators or any other amenities, but without excluding any discount offered on the published charges for such unit.

- Entry no.7(ia) inserted: Supply, of goods, being food or any other article for human consumption or any drink, by the Indian Railways or Indian Railways Catering and Tourism Corporation Ltd. or their licensees, whether in trains or at platforms. – chargeable to tax @ 2.5% - provided credit of ITC used in making such supplies not taken
- (b) in items (ii), (vi) and (viii) of Entry 7
- (A) for the words “declared tariff” wherever they occur, the words “value of supply” shall be substituted;
- (B) the Explanation shall be omitted
- *(This is in conformity with the GST council decision that the tax rate applicable would be determined by transaction value and not declared tariff)*

- Entry no.7(v) substituted as under
- Supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, at Exhibition Halls, Events, Conferences, Marriage Halls and other **outdoor or indoor functions** that are **event based and occasional** in nature.
- *(Greater clarity given to the term outdoor catering. The earlier entry used the term outdoor catering. This term has been deleted from the new entry clarifies what it seeks to tax @ 9%)*

- **Rate of GST on Multimodal Transport Services**
- The GST Council in its 21st meeting had recommended GST rate of 12% with full ITC under forward charge for composite supply of multimodal transportation.
- Towards this end notification no.13/2018-Central Tax dated 26.07.2018 issued.
- Multimodal Transport of goods charged to tax @ 6% under CGST. Total 12%
- Entry no.9(vi) substituted as under:
- “(vi) Multimodal transportation of goods charged @ 6%

- Explanation.-
- (a) “multimodal transportation” means carriage of goods, by at least two different modes of transport from the place of acceptance of goods to the place of delivery of goods by a multimodal transporter;
- (b) “mode of transport” means carriage of goods by road, air, rail, inland waterways or sea;
- (c) “multimodal transporter” means a person who,-
- (A) enters into a contract under which he undertakes to perform multimodal transportation against freight; and
- (B) acts as principal, and not as an agent either of the consignor, or consignee or of the carrier participating in the multimodal transportation and who assumes responsibility for the performance of the said contract.

- **Rate of GST on supply of E-books where print version exists**
- The GST Council in its 21st meeting had recommended GST rate of 5% for supply of e-books where printed version of such book exists.
- Entry at s.no.22 of Notfn 11/2017- CT(R) inserted as under
- (i) Supply consisting only of e-book. (Rate of tax @ 2.5%)
- Explanation.- For the purposes of this notification, “ebooks” means an electronic version of a printed book (falling under tariff item 4901 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975)) supplied online which can be read on a computer or a hand held device.
- (ii) Telecommunications, broadcasting and information supply services other than (i) above. (Rate of tax @ 9%)

Exemption to certain Services

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-14-2018-cgst-rate-english.pdf;jsessionid=1E6E150CE74A822F61B6E68B2D1DF87F>

Notification no.14/2018-Central Tax (Rate) dated 26.07.20218 amends notification no.12/2017-Central Tax (Rate) dated 28.06.2017; Gives Exemption from tax to the following services

1. Services by an old age home run by Central Government, State Government or by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) to its residents (aged 60 years or more) against consideration up to twenty five thousand rupees per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.

Exemption to certain Services (Contd)

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2. Services supplied by electricity distribution utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network up to the tube well of the farmer or agriculturalist for agricultural use.
3. Services by way of warehousing of minor forest produce.
4. Services by Coal Mines Provident Fund Organisation to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948)
5. Services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee.

Exemption to certain Services (Contd)

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6. 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 financial institutions..
7. Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators.
8. Services by way of artificial insemination of livestock (other than horses).

Exemption to certain Services (Contd)

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9. Services supplied by a State Government to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders.

Explanation.- “mining lease holder” means a person who has been granted mining lease, quarry lease or license or other mineral concession under the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the rules made thereunder or the rules made by a State Government under sub-section (1) of section 15 of the Mines and Minerals (Development and Regulation) Act, 1957.

Exemption to certain Services (Contd)

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10. Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in,-

(i) activities relating to the welfare of industrial or agricultural labour or farmers; or

(ii) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment,

to its own members against consideration in the form of membership fee up to an amount of one thousand rupees (Rs 1000/-) per member per year

Services under Reverse Charge Mechanism

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-15-2018-cgst-rate-english.pdf;jsessionid=3F38EE28C3C2243E0FD89AF7DB3F779C>

- Notification 15/2018-Central Tax (Rate) dated 26.07.2018 amends notfn.13/2017-Central Tax (Rate) dated 28.06.2017. Seeks to prescribe payment of GST under reverse charge on the following services
- Services supplied by individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm to bank or non-banking financial company (NBFCs).
- In such cases the recipient i.e. A banking company or a non-banking financial company, located in the taxable territory shall be liable to pay tax.

Notified Supplies as neither supply of good nor a service

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-16-2018-cgst-rate-english.pdf;jsessionid=6F5D777CF81609C46030E1CF293D3207>

- Notification 16/2018-Central Tax (Rate) dated 26.07.2018 amends notfn.14/2017-Central Tax (Rate) dated 28.06.2017.
- Seeks to notify that services by way of any activity in relation to a function entrusted to a municipality under Article 243W shall be treated neither as a supply of good nor a service.

Scope of term “Business” for govt supplies

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-17-2018-cgst-rate-english.pdf;jsessionid=4DB4FE9DE0B8ACBA56D0954A8A84ABF7>

- Notification 17/2018-Central Tax (Rate) dated 26.07.2018 issued.
- Inserts following explanation in notification 11/2017-Central Tax (Rate) dated 28.6.2017 (against serial number 3, in column (3), in item (vi)), in exercise of powers conferred by Section 11(3) of CGST Act, 2017.
- ***“Explanation. - For the purposes of this item, the term ‘business’ shall not include any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities.”***

Scope of term “Business” for govt supplies (Contd)

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- Significance of the explanation inserted. As per Section 11(3), the Government may, if it considers necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (2), insert an explanation in such notification or order, as the case may be, by notification at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such explanation **shall have effect as if it had always been the part of the first such notification or order, as the case may be.**
- Thus the explanation inserted on 26.07.2018 will be treated as if had always been part of the first notification.

GST Rate Changes on Goods

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-18-2018-cgst-rate-english.pdf;jsessionid=22E3B968211C210973E09349F9EE2102>

Notification 18/2018-Central Tax (Rate) dated 26.07.2018 issued. Gives effect to GST Council decision in its 21st meeting on rate of goods.

Goods included in 5% bracket

1. Ethyl alcohol supplied to Oil Marketing Companies for blending with motor spirit (petrol)”
2. Ecaussine and other calcareous monumental or building stone alabaster [other than marble and travertine], other than mirror polished stone which is ready to use”;

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Goods included in 5% bracket

3. Fertilizer grade phosphoric acid.
4. coir pith compost put up in unit container and bearing a brand name
5. Coir mats, matting, floor covering and handloom durries (Existing entry in S. No. 219, column (3), substituted
6. Biomass briquettes or solid bio fuel pellets (Existing entry in S. No. 264, column (3), substituted
7. Article of apparel and clothing accessories or cap/topi, knitted or crocheted, of sale value not exceeding Rs.1000 per piece”;

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Goods included in 12% bracket

1. Bamboo flooring.
2. Brass Kerosene Pressure Stove.
3. Hand operated rubber roller
4. Nozzles for drip irrigation equipment or nozzles for sprinklers”;
5. Fuel Cell Motor Vehicles
6. Slide fasteners
7. All goods of Tariff entry 9619 00 30, 9619 00 40, or 9619 00 90

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Goods included in 18% bracket

1. Paints and varnishes (including enamels and lacquers) based on synthetic polymers or chemically modified natural polymers, dispersed or dissolved in a non-aqueous medium; solutions as defined in Note 4 to this Chapter.
2. Paints and varnishes (including enamels and lacquers) based on synthetic polymers or chemically modified natural polymers, dispersed or dissolved in an aqueous medium.
3. Other paints and varnishes (including enamels, lacquers and distempers); prepared water pigments of a kind used for finishing leather

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Goods included in 18% bracket

4. Glaziers' putty, grafting putty, resin cements, caulking compounds and other mastics; painters' fillings; non- refractory surfacing preparations for facades, indoor walls, floors, ceilings or the like.
5. Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps other than air conditioning machines of heading 8415.
6. Calendering or other rolling machines, other than for metals or glass, and cylinders therefor [other than Hand operated rubber roller]
7. Household or laundry-type washing machines, including machines which both wash and dry"

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Goods included in 18% bracket

8. Lithium-ion Batteries”
9. Vacuum cleaners
10. Electro-mechanical domestic appliances, with self-contained electric motor, other than vacuum cleaners of heading 8508 [other than wet grinder consisting of stone as a grinder]
11. Shavers, hair clippers and hair-removing appliances, with self-contained electric motor.
12. Electric instantaneous or storage water heaters and immersion heaters; electric space heating apparatus and soil heating apparatus; electro thermic hairdressing apparatus (for example, hair dryers, hair curlers, curling tong heaters) and hand dryers; electric smoothing irons; other electro-thermic appliances of a kind used for domestic purposes; electric heating resistors, other than those of heading 8545”

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Goods included in 18% bracket

13. Television set (including LCD or LED television) of screen size not exceeding 68 cm.
14. Special purpose motor vehicles, other than those principally designed for the transport of persons or goods (for example, breakdown lorries, crane lorries, fire fighting vehicles, concrete-mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological unit) ;
15. Works trucks, self-propelled, not fitted with lifting or handling equipment, of the type used in factories, warehouses, dock areas or airports for short distance transport of goods; tractors of the type used on railway station platforms; parts of the foregoing vehicles” ;

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Goods included in 18% bracket

16. Trailers and semi-trailers; other vehicles, not mechanically propelled; parts thereof [other than Self-loading or self-unloading trailers for agricultural purposes, and Hand propelled vehicles (e.g. hand carts, rickshaws and the like); animal drawn vehicles]” ;
17. Parts of slide fasteners”;
18. Scent sprays and similar toilet sprays, and mounts and heads therefor; powder-puffs and pads for the application of cosmetics or toilet preparations”

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-19-2018-cgst-rate-english.pdf>

Notification 19/2018-Central Tax (Rate) dated 26.07.2018 issued
Following Goods exempted from GST.

1. Sal leaves, siali leaves, sisal leaves, sabai grass”;
2. Vegetable materials, for manufacture of jhadoo or broom sticks”
3. De-oiled rice bran. Explanation: The exemption applies to de-oiled rice bran falling under heading 2306 with effect from 25th January, 2018”;
4. Deities made of stone, marble or wood

GST Exemption to Certain Goods (Contd)

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Following Goods exempted from GST.

5. Khali Dona; Goods made of sal leaves, siali leaves, sisal leaves, sabai grass, including sabai grass rope”;
6. Rupee notes or coins when sold to Reserve Bank of India or the Government of India”;
7. Coir pith compost other than those put up in unit container and, -
 - (a) bearing a registered brand name; or
 - (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]”;

GST Exemption to Certain Goods (Contd)

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Following Goods exempted from GST.

8. Sanitary towels (pads) or sanitary napkins; tampons”;
9. Rakhi (other than those made of goods falling under Chapter 71)”.

Refund of ITC on Inverted Duty Structure

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-20-2018-cgst-rate-english.pdf;jsessionid=750A1FFC7EC382E448351375627FCB9C>

Notification allows refund of ITC on account of inverted rate structure on specified goods where ITC has been availed from 01.08.2018 onwards

For the period up to 31.07.2018, such accumulated ITC shall lapse.

1. Woven fabrics of silk or of silk waste (5007)
2. Woven fabrics of wool or of animal hair (5111 to 5113)
3. Woven fabrics of cotton (5208 to 5212)

Refund of ITC on Inverted Duty Structure (Contd)

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4. Woven fabrics of other vegetable textile fibres, paper yarn (5309 to 5311)

5. Woven fabrics of manmade textile materials (5407, 5408)

Woven fabrics of manmade staple fibres (5512 to 5516)

6A Knotted netting of twine, cordage or rope; made up fishing nets and other made up nets, of textile materials (5608)

6B Corduroy fabrics (5801)

6C Narrow woven fabrics, other than goods of heading 5807; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)"(5806)

Concessional GST Rate under Section 11 of CGST Act.

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-21-2018-cgst-rate-english.pdf>

- Notification 21/2018-Central Tax dated 26.07.2018 issued. Exemption notification issued under Section 11 of CGST Act.
- Exempts specified handicrafts goods from tax in excess of 2.5% & 6%

- Notification No. 2/2018-Compensation Cess (Rate) dated 26th July, 2018 amends Notn No. 01/2017-C Cess(Rate)
- Following Goods exempted from Compensation Cess

S.No. of Notification	Chapter (HSN)	Goods
4A	27	Coal rejects supplied by a coal washery, arising out of coal on which compensation cess has been paid and no input tax credit thereof has not been availed by any person.
42B	87	Fuel Cell Motor Vehicles

IGST Exemption on import of Urea

- <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2018/cs-tarr2018/cs55-2018.pdf;jsessionid=0C73969F2C25D4BE6871801E10DF1E15>
- Notification No. 55/2018 –Customs dt 26th July, 2018
- Exemption from IGST above the “*Pool issue price*” of Urea, imported on Govt. account for direct agriculture use
- “Pool Issue Price”- value at which Ministry of Chemical and Fertilizers/Department of Fertilizers sells urea, falling under tariff item 3102 10 00, to Fertilizer Marketing Entities (FMEs) on high sea sale basis

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