

GST News Update

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Government extends GST payment deadline for July to August 25

The Last date for payment of taxes and filing of GST return in Form 3B for the month of July was August 20, 2017. However, since it is the first Return to be filed under GST, the tax payers and the tax practitioners have requested for few more days to file their Return. In this context, considering all these issues the govt. has taken decision to extend the last date for payment of GST for the month of July 2017 to August 25, 2017. Further, for tax payers who do not want to avail the transitional credit in Tran -1, the dated of filing return will be August 25 and for those who want to avail the transitional credit, the last date for filing of returns will be August 28, 2017.

Comments: Government has taken substantial to ensure that the transitional credit is avail to the assesseees. However, one of the major issues that might crop up is regarding the pending C -forms or pending bills from the previous regime which are not yet been approved. If the assesseees chose to fill Tran-1 form this month, the credit of pending bills would be not available. The Government should facilitate filing of Tran-1 form more than once with in the period of three months.

Government notifies changes in CGST Rules

Notification—22/2017-Central Tax date—August 17, 2017

Government has made certain amendments to the CGST Rules vide Notification—22/2017-Central Tax dt. August 17, 2017. Some major changes are as under

- Time limit for furnishing the details of stock, including the inward supply of goods received by the person who opts for composition levy has been extended from 60 days to 90 days.
- The commissioner may notify the extension of time limit beyond 30 days for the purpose of making a declaration for the purpose of claiming the credit.
- Manner of reversal of credit of Additional duty of Customs in respect of Gold dore bar has been provided through Rule 44A.
- Challan in FORM GST PMT-06 generated at the common portal would be valid for fifteen days(Rule 87).

Comment: The changes have been made considering the practical aspects of the industry.

CBEC issues clarification regarding LUT/Bond for exports under GST

Circular 5/5/2017

Date– August 11, 2017

CEBC has issued clarified regarding the issues related furnishing of bond or letter of undertaking for exports. The clarification has been issued with regard to notification 16/2017 – GST dated 7th July, 2017 and Circular No. 2/2/2017 – GST dated 5th July, 2017 and Circular No. 4/4/2017 – GST dated 7th July, 2017. This was clarification was issued due to variations in interpretations of the notifications above.

Some of the important clarifications issued are as under:

- Eligibility criteria for export under LUT- Any registered person who has received a minimum foreign inward remittance of 10% of export turnover in the preceding financial year is eligible for availing the facility of LUT provided that the amount received as foreign inward remittance is not less than Rs. one crore. This means that only such exporters are eligible to LUT facilities who have received a remittance of Rs. one crore or 10% of export turnover, whichever is a higher amount, in the previous financial year .
- Form for LUT– LUTs shall be submitted on the letterhead containing signature and seal of the person or the person authorized in this behalf.
- Purchases from manufacturer and form CT-1— CT-1 form would not be relevant under GST since transaction between a manufacturer and a merchant exporter is in the nature of supply and the same has not been exempted under GST.
- Bank guarantee- an exporter registered with recognized Export Promotion Council can be allowed to submit bond without bank guarantee on submission of a self-attested copy of the proof of registration with a recognized Export Promotion Council.

Comments: These clarifications were very much needed as there was a considerable amount of confusion regarding the furnishing the bond or LUT and bank guarantee.

Solar Panels taxable at 5%: Finance Ministry

Answering a representation made by an assessee that whether there is a difference in GST applied on solar power generating systems and solar panels at 5 per cent, since the GST applied on semiconductor devices including PV cells is 18 per cent , Finmin clarified that Solar photo voltaic cells, solar panels and solar power generating systems attract 5% GST

Comment: This clarification comes as a relief to the industry.

CBEC explains reverse charge mechanism

CBEC has issued guidance note or explanation with regard to reverse charge mechanism. Various issues relating to availability of ITC , registration, and time of supply have been discussed in detailed , the services and goods which are covered under reverse charge have also been mentioned.

The clarifications are as under:

- Registration– It was clarified that a person who is required to pay tax under reverse charge has to compulsorily register under GST and the threshold limit of Rs. 20 Lakhs would not be applicable.
- ITC– A supplier cannot take ITC of GST paid on goods or services used to make supplies on which the recipient is liable to pay tax.
- Time of supply- the time of supply with regard to goods as well as services has been clarified as under

The time of supply in case of goods would be as follows

- date of receipt of goods; or
- date of payment as per books of account or date of debit in bank account, whichever is earlier; or
- the date immediately following thirty days from the date of issue of invoice or similar other document.

The time of supply in case of services would be as follows:

- date of payment as per books of account or date of debit in bank account, whichever is earlier; or
- the date immediately following sixty days from the date of issue of invoice or similar other document.

- Further it was clarified that liability under reverse charge shall only be discharged by cash and not with the credit balance.

Comment: This would clarify the doubts. However, the manner of taking ITC by the recipient who discharges the tax reverse charge still needs some clarity.

Government clarifies on transitional credit and on employee reimbursement via tweets

Central Govt. has clarified on the following via twitter:

- ITC as on June 30, 2017 can be claimed under the heading “ITC – Others”.
- Reimbursement to employees towards per diem, food, accommodation & travel is not subject to reverse charge taxation.
- GTA will be taxed u/s 9(3) even if value is less than Rs. 5000 a day, in terms of Notification No. 13/2017-Central Tax (Rate).
- Credit of tax paid under reverse charge mechanism will be available in same month.
- Interest received from a bank FDR will not form part of aggre-

est of traders and is perfectly revenue neutral for the trader .

CBEC releases FAQs for traders

CBEC has released FAQs which address various concerns of the traders . Few of the clarifications issued through these FAQs are as under;

- A trader dealing only in exempted goods or where his turnover is below Rs.20 Lakhs in the financial year (but not engaged in inter-State supplies) is not required to register under GST.
- Traders not opting to pay tax under composition scheme need to file returns on a monthly basis. Form GSTR-1 is to be filled for outward supplies made by the trader (made in the month for which return is being filed) by the 10th of the next month. Other parts of the return Form GSTR-2 and Form GSTR-3 are auto populated and only needs to be verified and submitted by the 15th and the 20th of the next month respectively
- For the time being both GSTIN and IEC have to be declared. But over a period of time, traders need to declare only their GSTIN instead of IEC at the time of imports and exports .
- A taxable person opting to pay tax under the composition scheme is out of the credit chain. He cannot take credit on his input supplies.
- The objective of taxing the stock transfers is just to ensure that the ITC moves along with the supply of goods to the place where a supply is finally consumed. This is to ensure that the taxes accrue to the State where a supply is consumed. If the stock transfers are not taxed, the ITC would not flow to other State along with the supply and trader will not be able to utilise the credit in another State. Therefore, taxing of stock transfers in in the inter-

Comments : These are the initial issues which are been clarified by the Government. However, as the new regime progresses there would be more issues which need to be addressed.

CBEC releases FAQs pertaining to rates

CBEC released FAQs on rates which prone to a confusion among the industry. The clarifications regarding few of the goods are as under

- Maize [of seed quality] fall under heading 1005 and attract Nil GST .
- Filters or Water Purifiers fall under heading 8421 and attract 18% GST.
- MEIS etc. fall under heading 4907 and attract 12% GST.
- Specified fabrics attract 5% GST, whether or not in form of cut pieces.
- Prefabricated buildings, including portable and mobile toilets, fall under heading 9406 and attract 18% GST.
- For GST rate of 5%, tobacco leaves means leaves of tobacco as such or broken tobacco leaves or tobacco leaves stems.

Comments: These rates clarifications were much needed as there were initial confusions regarding rates

Disclaimer: Information in this newsletter is for educational purpose only. Bhasin Sethi & Associates assumes no responsibility of any mistakes which, despite of all precautions, may be found therein. The material contained in this document does not constitute any professional advice that may be required before acting on any matter.

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