

# GST BULLETIN

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## Notifications & Circulars

### **Govt. prescribes procedure for disbursement of budgetary support for area based exempted units**

**Circular No. 1060/9/2017-CX**      **dated: November 27, 2017**

CBEC prescribed the procedure for manual disbursement of budgetary support under Goods and Service Tax regime for units availing area based exemption vide Circular No. 1060/9/2017-CX dated November 27, 2017. The amount of such budgetary scheme would be determined in terms para 5 of the scheme i.e (i) 58% of the CGST paid through debit in the cash ledger account (ii) 29% of the IGST paid through debit cash ledger. The eligible unit is required to register and file an application for payment of budgetary support. The application would be processed by Deputy/ Assistant Commissioner. CBEC has decided that units would be registered manually based on the application filed for the quarter ending September, 2017. The approval of the registration for the scheme would also be undertaken manually. The standard operating procedure for the claims relating to first quarter ( until September, 2017) is as under:

#### Registration of eligible units

- The application for registration shall be submitted in triplicate form. It should be duly signed and supported by self-authenticated copies of the documents in support of information furnished in application.
- If there are more than one eligible units under same GSTIN, separate registration shall be obtained for each eligible units.
- The Deputy/ Assistant Commissioner of Central Taxes will examine the application for scheme along with application for

registration. A unique ID for each of eligible unit will be allotted after registration.

- The second copy of application after registration should be forwarded to DDO of the Division for registration. third copy shall be forwarded to the ADG, DG Audit, Delhi who in turn would be provide details to programme division of DIPP.
- The DIPP on the basis details should draw a programme of inspection of the eligible units.

#### Procedure for submission of application

- Eligible unit shall file application after allotment of unique ID. The application shall be filed only after return for quarter has been filed and tax in that regard has been paid.
- The claim in the application will be sanctioned after verification of tax paid by eligible unit.
- In case if there are more units other than the eligible units under same GSTIN number, the application shall be supported by additional information certified by Chartered Accountant and such information shall contain ITC on the goods received by eligible unit and quantity of goods manufactured by eligible unit.
- In case where other unit operating under GSTIN, is supplying the inputs to the eligible unit as such or after manufacture, the credit availed by supplying unit on the inputs would have to be factored for determining the input tax credit of the eligible unit.
- The eligible unit shall also indicate the value addition in respect of each category of specified goods.
- In case where inspection cannot be conducted, the budgetary support amount may be sanctioned provisionally for a period of six months.

**Comment:** The budgetary scheme was provided to continue the area based exemption provided as erstwhile Central Excise Act. The procedure of claiming the same looks simple on the face of it.

#### **Govt notifies post GST rebate rates for readymade garments exports**

Government notified post-GST rates for claiming rebate of State levies / taxes under the scheme for Remission of State Levies (RoSL) on exports of readymade garments, made-ups and under Advance Authorisation – Rebate of State Levies (RoSL) for garments w.e.f. October 1.

- As per the Notification, RoSL shall be understood to “comprise VAT on fuel used in transportation (raw materials, finished goods and factory workers), VAT on fuel used in generation of captive power, Mandi tax on purchase of cotton, duty on electricity used in manufacture as accumulated from stage of cotton / MMF fibre till garment / made up stage, stamp duties on export documents and SGST on inputs used in production of cotton and embedded SGST in purchases from unregistered dealers”.
- Post-GST rates of RoSL are upto maximum of 1.70% for cotton garments, 1.25% for MMF, Silk and Woolen garments and 1.48% for apparel of blends.
- Further Govt. notified rates upto a maximum of 2.20% for cotton made-ups, 1.40% for MMF and silk made-ups and 1.80% for made-ups of blends, while rate for sacks and bags made of jute, is 0.60%.
- RoSL rate for garments under AA-AIR combination would be 0.66%

**Comments:** The rates are considerably low in the GST regime as the assessee would be eligible for the refund of the input tax credit.

#### **Govt. provides procedure for manual filing and processing of refund**

**Notification No. 17/17/2017-GST dated: November 15, 2017**

CBEC vide Circular No. 17/17/2017 -GST prescribed manual filing and processing of refund claims in respect of zero-rated supplies.

The key takeaways of the circular are as under:

- CBEC explained that due to non-availability of refund module on common portal, applications/documents/forms pertaining to refund claims of IGST/unutilized ITC in respect of zero-rated supplies shall be filed and processed manually.
- It was clarified that, in case of goods exported out of India, shipping bill filed by an exporter shall be deemed to be an application for refund and application shall be deemed to have been filed only when export manifest or export report is filed and applicant has

furnished a valid return in FORM GSTR-3 or FORM GSTR-3B.

- In such a case, Custom designated system would process the refund claim from the common portal and an amount equal to IGST paid in respect of such export shall be electronically credited to the bank account of the applicant and any order regarding withholding such refund or its further sanction shall be done manually.
- Application for refund of IGST on zero-rated supplies of goods/services to a SEZ developer/unit should be filed in prescribed form (i.e. FORM GST RFD-01A) by the supplier on the common portal and a print out of same shall be submitted before the jurisdictional proper officer along with necessary documentary evidences.
- The application for refund of unutilized ITC on inputs or input services used in making such zero-rated supplies shall be filed in FORM GST RFD- 01A on the common portal and the amount claimed as refund shall get debited from the amount in the electronic credit ledger to the extent of the claim, printout of which along with necessary documentary evidences shall be submitted.
- Refund claim should be filed before the jurisdictional tax authority to which the taxpayer has been assigned as per administrative order issued by Chief Commissioner of Central Tax and Commissioner of State Tax and in case such an order has not been issued, the registered person can apply for refund before the Central or State Tax Authority.
- The jurisdictional proper officer shall maintain refund register for receipts, sanction of provisional refunds and sanction of final refunds, moreover, all communication with regard to various forms shall also be done manually.
- CEBC clarified that, payment of sanctioned refund amount in relation to Central Tax / IGST / Cess shall be made by the Central tax authority while payment of the sanctioned refund amount in relation to State / Union Tax would be made by State / Union territory tax authority, accordingly refund order issued either by Central or State / Union Territory tax authority should be communicated to the concerned counter-part tax authority within 3

November 20-December 4 days for the purpose of payment of relevant sanctioned refund amount.

**Comments:** The process of manual filing will help the export get the refund at the earliest

### **No GST on inter-state movement of rigs, tools and spares**

**Circular No. 21/21/2017-GST dated: November 22, 2017**

Govt. vide Circular No. 21/21/2017-GST clarified that inter state movement of rigs, tools and spares and all goods on wheels will not be treated as supply of goods or supply of service, except in case where movement of such goods is for further supply of same goods

**Comments:** This would be helpful to the industry. As there was confusion that such movement would be considered as supply as there would be separate GSTN number.

### **Taxability of custom milling of paddy clarified by Govt.**

**Circular No. 19/19/2017-GST dated: November 20, 2017**

Govt. clarified that milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce.

**Comments:** The IGST rules were notified to provide the place of supply and value on which SGST would be paid in case where the advertisement services were provided in two states. Further, government provided that milling of paddy into rice is not eligible for exemption under S.No 55 of Notification 12/2017-Central Tax (Rate) dated June 28, 2017. milling of paddy into rice on job work basis, is liable to GST at the rate of 5%, on the processing charges.

**Comment:** There was a general thinking that it is considered to be an agricultural service.

### **Govt. issues clarification on refund of un-utilized credit for fabric exporters**

**Circular No. 18/18/2017-GST dated: November 16, 2017**

Government vide Circular No. 18/18/2017-GST clarified that manufacturer of fabrics will be eligible for refund

of unutilized input tax credit in respect of fabrics manufactured and exported by him.

**Comments:** There is no barr on refund of unutilized credit for the exports in terms of Section 54 of the CGST Act..

### **Govt. clarifies on classification & GST rate on Terracotta idols**

**Circular No. 20/20/2017-GST dated: November 22, 2017**

Government clarified that terracotta idols will eligible for Nil rate of duty under S.No. 135A of Notification No. 2/2017 dated June 28, 2017.

**Comments-** This will help the small-scale traders.

November 20-December 4

## **Governmental clarifications & press releases**

### **Exporters advised to file table 6A of GSTR-1 and 3B for refund of ITC/IGST on imports**

Government advised exporters to fill Table 6A of GSTR-1 and GSTR 3B, before applying for the refund of IGST on inputs and unutilized input. The refund application will be processed through form RFD 01A on the GST portal.

**Comments:** The exporters shall fill the details in Table 6A and 3B carefully for swift processing of refund claim.

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