

**March 28, 2017**

### ***GST Bills introduced in Lok Sabha : Key 20 Highlights***

1. Central Goods and Services Tax Act, 2017 (CGST Act) extends to the whole of India except the State of Jammu and Kashmir. The Compensation shall be extended to all States, including J&K.
2. "Securities" excluded from the definition of 'services' as well as 'goods'.
3. "Works contract" has been defined to mean a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract. The definition does not extend to 'moveable property'.
4. Sale of land, actionable claims other than lottery, betting and gambling are covered under Schedule III, which provides list of transactions, which shall be treated neither as a supply of goods nor supply of services.
5. In case of zero-rated supplies, advance refund of 90% shall be granted. However, 100% of the refund claim will be subject to scrutiny.
6. Supplies to and from UT into another State will now be treated as 'inter-state' supplies.
7. 'Drawback' has been defined under the CGST Act.
8. As per Schedule I, supply of goods or services or both between related persons or between distinct persons, when made in the course or furtherance of business will be treated as 'supply' even if made without consideration. However, gifts not exceeding Rs 50,000/- in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

9. The books of account or other records maintained by the registered person shall be retained until the expiry of 72 months (earlier 60 months) from the due date of furnishing of annual return for the year pertaining to such accounts and record;
10. Reverse charge applicable in case of supplies by unregistered supplier will affect the entire supply chain. Registered person paying such tax would have to issue a payment voucher at the time of making payment to the supplier.
11. Composite levy of 2.5% has been extended for supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.
12. Supply of SEZ has been treated as zero rated under IGST Act.
13. Telecom towers excluded from 'plant and machinery'.
14. ITC would have to be reversed in case of non-payment to supplier within 6 months (earlier it was 3 months).
15. Restriction of availing 50% eligible credit will not be applicable to the tax paid on supplies made by one registered person to another registered person having the same PAN. Thus, the said restriction will not apply to Banks having various branches.
16. Where both VAT and Service tax was paid on any supply, the taxable person shall be entitled to take credit thereof to the extent of supplies made after the appointed day and such credit shall be calculated in prescribed manner. This provision would be useful in case of software supplies and other similar kind of supply transactions.
17. New Provision Section 5(2) of IGST Bill, 2017 has been inserted to levy IGST on the supply of petroleum crude, high speed diesel, motor spirit

(commonly known as petrol), natural gas and aviation turbine fuel with effect from such date as may be notified by the Government on the recommendations of the Council.

18. New Provision Section 9 (IGST): Special provision has been introduced regarding supplies in territorial waters.
19. New Provision has been introduced (Section 14 of IGST) for payment of tax by a supplier of online information and database access or retrieval services.
20. New Provision (IGST) has been added regarding refund of integrated tax paid on supply of goods to tourist leaving India (international tourist).

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