



ICSI - GST

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**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

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From the President

Dear Professional Colleagues

While looking back at the journey of GST so far, it is noted that in a very short span of 21 months, GST has made a significant impact on Indian Economy, Taxpayers, Compliance Mechanism, Way of Doing Business. In the revolutionary move to make Indian economy, as one of the most integrated and successful economies at the global fora, Indian government has been taking every possible steps for making the GST easy to implement, compliance friendly, simplified taxation mechanism, advanced e-governance.

Recently the Government has taken very welcome changes in GST by giving major relief to home buyers by reducing GST rates on under-construction housing projects to 5% from earlier 12% and to 1% for affordable housing from earlier 8%, threshold limit of registration for supplier of goods is increased to Rs. 40 lakhs and turnover limit for Composition Scheme is extended to Rs. 1.5 crore. Further, the benefit of Composition Scheme is extended to service providers also. New Return filing mechanism is introduced from April 1, 2019 on trial basis. All these initiatives will aid in making the new tax regime more effective and easily compliant.

The infinite benefits endorsed by GST will boost the economy by attracting foreign investments, promoting equitable growth in the long run. Efforts of professional are pre-requisite for achieving the effective implementation of GST. Professionals including Company Secretaries are playing a pivotal role in the same across the country and resolving the challenges of GST in the larger interest of the stakeholders and society as a whole.

Accordingly, to embolden the professionals to effectively contribute in the functioning of GST, the Institute is regularly bringing out GST Newsletter to apprise the professionals about facts and facets of GST as well as the updates taking place in GST regime. I am sure that the April issue of GST Newsletter would be a worthy foundation for describing the latest information on GST to professionals, academicians, students and public as a whole.

We look forward for your valuable feedback for further enriching the contents of GST Newsletter.

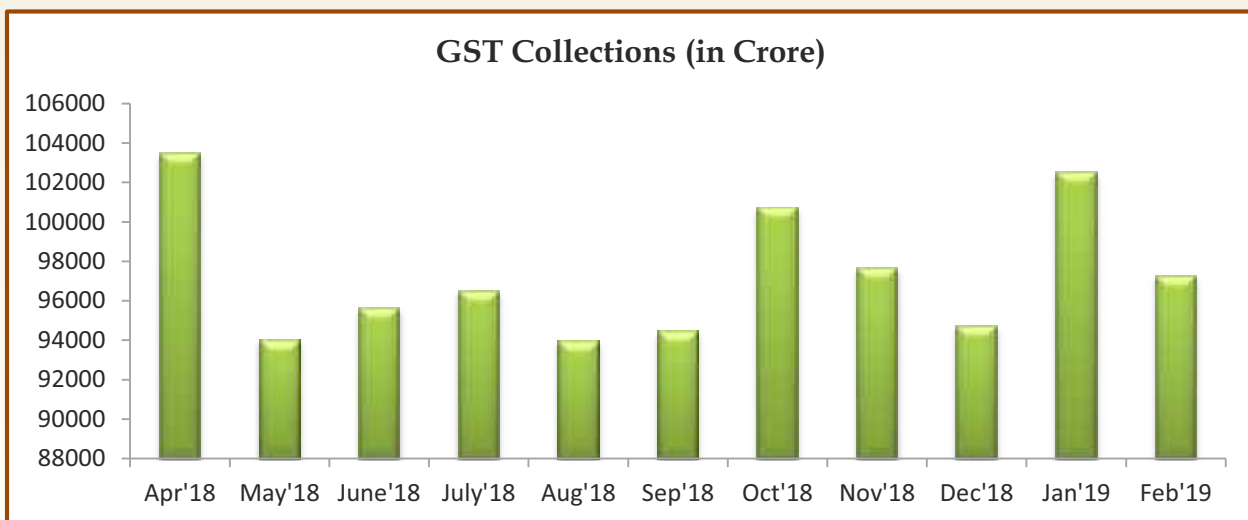
With best wishes
CS Ranjeet Pandey
President, ICSI

GST STATISTICAL UPDATES*

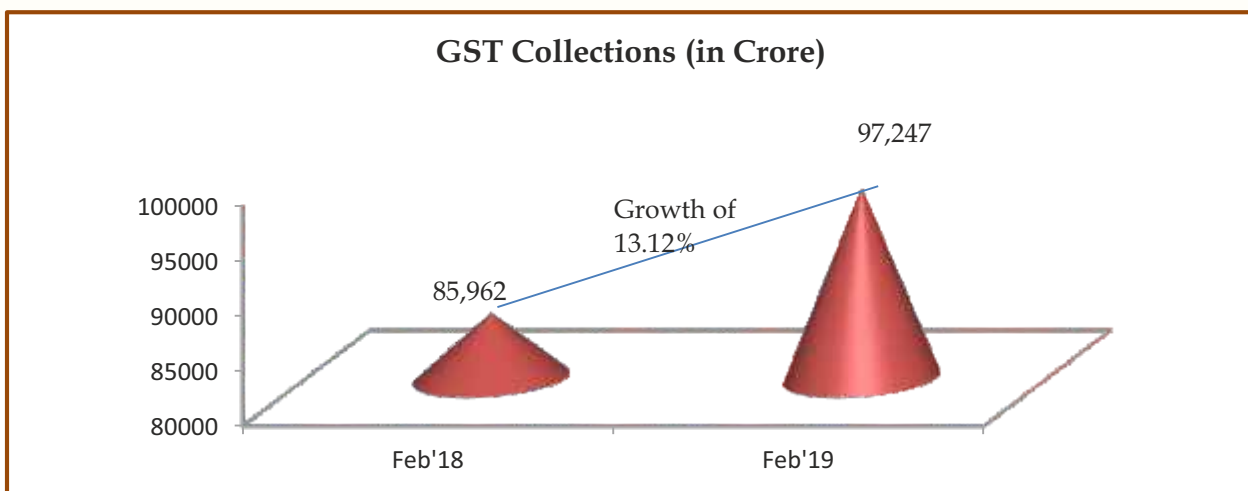
GST COLLECTIONS

The total gross GST revenue collected in the month of February, 2019 is **Rs 97,247 crore**.

The GST collection stood at Rs. 103,458 crore in April 2018, Rs. 94,016 crore in May 2018, Rs. 95,610 crore in June 2018, Rs. 96,483 crore in July 2018, Rs. 93,960 crore in August 2018, Rs. 94,442 crore in September 2018, Rs. 100,710 crore in October 2018, Rs. 97,637 crore in November 2018, Rs. 94,726 crore in December 2018 and Rs. 1,02,503 crore in January, 2019.



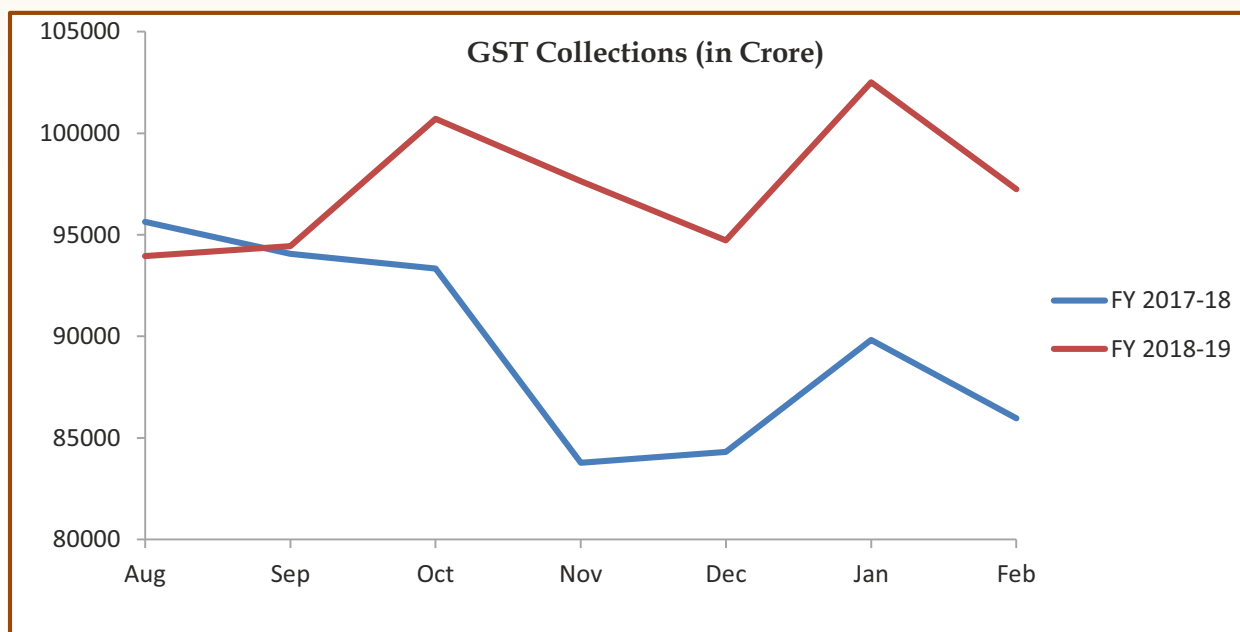
Revenue in February, 2018 was Rs. 85,962 crore and the revenue during February, 2019 is Rs. 97,247 crore, a growth of 13.12%, over the revenue in the same month last year.



*Compiled on the basis of information available at pib.nic.in

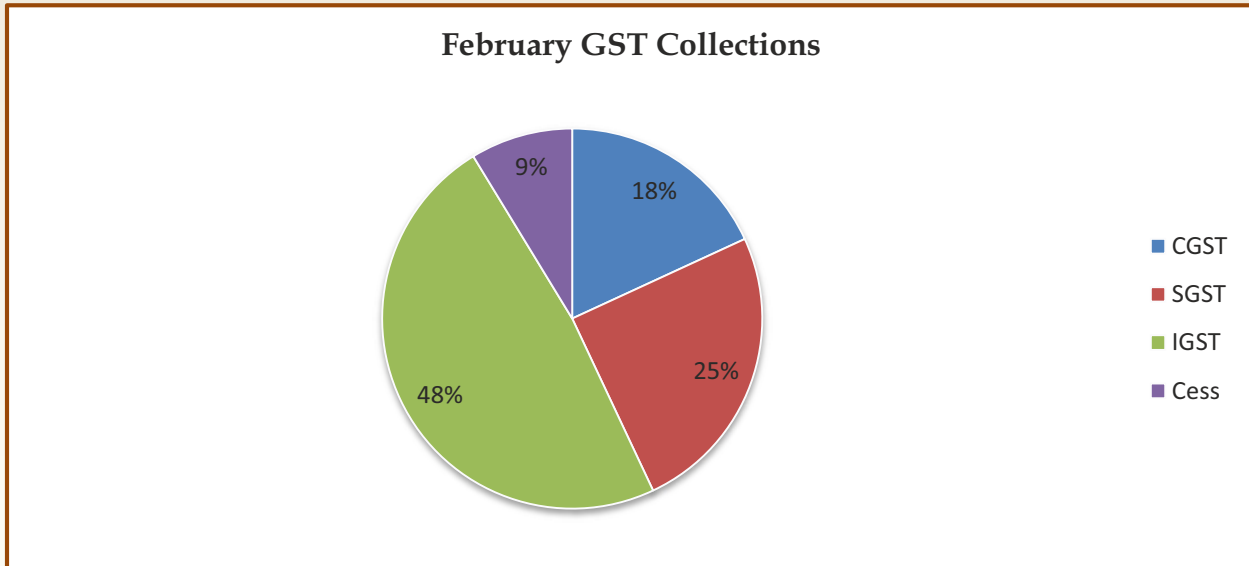
Below Table and Chart shows trends in revenue during the Financial Year 2018-19 as compared to the Financial Year 2017-18:

Month	FY 2017-18	FY 2018-19
	Amt. (in Crores)	Amt. (in Crores)
August	95,633	93,960
September	94,064	94,442
October	93,333	100,710
November	83,780	97,637
December	84,314	94,726
January	89,825	102,503
February	85,962	97,247



BREAK-UP OF GST COLLECTIONS

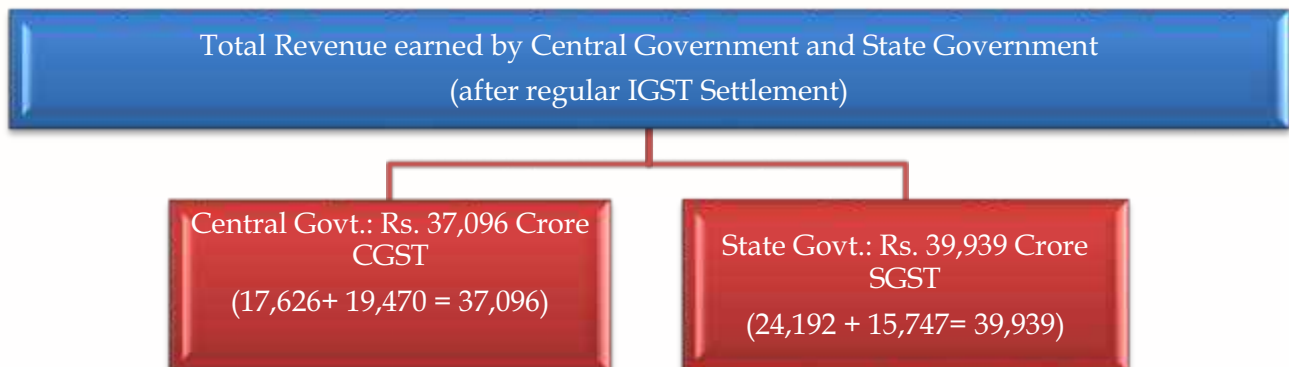
Of the Rs. 97,247 crore collected, **CGST** is Rs. 17,626 crore, **SGST** is Rs. 24,192 crore, **IGST** is Rs. 46,953 crore (including Rs. 21,384 crore collected on imports) and **Cess** is Rs. 8,476 crore (including Rs. 910 crore collected on imports).



IGST SETTLEMENT BETWEEN CENTRE AND STATES

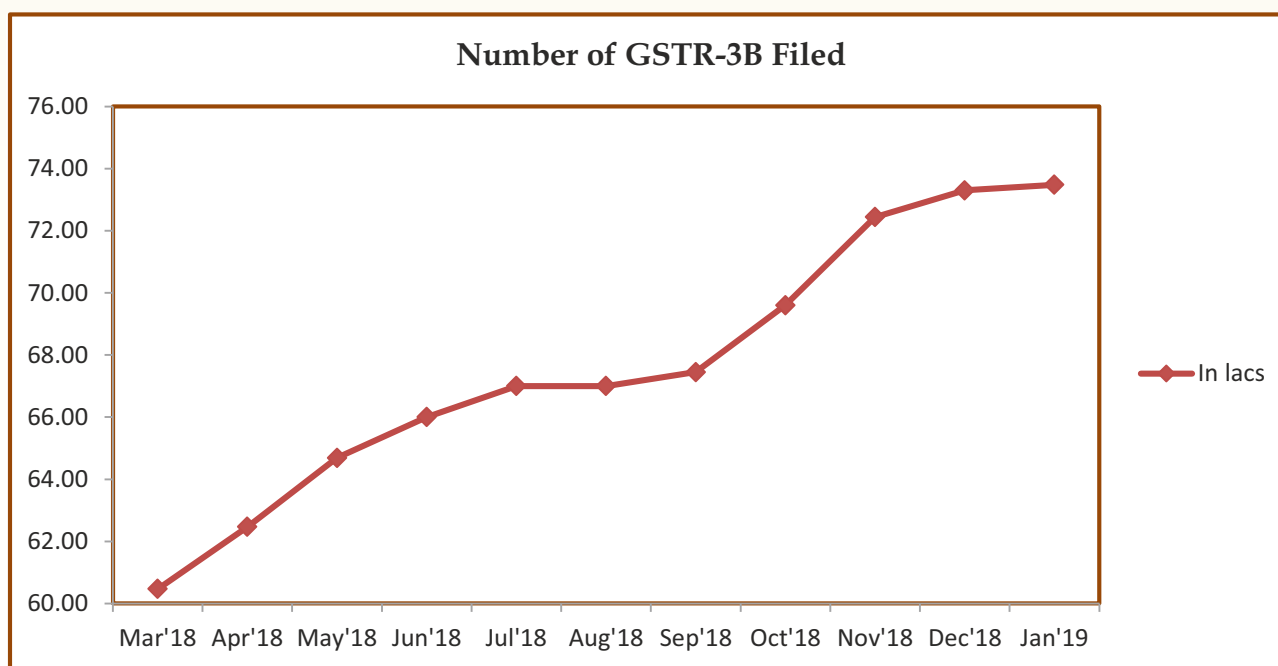
The Government has settled ₹ 19,470 crore to CGST and ₹ 15,747 crore to SGST from IGST as regular settlement.

The total revenue earned by Central Government and the State Governments after regular settlement in the month of February, 2019 is ₹ **37,096 crore** for CGST and ₹ **39,939 crore** for the SGST.



GSTR-3B FILED FROM APRIL' 2018 TO FEBRUARY' 2019

S. No.	For the Month	Upto	In lacs
1	March, 2018	30 th April, 2018	60.47
2	April, 2018	31 st May, 2018	62.47
3	May, 2018	30 th June, 2018	64.69
4	June, 2018	31 st July, 2018	66.00
5	July, 2018	31 st August, 2018	67.00
6	August, 2018	30 th September, 2018	67.00
7	September, 2018	31 st October, 2018	67.45
8	October, 2018	30 th November, 2018	69.60
9	November, 2018	31 st December, 2018	72.44
10	December, 2018	31 st January, 2019	73.30
11	January, 2019	28 th February, 2019	73.48



References: pib.nic.in

COMPLIANCE CALENDER–MARCH 2019

GSTR-1

Turnover exceeding Rs. 1.50 Crores or opted to file monthly Return

- April 11th, 2019
- April 30th, 2019 - For taxpayers having turnover upto Rs. 1.50 Crores and opted for Quarterly Return (Qtr. Jan'19 to Mar'19)

GSTR-3B

Monthly declaration return

- March 20th, 2019

GSTR-4

Return for a taxpayer registered under the composition levy

- For Quarter January to March 2019 - April 18th, 2019

GSTR-5

Return for a Non-Resident foreign taxable person

- April 20th, 2019

GSTR-6

Return for an Input Service Distributor

- April 13th, 2019

GSTR-7

Return for authorities deducting tax at source

- April 10th, 2019

GSTR-8

Details of supplies effected through e-commerce operator and the amount of tax collected

- April 10th, 2019

GSTR-9/9A

Annual Return for FY 2017-18

- June 30th, 2019

GST AMENDMENTS EFFECTIVE FROM APRIL 01, 2019



Notification No. 10/2019-Central Tax dated 7th March, 2019 (Higher exemption threshold limit for Supplier of Goods)

1. Threshold limit for registration for those engaged in exclusive supply of goods enhanced to Rs. 40 lacs **except**
 - Persons engaged in making intra-State supplies in the States of
 - 1) Arunachal Pradesh,
 - 2) Manipur,
 - 3) Meghalaya,
 - 4) Mizoram,
 - 5) Nagaland,
 - 6) Puducherry,
 - 7) Sikkim,
 - 8) Telangana,
 - 9) Tripura,
 - 10) Uttarakhand
 - Persons required to take compulsory registration under section 24
 - Suppliers of
 - ✓ Ice cream and other edible ice, whether or not containing cocoa;
 - ✓ Pan masala;
 - ✓ Tobacco and manufactured tobacco substitutes
 - Persons taking voluntary registration under section 25(3)

- 2 Threshold limit for registration for service providers would continue to be Rs 20 lakhs and in case of **special category States** Rs 10 lakhs.

ANALYSIS

In terms of Section 22 (Persons liable for registration) of the CGST Act, 2017 the expression "**special category States**" shall mean the States as specified in sub-clause (g) of clause (4) of Article 279A of the Constitution **except the States** of

- 1) Jammu and Kashmir,
- 2) Arunachal Pradesh,
- 3) Assam,
- 4) Himachal Pradesh,
- 5) Meghalaya,
- 6) Sikkim &
- 7) Uttarakhand.

Total 11 **special category states** are provided under sub-clause (g) of clause (4) of Article 279A of the Constitution which are as below:

- 1) Jammu and Kashmir,
- 2) Arunachal Pradesh,
- 3) Assam,
- 4) Himachal Pradesh,
- 5) Meghalaya,
- 6) Sikkim,
- 7) Uttarakhand,
- 8) Manipur,
- 9) Mizoram,
- 10) Nagaland, and
- 11) Tripura

Therefore, for the purpose of registration under GST laws only 4 States are **special category States** which are as below:

- 1) Manipur,
- 2) Mizoram,
- 3) Nagaland, and
- 4) Tripura

Threshold Limit for Registration for Suppliers of Goods

Rs. 10 Lacs	Rs. 20 Lacs	Rs. 40 Lacs
<ol style="list-style-type: none"> 1. Manipur 2. Mizoram 3. Nagaland 4. Tripura 	<ol style="list-style-type: none"> 1. Arunachal Pradesh 2. Meghalaya 3. Puducherry 4. Sikkim 5. Telangana 6. Uttarakhand 	<p style="text-align: center;">Remaining 21 States and 5 Union Territories.</p>

Notes:

1. For the purpose of GST, Delhi and Puducherry are considered as States. Therefore, there are total 31 States where SGST + CGST is levied and 5 Union Territories where UTGST + CGST is levied on intra-state supplies.
2. In case of inter-state supply of goods registration is mandatory u/s 24 of the CGST Act but the exemption is granted to person making inter-state taxable supplies of handicraft goods upto an aggregate turnover of Rs. 20 lacs (Rs. 10 lacs in case of Manipur, Mizoram, Nagaland & Tripura) as long as the person has a PAN and the goods move under the cover of an e-way bill, irrespective of the value of the consignment.

Threshold Limit for Registration for Suppliers of Services

Rs. 10 Lacs	Rs. 20 Lacs
<ol style="list-style-type: none"> 1. Manipur 2. Mizoram 3. Nagaland 4. Tripura 	<p style="text-align: center;">Remaining 27 States and 5 Union Territories.</p>

Notes:

1. Service suppliers are not eligible for exemption limit of Rs. 40 Lacs.
2. All service providers, whether supplying intra-state, inter-state or through e-commerce operator, will be exempt from obtaining GST registration, provided their aggregate turnover doesn't exceed Rs. 20 lacs (Rs. 10 lacs in case of Manipur, Mizoram, Nagaland & Tripura).
3. Mandatory registration is required for only those e-commerce operators who are required to collect tax at source.

Threshold Limit for Registration for Suppliers of Ice cream and other edible ice, whether or not containing cocoa; Pan masala; Tobacco and manufactured tobacco substitutes

Rs. 10 Lacs	Rs. 20 Lacs
1. Manipur 2. Mizoram 3. Nagaland 4. Tripura	Remaining 27 States and 5 Union Territories.

Notes:

1. These suppliers are also not eligible for exemption limit of Rs. 40 Lacs.
2. Registration is mandatory in case of inter-state supply of these goods.

**Notification No. 14/2019 – Central Tax dated 7th March, 2019
(Increase in Turnover Limit for the Existing Composition Scheme)**

1. **Threshold Limit for the composition scheme enhanced to Rs. 1.5 crore, for all States except**
 - 1) Arunachal Pradesh
 - 2) Manipur
 - 3) Meghalaya
 - 4) Mizoram
 - 5) Nagaland
 - 6) Sikkim
 - 7) Tripura
 - 8) Uttarakhand
2. **In the aforementioned 8 States threshold limit is Rs. 75 lacs.**
3. **Manufacturers of**
 - ✓ Ice cream and other edible ice, whether or not containing cocoa;
 - ✓ Pan masala;
 - ✓ Tobacco and manufactured tobacco substitutes are not eligible to opt for composition levy.

ANALYSIS

Threshold Limit for Registration under Composition Scheme (for Goods Suppliers and Restaurant Services)

Rs. 75 Lacs	Rs. 1.5 Crore
1. Arunachal Pradesh	Remaining 23 States and 5 Union Territories.
2. Manipur	
3. Meghalaya	
4. Mizoram	
5. Nagaland	
6. Sikkim	
7. Tripura	
8. Uttarakhand	

Notes:

1. Manufacturers and Traders can opt for composition scheme even if they supply services, provided that the value of such service ***should not exceed***

10% of turnover in the preceding financial year

OR

*Rs. 5 lac
whichever is higher.*

Rates for Composition Levy

S. No.	Particulars	Rate
1.	Manufacturers	1% (0.5% CGST + 0.5% SGST)
2.	Traders	1% (0.5% CGST + 0.5% SGST)
3.	Restaurants	5% (2.5% CGST + 2.5% SGST)

Notification No. 2/2019-Central Tax (Rate) dated 7th March, 2019
(Composition scheme for Services and Mixed Suppliers)

For already registered persons (*i.e. those registered in FY 2018-19*): A composition scheme is made available for suppliers of services (to those who are not eligible for the presently available Composition Scheme) with a tax rate of 6% (3% CGST + 3% SGST) having an annual turnover in preceding financial year upto Rs 50 lakhs.

For newly registered persons (*i.e. registering on or after 1st April, 2019*): First supplies of goods or services or both upto an aggregate turnover of Rs. 50 lakhs made on or after the 1st day of April in any financial year.

The expression “**first supplies of goods or services or both**” shall, for the purposes of determining eligibility of a person to pay tax under this notification, include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the said Act but for the purpose of determination of tax payable under this notification shall not include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the Act.

In computing **aggregate turnover** value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.

Conditions

1. Supplies are made by a registered person
 - i who is not engaged in making any inter-State outward supply
 - ii who is neither a casual taxable person nor a non-resident taxable person
 - iii who is not engaged in making any supply through an electronic commerce operator who is required to collect tax at source u/s 52
 - iv
 - who is not engaged in making supplies of Ice cream and other edible ice; whether or not containing cocoa;
 - pan masala;
 - tobacco and manufactured tobacco substitutes
2. The registered person shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any input tax credit (ITC).
3. The registered person shall issue, instead of tax invoice, a bill of supply as referred to in clause (c) of sub-section (3) of section 31 of the CGST Act with particulars as prescribed in rule 49 of CGST Rules.
4. The registered person shall mention the following words at the top of the bill of supply, namely: - 'taxable person paying tax in terms of notification No. 2/2019-Central Tax (Rate) dated 07.03.2019, not eligible to collect tax on supplies'.
5. The registered person opting to pay tax under this notification shall be liable to pay tax on all outward supplies specified notwithstanding any other notification issued under sub-section (1) of section 9 or under section 11 of said Act.
6. The registered person opting to pay tax under this notification shall be liable to pay tax on inward supplies on which he is liable to pay tax under sub-section (3) or, as the case may be, under sub-section (4) of section 9 of CGST Act at the applicable rates.

Conclusion: Before taking decision to take registration under any category various points and parameters need to be checked.



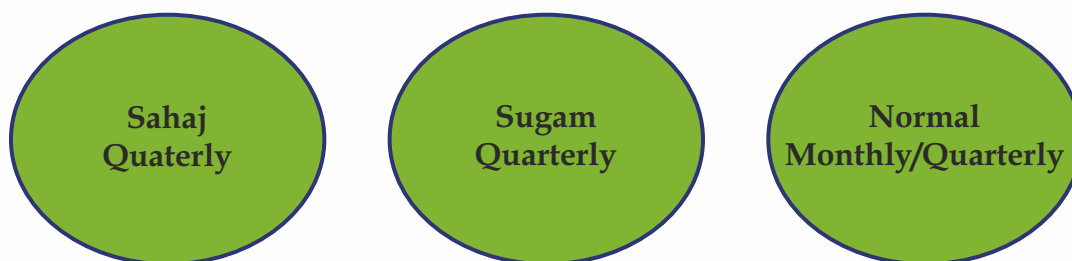
NEW AVTAR OF GST MONTHLY/QUARTERLY RETURN FILING SYSTEM: SAHAJ, SUGAM AND NORMAL GST MONTHLY/QUARTERLY RETURNS*

At the onset of GST, there was concept of filing GSTR-1, GSTR-2 and GSTR-3 but it worked only for one month and later it was decided by Council to file GSTR 1 and GSTR 3B, which is implemented till time. Fundamental Principle and procedure followed under the old concept of GSTR 1,2,3 cannot be ignored. There was need to revamp old scheme to establish ease of filing GST returns. To address this issue, 28th GST Council Meeting proposed the idea of Sahaj, Sugam and Normal (monthly and quarterly returns). Details of this proposed new scheme of Return filing is now available at GST Portal. Sahaj, Sugam and Normal are built on the fundamental concept of GST and will robust return filing system. Paradigm shift of real time uploading of invoices by Supplier in Form GST ANX 1 and automatic visibility of all purchases and available Input Tax credit in Form ANX 2 will create more transparency and mitigate tax evasion. In GST regime, most important document is invoice and new scheme starts from uploading invoices itself and most of the functions are auto populated thereby demystifying GST Return filing system.

“Withholding of payment of taxes is one of the quickest methods of overthrowing a government.” - Mahatma Gandhi

Well Stated by our Father of Nation, Mahatma Gandhi that withholding of payment of taxes is one of the quickest methods of overthrowing a Government and well understood by Government. Therefore under new scheme too, Payment of taxes is to be made on monthly bases by filing Form PMT-08 and this Payment of the self-assessed liabilities shall be made by 20th of the month succeeding the month to which the liability pertains.

Let's understand New Scheme:



**Contributed by Ms. Payal Kataria, FCS and Special Invitee, ICSI GST Core Advisory Group*

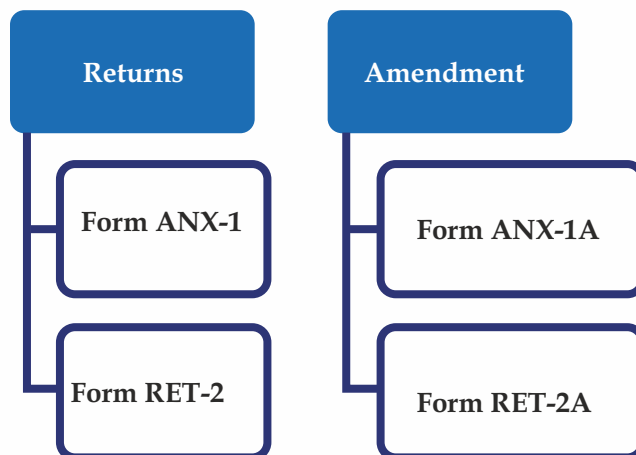
Sahaj Features:

- To opt Sahaj, Aggregate Turnover should be upto Rs 5 Cr.
- It is quarterly return
- Taxpayer can declare outward supply under B2C category and inward supplies attracting reverse charge only.
- Such taxpayers cannot make supplies through e-commerce operators on which tax is required to be collected under section 52.
- Such tax payers shall not take credit on missing invoices and shall not be allowed to make any other type of inward or outward supplies. Such taxpayers may make Nil rated, exempted or Non-GST supplies which need not be declared in the said return.

Relevant Forms under Sahaj Scheme:

Form ANX-1	<ul style="list-style-type: none">• Outward Supplies B2C• Inward Supplies Attracting RCM
Form ANX-2	<ul style="list-style-type: none">• Inward Supplies• Auto populated
Form RET-2 Sahaj	<ul style="list-style-type: none">• Quarterly Return• Max Auto populated
Form PMT-08 Monthly	<ul style="list-style-type: none">• Monthly payment of tax• To be paid on 20th of succeeding month to which the liability pertains

Amendment in Return is now possible. Below is relevant applicable amendment Forms.



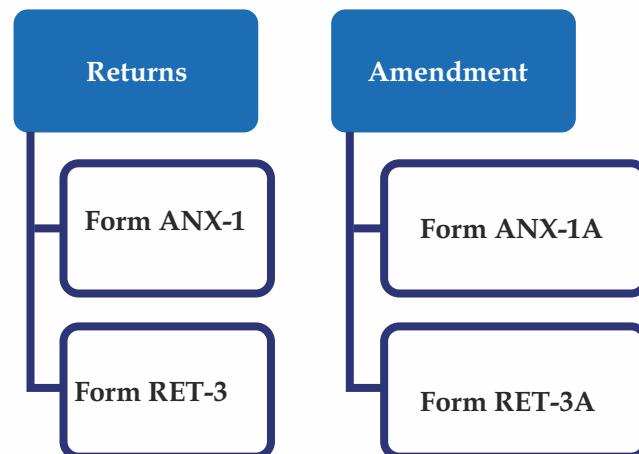
Sugam Features:

- To opt Sugam, Aggregate Turnover should be upto Rs 5 Cr.
- It is quarterly return.
- Taxpayer can declare outward supply under B2C and B2B category and inward supplies attracting reverse charge only.
- Such taxpayers cannot make supplies through e-commerce operators on which tax is required to be collected under section 52.
- Such tax payers shall not take credit on missing invoices and shall not be allowed to make any other type of inward or outward supplies.
- Such taxpayers may make Nil rated, exempted or Non-GST supplies which need not be declared in said return.

Relevant Forms under Sugam Scheme:

Form ANX-1	<ul style="list-style-type: none">• Outward Supplies B2C• Outward Supplies B2B• Inward Supplies Attracting RCM
Form ANX-2	<ul style="list-style-type: none">• Inward Supplies• Auto populated
Form RET-3 Sugam	<ul style="list-style-type: none">• Quarterly Return• Max Auto populated
Form PMT-08 Monthly	<ul style="list-style-type: none">• Monthly payment of tax• To be paid on 20th of succeeding month to which the liability pertains

Amendment in Return is now possible. Below is relevant applicable amendment Forms.



Sahaj and Sugam Key Points

- Interest and late fee to the extent of late filing of return, making late payment of taxes, uploading preceding tax periods' invoices shall be computed by the system. Other interest due to reversals etc. shall be entered by the taxpayer on self-assessment basis.
- Payment of tax on account of supplies attracting reverse charge, interest, late fee, penalty and others shall be made in cash only.
- Details of documents uploaded by the supplier will be shown to the concerned recipient also on near real time basis

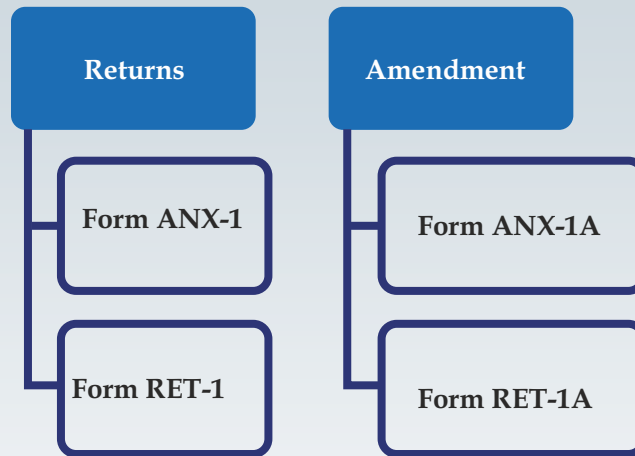
Normal(Monthly/Quarterly) Features:

- Taxpayers opting to file monthly return or Quarterly (Normal) return shall be able to declare all types of outward supplies, inward supplies and take credit on missing invoices
- All suppliers with annual aggregate turnover of more than Rs. 5 crore and that in relation to exports, imports and SEZ supplies will upload HSN level data. HSN code shall be reported at least at six digit level for goods and at least at six digit level for services. Other taxpayers (turnover upto Rs. 5 crore) shall have an optional facility to report HSN code in the relevant table or leave it blank
- Place of supply shall have to be reported mandatorily for all supplies.

Relevant Forms under Normal(Monthly/Quarterly) Scheme

Form ANX-1	<ul style="list-style-type: none">• All type of Supplies
Form ANX-2	<ul style="list-style-type: none">• Inward Supplies• Auto populated
Form RET-1 Normal	<ul style="list-style-type: none">• Monthly or Quarterly Return• Max Auto populated
Form PMT-08 Monthly	<ul style="list-style-type: none">• Monthly payment of tax• To be paid on 20th of succeeding month to which the liability pertains

Amendment in Return is now possible. Below is relevant applicable amendment Forms.



Procedure to file NIL return:

Just send SMS, so easy to file Nil Return



Conclusion: This new Scheme of return filing will be implemented first on pilot bases and once accepted and tested successfully, will become new Avtar of GST Return filing system. Hope for the Best!



GST News*

1. High-Value Cars, Jewellery to be cheaper as Tax Collected at Source (TCS) to be excluded in computing GST

- In a relief to buyers of high value cars and jewellery, the CBIC said the TCS amount would be excluded from the value of goods for computing GST liability.
- Under the Income Tax Act, TCS is levied at 1% on purchase of motor vehicles above Rs 10 lakh, jewellery exceeding Rs 5 lakh and bullion over Rs 2 lakh. The TCS is also levied on other purchases at different rates.
- In view of the representations received from various stakeholders and after consultation with the CBDT, the CBIC has decided to exclude the TCS amount paid while valuing the goods for the purpose to levy GST.
- The CBDT has clarified that tax collected at source is not a tax on goods but an interim levy on the possible “income” arising from the sale of goods by the buyer and to be adjusted against the final income-tax liability.
- For the purpose of determination of value of supply under GST, tax collected at source under the provisions of the Income Tax Act, 1961 would not be included as it is an interim levy not having the character of tax – **CBIC Circular**
- In December, the CBIC had said the tax collected at source amount would also be included while ascertaining the GST liability on goods on which TCS is applicable under the Income Tax Act.

<https://www.bloomberqqint.com/gst/high-value-cars-jewellery-to-be-cheaper-as-tax-collected-at-source-to-be-excluded-in-computing-gst>

2. New GST return forms released; compliance process simplified from April

- The GSTN released the revised return forms which businesses would need to comply with from this year. The new forms would be operated on a pilot basis from April 1, 2019, and would be mandated across the country from July, according to the decisions of the GST Council.
- The new and revised return format would obviate the need to furnish returns under the family of GSTR-1, GSTR-2 and GSTR-3, but the annual return GSTR-9 might continue, experts said.

*GST News for the month of March' 2019

- The GST Council had suspended GSTR-2, a purchase return, and GSTR-3, input-output return, because of the complex form structure. On the other hand, GSTR-1, a sale return, and GSTR-3B, summary input-output return, remain. The new forms are uploaded following an exercise to simplify the returns under GST.
- The new return formats – named “normal”, “sahaj” and “sugam” – would make the compliance process simpler for the smallest of businesses wherein taxpayers up to a turnover of Rs 5 crore would have an option to file any of the three forms.
- For the revenue department, the new format would help in matching the invoices of the seller and the purchaser, and would help the department check evasion to a great extent. But at the same time, it is likely to increase clerical and administrative work for businesses.
- The HSN-wise details need to be provided at the invoice level rather than the summary level. In addition, while details at 4-digit HSN codes are required in the current format, the new format would need those details at the 6-digit HSN level.

https://www.business-standard.com/article/economy-policy/new-gst-return-forms-released-compliance-process-simplified-from-april-1-119030900083_1.html

3. April 1 date set for availing increased GST Exemption Limit, Composition Scheme

- The government notified April 1 as the date for the implementation of doubling of the GST exemption limit to Rs 40 lakh, which will benefit small and medium enterprises.
- Besides, the effective date for availing higher turnover cap of Rs 1.5 crore for availing composition scheme by traders has also been fixed as April 1.
- Also, service providers and suppliers of both goods and services with a turnover of up to Rs 50 lakh would be eligible to opt for the GST composition scheme and pay a tax of 6 percent from the beginning of next fiscal.
- These decisions were taken by the GST Council, chaired by Finance Minister Arun Jaitley and comprising his state counterparts, on Jan. 10. These decisions would come into effect from April 1, a Finance Ministry statement said.
- “There would be two thresholds for exemption from registration and payment of GST for the suppliers of goods i.e. Rs 40 lakh and Rs 20 lakh. States would have an option to decide about one of the limits. The threshold for registration for service providers would continue to be Rs 20 lakh and in case of special category states Rs 10 lakh,” it said.
- Also the GST Composition Scheme, under which small traders and businesses pay a 1 percent tax based on turnover, can be availed by businesses with a turnover of Rs 1.5 crore, against the earlier Rs 1 crore, with effect from April 1.

<https://www.bloomberquint.com/gst/april-1-date-set-for-availing-increased-gst-exemption-limit-composition-scheme#gs.0ww6ze>

4. Cloudtail India fined Rs 11 lakh by GST Anti-Profiteering Authority

- The National Anti-profiteering Authority (NAA) has imposed a fine of Rs 1,079,000 on Cloudtail India, a joint venture between Amazon.com and N R Narayana Murthy's family office Catamaran Ventures, for alleged profiteering. The case relates to the sale of printing cartridges after the goods and services tax (GST) was cut from 28 per cent to 18 per cent. An 18 per cent interest was also imposed on the fine.
- The complaint against Cloudtail was that it increased the base price after the GST was cut with effect from November 1, 2017. According to the complainant, there was no reduction in price post-GST rate cut.
- Cloudtail had contended that complaint against it cannot be raised as it was only a retailer, while the brand owner – HP India – controlled maximum retail price and the former had no say on it.
- However, NAA rejected the plea, pointing out that the relevant invoice was issued by Cloudtail on an e-commerce platform. It was held that the e-commerce retailer was obliged to pass on benefit of rate reduction.
- NAA gave this observation while imposing a fine on a Hindustan Unilever distributor and also on a Flipkart case.
- The authority's order basically upheld the ruling given by the Directorate General of Anti-profiteering (DGAP).

https://www.business-standard.com/article/economy-policy/cloudtail-india-fined-rs-11-lakh-by-gst-anti-profiteering-authority-119030900081_1.html

5. Automobile dealers say new GST changes put 'burden', seek rollback

- Seeking a rollback of the amendments in the GST Act, the automobile dealers body Federation of Automobile Dealers Associations (FADA) has said the changes will have a major impact on their already poor cash flows on the back of slowing sales.
- The federation feels that the insertion of a new section 49A of the GST Act puts an "unwarranted burden" on their working capital requirements, as they are already hit by slowing sales which began from last September.
- Under the changes, effective January, IGST credit has to be first utilised and when such credit is exhausted only then the credit of CGST and SGST if any, would be utilised against output tax liability, FADA said.
- "The federation earnestly appeals to the prime minister, finance minister and the GST Council to urgently re-look at this amendment," FADA said as these changes will have a

serious impact on their sustainability.

- The automobile retail trade industry is around Rs 5 lakh crore with around 25,000 dealers.
- "The inclusion of a new section 49A in section 49 of GST Act will impact on the method of tax payment and thus will have major impact on the cash flow of auto retail industry," it said.
- According to the federation, majority of auto dealers purchase vehicles from original equipment makers on IGST and sell it to the end-customers on SGST which they will not be able to set off by utilizing the existing credits as under the new law, IGST has to be used first for setting off IGST followed by CGST and the remaining for SGST.
- This will create additional working capital requirements to the tune of Rs 1 crore for four-wheeler dealers and Rs 50 lakh for two-wheelers dealers on a monthly basis, the federation said.
- The federation said their members are also facing blocked input tax credit, available in books of account forcing them to have additional working capital. There are also issues additional cost of working capital in the form of interest and reduced profitability, FADA said.

https://www.business-standard.com/article/economy-policy/automobile-dealers-say-new-gst-changes-put-burden-see-rollback-119030700663_1.html

6. Court refuses bail to those accused of circular trading to evade GST

- A local court in Maharashtra has refused bail to persons accused of evading goods and services tax (GST) by circular trading and claiming input tax credits, and has ordered judicial custody. The accused plan to approach the Bombay High Court with a habeas corpus petition.
- The state GST authorities have alleged that invoices have been raised in transactions among multiple companies without actual supply of goods. This is done to increase the turnover and avail bigger loans from banks, besides using input tax credit, and is called circular trading. They also alleged that the persons are not eligible for the bail application.
- The companies, however, have asserted that entire tax liability on the output has been paid, and have decided to approach high court.
- The government has detected evasion of nearly Rs 4,000 crore on account of claiming input tax credit against fake invoices. But the evasion detected by under-invoicing is about ten times bigger than this, official government data show.
- There have been numerous cases of attempted evasion across the country, state officials told Business Standard. In one such case which was detected by Karnataka GST authorities, a 13-truck consignment of tiles from Gujarat to Karnataka was found to be between two bogus companies. They had raised fake invoices for the supply of goods.

- In such a case, the supply chain typically ends there, the receiver does not pay tax and sells the products without bills in cash. Lawyers dealing with such cases, however, said that not all cases amount to tax evasion.
- Abhishek A Rastogi, partner at Khaitan & Co, who is arguing these matters for the accused and plans to file writ of habeas corpus, said this particular case does make the person in custody eligible for bail.
- “The fundamental principle that bail is a rule and jail is an exception has been ignored in few cases. The pertinent point which will be before the courts will be to examine the illegal detention or order of judicial custody on various different parameters,” he said.
- “There are conditions prescribed in law such as monetary limits and these should be followed in all cases before the arrest warrant is issued. Another moot point that arises is can an arrest be warranted when the accused has fully cooperated in all investigation process,” Rastogi added.
- Tax experts said that unless invoice matching of the purchaser and seller becomes an integral part of the GST system, it would be very difficult to detect frauds. Currently, such cases can still be detected but only after a detailed investigation and in that, it is very hard for GST authorities to narrow down to the invoices where wrong doing has happened.
- “Circular trading has been a widespread phenomenon in the indirect tax regime, then and now. Hopefully in the new compliance framework that will be rolled out this year would enable the authorities to crack down on this more effectively,” said Pratik Jain, partner, indirect tax at PwC India.

https://www.business-standard.com/article/economy-policy/court-refuses-bail-to-those-accused-of-circular-trading-to-evade-gst-119030800006_1.html

7. Punjab allows industrial units to choose between Net GST, incentivised SGST

- Punjab Cabinet approved an amendment to the Punjab Goods & Services Tax Act 2017 to enable industrial units choose between Net GST incentives and incentivised SGST on intra-state sale.
- The Cabinet meeting was chaired by Chief Minister Captain Amarinder Singh, as per an official release.
- With the new move, units which have filed their common application form on the 'Invest Punjab' business portal between October 17, 2017 and October 17, 2018 will be allowed to have one-time option to opt either for Net GST incentives or incentivised SGST on intra-state sale, it said.
- Such units shall be allowed to exercise this option within 90 days from the date of the

notification.

- The incentivised State Goods and Services Tax (SGST) to be considered for reimbursement would mean that the eligible unit will be entitled to get reimbursement of SGST amount paid through cash ledger against the output liability of SGST on sale of eligible products.
- The eligible unit shall first have to utilise all the eligible Input Tax Credit available in its credit ledger maintained on the common portal, including eligible ITC of Integrated GST as provided under section 49 of the Act as may be amended from time to time, before adjusting the SGST amount through cash ledger.

https://www.business-standard.com/article/pti-stories/industry-allowed-to-choose-between-net-gst-incentivised-sgst-in-punjab-119030600794_1.html

8. GST Appellate Body clears air on tax credit for Sweet Shop vs. Restaurant

- An owner of a restaurant and sweet shop who runs both set-ups from the same premises will be eligible for input tax credit (ITC) for his sweet shop under the GST regime, as long as the accounts of the two businesses are maintained separately, at least in Uttarakhand.
- The appellate authority for advance ruling (AAAR) of the state set aside AAR ruling in this matter.
- Explaining the case, Harpreet Singh, Partner, Indirect tax, KPMG, said AAR had ruled that the sweet shop will be regarded as extension of restaurant. As such, GST at the rate of five per cent would be imposed on the condition that input tax charged on goods and services used has not been set off. This would be applicable to all items, including takeaways, sold from the sweet shop.
- Restaurants draw five per cent GST, but ITC is not given.
- The shop owner appealed to AAAR against the order, contending that items sold from the sweet shop and restaurant cannot be taken as composite supply.
- AAAR set aside AAR order. It ruled that items sold from the sweet shop would draw applicable GST rates and ITC would be given. On the other hand, items sold at the restaurant would draw five per cent GST without ITC.
- This, however, is subject to the provision that the owner of the two businesses maintains separate records for each with respect to input and output and billings, along with other accounting records, AAAR ruled.
- The ruling may have repercussions for many other different scenarios, such as an outlet selling eatables in a mall.
- Singh said there is a thin line of difference between restaurants and food takeaway joints, kiosks or tuck shops and hence there is ambiguity surrounding classification under GST. The classification becomes blurred as supplying snacks such as chat, dhokla and lassi from

shops or kiosks also involves some amount of service, he said.

- "This ruling is likely to provide much needed clarity on the classification principle to be adopted in all such cases," he said.

https://www.business-standard.com/article/economy-policy/gst-appellate-body-clears-air-on-tax-credit-for-sweet-shop-vs-restaurant-119031500443_1.html

9. Companies can raise product weight in lieu of price cut to pass on GST benefit

- Increasing the grammage of various products instead of an outright price cut post a reduction in GST rates won't result in flouting the anti-profiteering clause under the GST norms. However, the benefits have to pass onto the consumers at the SKU level.
- According to B N Sharma, chairman of the National Anti-Profiteering Authority (NAA), who was talking to various members of the Merchants' Chamber of Commerce and Industry at an interactive session in Kolkata, although the law mandates that companies have to cut prices on goods if the GST is lowered for those products, in "spirit of the legislative intent", it is also acceptable to the NAA if companies resort to increase the volume of the product.
- "However, the grammage increase has to be proportionate to the benefit arising of the tax rate cut; there should be time element in it – for example, GST rate is reduced in January and the company increases its grammage in April – that is not acceptable; and it should not be clubbed with any ongoing business promotions," Sharma said.
- Besides, Sharma said that companies cannot claim to have passed the benefits of GST to consumers by reducing prices of some products while the prices of the other products from the same company remain at pre-revision levels.
- "The benefits should be extended to all the products and not just to some products", he said.
- Even companies which are incurring losses have to comply with these norms and pass the benefits of GST rate cuts to the consumer.
- Moreover, the benefit has to be passed onto the consumers at the SKU level rather than a few limited product pack sizes.
- SKU or stock keeping unit refers to individual packages which can be same or different products. For example, a shampoo sachet of a particular brand and a 100 ml bottle of the same product from the same brand are two SKUs.
- However, he clarified that NAA is not a price regulator and companies are at will to increase prices post any reduction in GST rates but it should be justified.
- While responding to a query, Sharma said that any price increase which occurs just immediately after a rate reduction would "attract trouble".
- "There can be rise in inputs costs and other factors which may require revision of price but it

can't be that your input prices go up on the very midnight when GST rates are slashed", he said.

- He suggested that the benefits occurring on account of lowering of GST rates should be practiced right from the supplying and manufacturing stage.
- Several companies from the FMCG, pharmaceuticals and other sectors are under the NAPA scanner on account of alleged tax evasion or non-compliance to the anti-profiteering clause in GST.

https://www.business-standard.com/article/economy-policy/cos-can-raise-product-weight-in-lieu-of-price-cut-to-pass-on-gst-benefit-119031500694_1.html

10. GST Officials detect tax fraud of Rs 224 Crore by Eight Companies

- Officials of the Central Goods and Services Tax have unearthed an alleged tax fraud of Rs 224 crore and detected fake invoices worth Rs 1,289 crore by a group of eight companies involved in the trade of iron and steel products.
- A key suspect involved in the racket has been arrested and Rs 19.75 crore was recovered from him, a press release from the Hyderabad Central GST Commissionerate said.
- Several documents were recovered during the simultaneous searches conducted at the residential and business premises of these companies.
- The companies have been generating fake invoices without actual supply of TMT bars, MS bars, MS flat products among others, and were passing on the input tax credit to other tax payers within the same group, besides some other taxpayers since July, 2017, it said.
- The fake invoices generated by them involved about Rs 1,289 crore of value and input tax credit of about Rs 224 crore.
- "Five out of these taxpayers are operating from the same address and many of the Directors/Partners/Proprietors of these firms/companies are common," the release said.
- These companies were also found to be indulging in circular fake trading to inflate their turnover, besides supplying such fake invoices and e-way bills to some others, the GST officials said. "Investigation also, prima facie, reveals that the above modus operandi is also being adopted to defraud the banks for claiming ineligible credit facilities or Letters of Credit, without any collateral securities," it added.

<https://www.bloomberquint.com/law-and-policy/gst-officials-detect-tax-fraud-of-rs-224-cr-by-8-companies>

11. Cannot take coercive action in circular trading cases: Bombay HC

- The Bombay High Court ruled that no coercive action will be taken against a person charged with issuing fake invoices and circular trading, pending final order.
- The ad interim order came amid many cases of arrests over the allegations of circular trading,

which experts said could instil fear among the business community.

- The petitioner, whose business is in dealing with MS ingots, had filed a plea in court for personal liberty enshrined in the constitution.
- Abhishek Rastogi, counsel for the petitioner, contended that the GST officials are not following procedures while dealing with those charged with fake invoices and circular trading.
- He had argued that he procured metallic scrap from vendors for manufacturing products and that all transactions were genuine and there was no case of circular trading or fake invoice. Only a particular variety of scrap is used in the process. In case scrap does not meet the requirement, it is sold with the by-product that arises from the smelting process, technically known as Runner Riser.
- Besides ordering against coercion, the court ruled that a lawyer be allowed to accompany the person during questioning by GST authorities. Authorities were asked to video record the proceedings.
- It also directed authorities to follow procedures such as filing of first information report, while arresting the person.
- There are cases of arrests in cases of circular trading, which experts said lack procedures required to be followed.
- “There have been cases when the proceedings initiated by the authorities lack procedural irregularities and there is a clear threat of the offence falling within the category of non-bailable and cognizable offence,” he said.
- Circular trading refers to issuing of invoices in transactions among multiple companies without actual supply of goods. This is done to use input tax credit in the GST regime.

https://www.business-standard.com/article/economy-policy/cannot-take-coercive-action-in-circular-trading-cases-bombay-hc-119032100022_1.html

12. GST Council meet: Realtors get two options to tax under construction house

- Real estate developers with unsold housing inventories can now choose either the old rate or the new one if the project is still under construction on March 31. This option was given on March 19 at the Goods and Services Tax Council meeting.
- The decision also cleared the air on possible loss in input-tax credit for projects that are underway if realtors choose the new rate structure. The Council approved a formula, based on four parameters, which will determine the extent to which tax credit can be claimed on purchases for constructions.

- The Council also decided to term a project with up to 15 per cent commercial space as a residential property for the purpose of the new rate structure.
- “Developers will get about 15 days to a month to decide on the option, but the exact time would be decided over the next few days in consultation with states. This is precisely to solve the problem of unsold inventory. Realtors can now weigh the option that benefits the market the most,” said Revenue Secretary Ajay Bhushan Pandey.
- The four factors would be: Extent of completion of the project, extent of booking of apartments by buyers in the project, extent of invoicing of purchases for that project, and the proportion of residential space in the project.
- Using the formula, input-tax credit would be reversed or be usable on a proportionate basis, said Pandey.
- If the input-tax credit derived from the formula exceeds what is claimed till March 31, the developer would be eligible to claim the difference. If the derived value is less, the developer would need to reverse a part of the credit.
- No amount of the input-tax credit will lapse if this formula is used, officials said. Experts welcomed the decision, albeit with a rider of uncertainty about cost escalation.
- M S Mani, partner at Deloitte, said: “The pragmatic move to segregate under construction projects from new projects would provide relief to builders who were worried about the loss of input tax credit.” “Providing such option would be beneficial for those developers who had already factored the entire input credits of the project while arriving at the sale price and in many cases these benefits may already have been passed on to customers,” said Pratik Jain, partner, indirect tax, PwC India. Developers would need to do the required math to arrive at the right decision on the option. Many of them welcomed the decision.
- “This is a developer-centric decision, which will help the real estate market. Realtors are likely to retain the old rate structure for projects nearing completion, while opt the new one for projects just begun,” said Parth Mehta of Mumbai-based Paradigm Realty.
- For projects that begin work after April 1, the new rate structure would apply without any relaxation, with a mandate to purchase at least 80 per cent of inputs from registered dealers.

https://www.business-standard.com/article/economy-policy/gst-council-meet-realtors-get-two-options-to-tax-under-construction-houses-119031901107_1.html



GST QUIZ

1	Enhanced limit of Rs. 1.5 crore for Composition Scheme shall come into force on_____.	<ul style="list-style-type: none"> A. 15th April, 2019 B. 1st April, 2019 C. 1st July, 2019 D. 1st May, 2019
2	Registration exemption for turnover upto Rs. 40 lakhs for sale of goods is not applicable in the state of _____.	<ul style="list-style-type: none"> A. Arunachal Pradesh B. Sikkim C. Telangana D. All of the above
3	GST Council in its 33 rd Meeting reduced the GST Rates on Affordable Houses and Non-affordable Houses to _____ & _____ respectively.	<ul style="list-style-type: none"> A. 1% & 5% B. 3% & 5% C. 2.5% & 5% D. 5% & 12%
4	Return for an Input Service Distributor (ISD) is filed in Form _____.	<ul style="list-style-type: none"> A. GSTR-5 B. GSTR-6 C. GSTR-7 D. GSTR-8
5	Due date of filing Annual Return (Form GSTR-9) for FY 2017-18 is _____.	<ul style="list-style-type: none"> A. March 31, 2019 B. April 30, 2019, C. June 30, 2019 D. July 31, 2019

Answer: Q1- B, Q2- D, Q3- A, Q4- B, Q5- C



Motto

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इष्टकारं कुरु तृप्तये । कर्तव्यं कुरु तत्रैव ॥ ”

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