

Highlights of Revised Model GST / IGST Law and GST Compensation Bill

Key changes in revised Model GST Law (November 2016)			
Section	Issues	June draft Model GST Law.	November draft Model GST Law.
2	Aggregate turnover	"Non-taxable supplies" were included.	"Non-taxable supplies" are excluded.
	Capital assets	Term was defined.	The term is excluded from definitions.
	Capital goods	Definition borrowed from Central Excise and was inclusive in nature.	Definition completely changed and liberalized.
	Consideration	Subsidy received from government was included.	Subsidy received from government now not included.
	Goods	"Securities" were included.	"Securities" excluded.
	Export of goods and Export of services	The terms were defined.	The terms have been excluded from the definitions.
	Import of goods and Import of services	The terms were defined.	The terms have been excluded from the definitions.
	Inputs	Inputs used "for making an outward supply" were included.	"For making an outward supply" is now excluded.
	Input services	Services used "for making an outward supply" were included.	"For making an outward supply" is now excluded.
	Mixed supply	The term was not defined.	The term is now defined.
	Services	Explanation to the definition included intangible property and actionable claim and excluded transaction in money.	Explanation to the definition substantially modified and includes transaction in money.
3	Supply	1. Sch. I for "supply without consideration" elaborate 2. Tax on	1. Sch. I for "supply without consideration" modified – 'temporary

		composite supply was not determinable separately.	application of business assets or services to a private or non business use' has been removed. 2. Tax on composite supply is now determinable separately. 3. Supply made by principal to agent and vice versa is covered under the ambit of supply.
9	Levy	1. There was no cap on CGST/SGST. 2. Levy for e-commerce was not specified.	1. The cap on CGST/SGST is put at 14%. 2. Levy for e-commerce is now specified.
16-22	Input tax credit.	The provisions related to ITC have been modified substantially.	
163	Anti-profiteering clause	The clause was excluded.	The related provision is now added.
Schedule III vs. Schedule V	Persons liable to be registered.	Limit for GST registration of Taxable Person was placed at above Rs. 9 Lakh.	Limit for GST registration of Taxable Person is now placed at above Rs. 20 Lakh.
	Limit for GST registration of Taxable Person of Special Category States	Limit for GST registration of Taxable Person of Special Category States was placed at above Rs. 4 Lakh.	Limit for GST registration of Taxable Person of Special Category States was placed at above Rs. 10 Lakh.

Key changes in revised Model IGST Law (November 2016)

Section	Issues	June draft Model IGST Law.	November draft Model IGST Law.
3	Supplies of goods and/or services in the course of inter-State trade or commerce.	The provision was short and did not include 'supply of goods and/ or services to or by a SEZ developer or an SEZ unit'.	The provision was substantially modified and included 'supply of goods and/ or services to or by a SEZ developer or an SEZ unit'.

4	Supplies of goods and/or services in the course of intra-State trade or commerce.	The provision was short and did not include 'supply of goods and/ or services to or by a SEZ developer or an SEZ unit'.	The provision was substantially modified and included 'supply of goods and/ or services to or by a SEZ developer or an SEZ unit'.
8	Place of supply of goods imported into, or exported from India.	The provision was not given.	The provision is now included.
9 and 10	Place of supply of services	No demarcation between the location of supplier of service or the location of the recipient of service in India, and location outside India.	Demarcation between the location of supplier of service or the location of the recipient of service in India, and location outside India.
12	Special provision for payment of tax by a supplier of online information and database access or retrieval services located outside India to specified person in the taxable territory.	The provision was not included.	The provision is now added.
Chapter VIII	Settlement of cases.	Provisions related to settlement of cases were included.	The entire chapter is excluded.
16	Zero Rated Supply	There were no provisions relating to zero-rated supply.	The provision is included.
20	Refund of IGST paid on supply of goods to outbound tourist.	The provision was not included.	The provision is now included.
	Interest on delayed payment of tax.	The related provision was included.	The related provision is excluded.

Key highlights of GST (Compensation to the States for Loss of Revenue) Bill, 2016:-

1. The nominal growth rate of revenue subsumed for a State during the transition period is projected at 14% per annum.
2. FY 2016-17 is considered as the base year for calculating the compensation amount payable in any FY during the transition period.
3. The base year revenue for a State will be the sum of revenue collected by the State and local bodies during the base year, taxes levied by the States or Centre, net of refunds, with taxes namely, VAT, CST, Entry tax, Octroi, local body tax, Luxury tax, Advertisement tax, Excise duty on medicinal and toilet preparation and any cess or surcharge levied by State Govt.
4. The Acts of Central and State Govt. under which specific taxes will be subsumed into GST shall be notified.

5. The revenue collected during the base year in a State, net of refunds, for the purpose of calculation of the base year revenue for the state namely Tax under Entry No. 54 of List-II (State List), CST and any Cess, on the sale or purchase of petroleum crude, high speed diesel, motor spirit, natural gas, aviation turbine fuel and alcoholic liquor for human consumption and the entertainment tax levied by the State but collected by local bodies is excluded.
6. The amount of service tax collected by the State of J&K, while calculating the base year revenue, is included.
7. The GST compensation payable to a State shall be provisionally calculated and released at the end of every quarter.
8. Cess is levied on supply of goods or services, including import of goods and services, supplies on which tax is payable on reverse charge basis under CGST Act, for a period of 5 years w.e.f. date from which CGST is brought into force, for providing compensation to the States on account of loss of revenue due to implementation of GST.
9. Cess is not liable on supplies made by taxable person who opts for composition levy.
10. Input Tax Credit in respect of GST compensation cess shall be utilised only towards payment of GST compensation cess on supply of goods and services under Section 8.

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