

## GST Monthly News Letter

February, 2018

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### Notifications & Circulars

#### Composite levy for manufacturers reduced to half percent

**Notification No. 01/2018-Central Tax** dated: **January 1, 2018**

Finmin vide Notification No. 01/2018- Central Tax dated January 1, 2018, reduced the composite tax rate for the manufacturer from one percent to half percent of the total turnover. Further, the composite tax rate for suppliers other than works contractor and manufacturer has been reduced from half percent of the turnover to half percent of the total turnover of taxable supplies.

**Comments:** This will be a welcome change for the small-scale manufacturers and other small-scale.

#### 5% GST applicable on college hostel mess fees

**Circular No. 28/02/2018-GST** dated: **January 8, 2018**

Govt. vide circular 28/02/2018-GST has clarified that educational institutions have mess facility for providing food to their students and staff. Such facility is either run by the institution/ students themselves or is outsourced to a third person. Supply of food or drink provided by a mess or canteen is taxable at 5% without Input Tax Credit.

**Comments:** There was confusion regarding the applicability of GST on mess services provided by the educational institutions as the educational services were exempted.

#### Govt. clarifies on levy of GST on casino accommodation and other services

**Circular No. 27/01/2018-GST** dated **January 4, 2018**

Govt vide Circular No. 27/01/2018-GST has issued clarifications regarding levy of GST on accommodation services, betting and gambling in casinos, horse racing, admission to cinema, homestays, printing, legal services. In this regard, govt. clarified that casinos" and "gambling" are two different services, and GST is leviable at 28% on both these services (14% CGST and 14% SGST) on the value determined as per section 15 of the CGST Act. Thus, GST @ 28% would apply on entry to casinos as well as on betting/ gambling services being provided by casinos on the transaction value of betting, i.e. the total bet value, in addition to GST levy on any other services being provided by the casinos. Further, govt clarified that supply of books

shall be treated as supply of goods as long as the supplier owns the books and has the legal rights to sell those books on his account. It was also clarified that legal services including representational services provided by an advocate including a senior advocate to a business entity, GST is required to be paid by the recipient of the service under reverse charge mechanism, i.e. the business entity.

**Comments:** There were few doubts regarding these clarifications.

### **President gives assent to amendment to GST (Compensation to States) Act, 2017**

The Goods and Services Tax (Compensation to States) Amendment Act, 2017 shall be deemed to have come into force from September 2, 2017. Vide said amendment, Compensation Cess on motor vehicles for transportation of 10 or more persons as well as SUVs, mid-size, large and luxury cars has been hiked to 25% ad valorem (from 15% ad valorem). Accordingly, repeals the Goods & Services Tax (Compensation to States) Amendment Ordinance 2017.

**Comments:** This would be a huge loss to the auto mobile industry.

### **E-way bill rules amended**

#### **Notification No. 03/2018-Central Tax dated January 23, 2018**

Govt. vide Notification No. 03/2018-Central Tax dated 23-01-2018, substituted the e-way bill provisions. The main changes in the e-way bill rules are as below:

- The new rule has now given meaning to the Consignment Value (CV) vide Explanation 2 to sub-rule 1. For EWB, CV means 'value' as per Section 15 of the CGST Act as declared in the invoice/challan and it include CGST, SGST/UTGST or IGST and Cess charged, if any, in the document.
- Recipient or the Supplier have to incorporate serial number and date of Railway receipt, Air consignment note or Bill of lading, when transported through rail, air or vessel.
- EWB would not be valid unless Part-B is filled-up (except for movement within 10 Kms within the State/UT from the Place of business of the Consignee to Transporter for further transportation and from the Transporter's Go down to consignee for delivery within the State).

- Consignee or Consignor can also change/update information contained in Part-B, where goods are transferred from one conveyance to another.
- Consignor/Recipient or the transporter can assign EWB number to another registered/enrolled transporter for updating Part-B for further movement. Once assigned to a transporter, the same cannot be reassigned another transporter by the consignor or consignee.
- E-commerce operator are required to furnish information in Part-A of EWB.
- Movement of Alcoholic liquor for human consumption, Petroleum Crude, Petrol, Diesel, Natural Gas, ATF and Schedule III goods specifically exempted from requirement of EWB. Even otherwise, EWB was not required for such goods.
- EWB not required for all goods (except de-oiled cake) specified in Notification No. 02/2017-CTR dated 28-06-17.

**Comments:** One of the major changes in the e-way bill rules is that the e-commerce operator has been made liable to generate the e-way bill on behalf of the supplier.

### **Govt. notifies rate changes on goods and services recommended by GST council**

#### **Notification no. 08/2018 and 06/2018 (Central Tax Rate) dated – January 25, 2018**

Govt. vide notification no. 08/2018 and 06/2018 (Central Tax Rate) has notified the rate changes which were recommended by the GST council. The major rate changes were made to the old and used auto mobiles, the GST rate on such auto mobiles was reduced from 28% to 18%. However, the 18% rate would be applicable on the difference between the purchase price and the selling price. One of the major changes in rates is that the rate composite supply of works provided

by sub-contractor to the main contractor providing WCS to Government has been reduced from 18% to 12%

**Comments:** These reductions of rates would be a welcome change for the industry.

### **Rent paid to govt. for immovable property would be a reverse charge supply**

**Notification No. 03/2018-Central Tax(rate) dated – January 25, 2018**

The Government vide notification 03/2018-Central Tax (rate) has added Services supplied by Government by way of renting of immovable property to a person registered under the Central Goods and Services Tax Act, 2017 to reverse charge supplies under notification no 13/2017-Central Tax (rate).

**Comments:** renting of an immovable property by the government was not taxable prior to this.

**Governmental clarifications & press releases**

**Govt. issues Taxpayers advisory on GSTR-1 filing**

Government recently stated that the return of the particular period can be filed if corresponding returns (GSTR-1 and GSTR 3B) for the previous months have been filed.

Further, Govt. stated that once a registered person chooses the option of Monthly filing of GSTR-1, the same cannot be changed for the remaining part of the financial year 2017-18.

**Comments:** These are some valuable tips.

**Govt. issues compiled guidance notes and FAQs on all the topics under GST**

Keeping in mind the changes which have been made in the last 6 months from the date of the implementation of GST, the Govt has issued a compiled guidance note on few of the important issues. The guidance notes include few of the important topics such as valuation under GST, the provisions relating to e-commerce operators and the steps to taken for easy process of refund. The FAQs also contained few of the important

questions asked by the industry and the same was upto date.

**Comments:** Since the GST changing with every GST meeting it is very important to have clarity about the import topics.

**Govt. defers the implementation of e-way bill**

Due to the difficulties faced by the industry in generating the e-way bill because of the technical glitches, the Govt. decided to extend the trail period of e-way bill. the trail period is extended both for the inter state and intra state movement of goods. The same was conveyed by the government through a tweet. The e-way bill will be made compulsory from the date to be announced.

**Comments:** There were a lot difficulties faced by the industry in generating E-way bill, as the website for generating e-way bill crashed.

**Govt. advices to modify GSTR-1 Table 6A to match shipping bills with invoices**

Recently Govt. advised that in order to modify the invoice declared under Table 6A of GSTR 1 in Table 9A of GSTR-1 of the subsequent tax period, in case the shipping bill invoice is not matched with GST invoice data of GSTR-1/Table 6A of GSTR-1.

**Comments:** Many exporters have been facing this problem as the shipping bills were not matched with the GST invoices and as result there was delay in getting in refund. However, the rectifications can be made in Table 9 of the subsequent month to match the GST invoices with the shipping bills and this will help in getting the refunds early.

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