

# GST BULLETIN

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## Notifications & Circulars

### **RCM in case of Unregistered supplier suspended until March 31**

**Notification No. 38/2017-Central Tax                      Dated  
October 13, 2017**

Government vide Notification No. 38/2017-Central Tax and parallel notifications for IGST and UTGST, has suspended payment of tax on reverse charge mechanism on the supply from the unregistered person till march 31.

**Comments:** Govt. addressed one of the major issues under GST. The tax on RCM basis has increased the compliance burden on the registered person.

### **Govt. notifies conditions to furnish Letter of Undertaking instead of bond**

**Notification No. 37/2017-Central Tax    dated- October  
4, 2017**

Central Government vide Notification No. 37/2017 dated October 4, 2017 has notified conditions and safeguards for furnishing a Letter of Undertaking in place of a Bond by a registered person who intends to supply goods or services for export without payment of integrated tax. The conditions and safe guards are as under-

- all registered persons who intend to supply goods or services for export without payment of integrated tax shall be eligible to furnish a Letter of Undertaking in place of a bond except those who have been prosecuted for any offence under the CGST Act or IGST Act or any of the existing laws in force in a case where the amount of tax evaded exceeds two hundred and fifty lakh rupees.

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- the Letter of Undertaking shall be furnished on the letter head of the registered person, in duplicate, for a financial year in the annexure to FORM GST RFD – 11 and it shall be executed by the working partner, the Managing Director or the Company Secretary or the proprietor or by a person duly authorised.
- If the registered person fails to pay tax due along with the interest within the specified period, the facility to export without payment of integrated tax will be deemed to have been withdrawn.

Comments: It is huge relief for the small scale exporters. The issue regarding the blocked capital is rectified.

### **FinMin notifies the supplies to be considered as deemed exports**

**Notification No. 48/2017-Central Tax Dated- October 18, 2017**

FinMin vide Notification No. 48/2017-Central Tax dated October 18, 2017 notified the services which shall be considered as deemed exports. The supplies are as under-

- Supply of goods by a registered person against Advance Authorisation.
- Supply of capital goods by a registered person against EPCG Authorisation.
- Supply of goods by a registered person to Export Oriented Unit.
- Supply of gold by a bank or Public Sector Undertaking against Advance Authorization.

**Comments:** There was a concern about the levy of IGST on the goods imported under advance authorisations issued prior to the introduction of GST and also the levy of GST on supply to the EOU units. These issues have been addressed by the Government.

### **Govt. notifies the evidences required for claiming the refund of tax on deemed export supplies**

**Notification No. 49/2017-Central Tax dated October 18, 2017**

Government vide Notification No. 49/2017-Central Tax dated October 18, 2017 notified the evidences required for claiming the refund of tax on deemed exports. The requirements are under

- Acknowledgment by the jurisdictional Tax officer of the Advance Authorisation holder or EPCG Authorisation holder that the said deemed export supplies have been received or a copy of the tax invoice under which such supplies have been made by the supplier, duly signed by the recipient Export Oriented Unit.
- An undertaking by the recipient of deemed export supplies that no input tax credit on such supplies has been availed of by him.
- An undertaking by the recipient of deemed export supplies that he shall not claim the refund in respect of such supplies and the supplier may claim the refund

**Comments:** This is a great initiative by the government to facilitate the refund of the tax paid on the deemed export.

### **Person having agg. turnover under 20 lakh and making inter-sate supply is exempted from registration**

**Notification No. 10/2017-Integrated Tax Dated October 13, 2017**

Government vide Notification No. 10/2017-Integrated Tax Dated October 13, 2017 notified that the person having the aggregate turnover under 20 Lakhs and making the inter-state supply is exempted from taking the registration. The aggregate value of such supplies, to be computed on all India basis, should not exceed an amount of ten lakh rupees in case of “special category States” as specified in sub-clause (g) of clause (4) of article 279A of the Constitution, other than the State of Jammu and Kashmir

**Comments:** This comes as a huge relief to the small scale traders and manufacturers. However, the credit for the recipient will be blocked.

### **CBEC issues instructions for refund of IGST paid on exports**

CBEC issued the instructions regarding the refund of the tax paid under Rule 96 of the CGST Rules. The instructions stressed on the importance of filing the correct export general manifest for treating the shipping bill or bill of export as a refund claim. Further, the instructions contained the details to be filed in Table 6A of the GSTR-1 and the importance of valid GSTR-3 or GSTR-3B.

Comments- This will be helpful for the industry.

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### **Consolidated tax invoice can be issued for exempted and taxable supplies made by registered person**

FinMin amended the CGST Rules to introduce Rule 46A which provides that an invoice-cum-bill of supply can be issued by the supplier when he supplies taxable as well as exempted goods or services or both to an unregistered person. Further, in Rule 54(2) of the CGST Rules for the words "tax invoice" the words "consolidated tax invoice" have been substituted.

**Comments:** This will reduce the compliance burden.

### **Govt. extends returns due date for comp. dealer, OIDAR, ISD, registered person eligible for ITC**

**Notification No. 41/2017, 42/2017, 43/2017, 44/2017-Central Tax Dated- October 13, 2017**

Government has vide Notification Nos. 41/2017, 42/2017, 43/2017 has extended the due date for filing the returns by composite tax payer, ISD registered person and OIDAR service providers to 15, 20 November respectively. Further, government also extended the due date for filing Form GST ITC -01, for the registered persons who have become eligible to during the months of July, August and September 2017 to October 31.

**Comments:** It is very considerate of the government to extend these due as compliance has been one of the biggest problems under GST regime.

### **CBEC grants IGST & cess exemption to EOUs until March 31, 2018**

CBEC is vide Notification 78 /2017-Customs has exempted the payment of IGST and Compensation cess for the imports made by the EOUs until March 31.

**Comments:** This would huge relief for the EOUs.

### **Government clarifications & Press Releases**

#### **Recommendations of GST Council in its 22nd Meeting**

GST council in its 22<sup>nd</sup> meeting has recommended few changes regarding the composition scheme and relief to the small scale traders and manufacturers. Few of the important recommendations are as under-

#### **Composition Scheme**

- The composition scheme shall be made available to taxpayers having annual

aggregate turnover of up to Rs. 1 crore as compared to the current turnover threshold of Rs. 75 lacs. This threshold of turnover for special category States, except Jammu & Kashmir and Uttarakhand, shall be increased to Rs. 75 lacs from Rs. 50 lacs.

- Persons who are otherwise eligible for composition scheme but are providing any exempt service shall be eligible for the composition scheme.
- A Group of Ministers (GoM) shall be constituted to examine measures to make the composition scheme more attractive.

#### **Relief for SMEs**

- To exempt those service providers whose annual aggregate turnover is less than Rs. 20 lac.
- To facilitate the ease of payment and return filing for small and medium businesses with annual aggregate turnover up to Rs. 1.5 crores, it has been decided that such taxpayers shall be required to file quarterly returns in FORM GSTR-1, 2 & 3 and pay taxes only on a quarterly basis, starting from the Third Quarter of this Financial Year i.e. October-December, 2017.
- The reverse charge mechanism under sub-section (4) of section 9 of the CGST Act, 2017 and under sub-section (4) of section 5 of the IGST Act, 2017 shall be suspended till 31.03.2018 and will be reviewed by a committee of experts. This will benefit small businesses and substantially reduce compliance costs.

#### **Other Facilitation Measure**

- It has been decided that registration and operationalization of TDS/TCS provisions shall be postponed till 31.03.2018.
- The e-way bill system shall be introduced in a staggered manner with effect from 01.01.2018 and shall be rolled out nationwide with effect from 01.04.2018.
- Invoice Rules are being modified to provide relief to certain classes of registered persons.

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**Comments:** This would be a huge relief to small scale industries who were required to bank guarantee for making IGST free exports.

### **GST Council recommends changes in service rates**

GST council has recommended changes in tax rates of certain services. It was decided that The services provided by a GTA to an unregistered person (under GST law) including unregistered casual taxable person other than the recipients liable to pay tax on GTA services under reverse charge shall be exempted from GST and GST on works contract involving predominantly earth works(75% of the contract) has decided to be reduced to 5%. Few of the important changes decided are as under.

- The reduced rate of 12% on specified works contract services supplied to the Central Government, State Government, Union Territory, Local Authority and Governmental Authority shall be extended to a Government Entity, where such specified works contract services have been procured by the government entity in relation to the work entrusted to it by the Central Government, State Government, Union Territory or Local Authority.
- GST shall be levied @ 12% on works contract services in respect of offshore works contract relating to oil and gas exploration and production (E&P) in the offshore area beyond 12 nautical miles.
- The services provided by Overseeing Committee members to RBI shall be taxed under the reverse charge mechanism under section 9(3) of the CGST Act, 2017.
- GST of 5% without ITC and 12% with full ITC available to transport of passengers by motor cab/ renting of motor cab shall be extended to any motor vehicle.

### **Vehicles leased prior to July 1 would attract 65% of applicable GST rate**

Government issued a clarification that Leasing of

vehicles purchased and leased prior to 1st July, 2017 would attract GST at a rate equal to 65% of the applicable GST rate (including Compensation Cess). Such vehicles when sold shall attract GST of 65% of the applicable GST rate (including Compensation Cess).

**Comments:** This would be a helpful clarification for the industry.

### **Revised rates in Exploration & Production sector: Press Release**

To reduce the cascading of taxes arising on account of non-inclusion of petrol, diesel, ATF, natural gas and crude oil in GST. The GST has recommended the following –

- Offshore works contract services and associated services relating to oil and gas exploration and production in the offshore areas beyond 12 nautical miles shall attract GST of 12%;
- Transportation of natural gas through pipeline will attract GST of 5% without input tax credits (ITC) or 12% with full ITC;
- Import of rigs and ancillary goods imported under lease will be exempted from IGST, subject to payment of appropriate IGST on the supply/import of such lease service and fulfilment of other specified conditions.

**Comments:** The revised rates will reduce the cascading effect to an extent.

### **Permission to display revised MRP extended upto Dec 31 : Press Release**

The Government had allowed the manufacturers or packers or importers of pre-packaged commodities to declare the revised retail sale price (MRP) in addition to the existing retail sale price (MRP), for three months w.e.f. 1st July 2017 to 30th September, 2017. However, Considering the requests received to extend the permission for some more time it has been extended to display the revised MRP due to implementation of GST by way of stamping or putting sticker or online printing for a further period of three months, i.e. up to 31st December, 2017

**Comments:** Government has been very considerate in tackling the issue related to GST and this is another example.