22.1.2018

G.S.T

Weekly Updates

(16.01.2018 - 22.01.2018)

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One CGST Notification,
Three PRESS Releases
issued during the week.

NOTIFICATIONS

1.Notification 02/2018-Central Tax dated 20.01.2018

- Due date for filing **GSTR-3B** for the month of **December,2017** has been **extended** by two dates to **22nd of January,2018**.

PRESS RELEASES

1. Decisions relating to Services in the 25th meeting of GST Council held at New Delhi on 18.01.2018

2. Recommendations made during the 25th meeting of the GST Council held in New Delhi on 18th January, 2018-Policy Changes

3. Recommendations for changes in gst/igst rate and Clarifications in respect of gst rate on certain goods [as per discussions in the 25thgst council meeting held on 18thjanuary, 2018]

The above **THREE PRESS RELEASES** has been **summarised** as follows:

- The all-powerful GST Council meeting headed by the Hon'ble Finance Minister, **Mr. Arun Jaitley** held for the **25th time** with an agenda to **review the rates** on basis of representation made by the Industries & Traders, take up issues pertaining to **simplification of returns filing** under GST & take corrective measures to restore falling revenue collection in GST.

- With the conclusion of the 25th GST Council meet on January 18, 2018, the gist of the key takeaways from the meeting are as under:

Policy Changes:

- Late fee payable by any registered person for failure to furnish following returns has been **reduced** to Rs. **50/- per day** [and Rs. **20/- per day in case of Nil return**] from Rs. 200/- per day:
  - (a) Form **GSTR-1** (Containing outward supply details)
  - (b) Form **GSTR-5** (to be filed by Non-resident taxable person)
  - (c) Form **GSTR-5A**(to be filed by provider of OIDAR services from a place outside India to an unregistered person in India)

- The late fee payable for failure to furnish Form **GSTR-6** (to be filed by Input Service Distributor) shall be **Rs. 50 per day.**

- **Cancellation** of **voluntary registration** will be permitted now even **before expiry of 1 year** from the effective date of registration.

- **Last date** of **cancellation** of registration by **migrated taxpayers** in Form GST REG-29 has been extended by further 3 months till **March 31, 2018.**

- The facility for generation, modification and cancellation of e-way bills is being provided on trial basis on the portal ewaybill.nic.in. Fully operational e-way bill system will start functioning on the portal **ewaybillgst.gov.in**.Certain modifications are being made to the e-waybill rules which are to be notifiednationwide for **inter-state** movement with effect from **February 01, 2018** and for **intrastate** movement of goods, date shall be announced by each state separately but **not later than June 01, 2018**.

- The report and recommendations submitted by the Committee on **Handicrafts** were also accepted by the GST Council.

Recommendation for GST Rate changes on SERVICES:

1.Healthcare

Clarification has been made w.r.t. supplies made by hospitals, as under:

- Services provided by senior doctors/consultants/technicians hired by the hospitals,whether employees or not, are healthcare services which is **exempt.**

- The **entire amount** charged by hospital **from the patients** including the retention money and the fee/payments made to the doctors etc., towards the healthcare services provided by the hospitals to the patients are **exempt** from leviability of GST.

- **Food supplied to the in-patients** as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable. Other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable.

2.Educational Institutions

Clarification has been made w.r.t. supplies made to or by Educational Institutions, as under:

- To exempt services relating to admission to, or conduct of examination provided to all educational institutions, as defined in Notification No. 12/2017-Central Tax (Rate) dated June 28, 2017

- To exempt services provided by educational institution by way of conduct of entrance examination against consideration in the form of entrance fee.

- To exempt subscription of online educational journals/periodicals by educational institutions who provide degree recognized by any law from GST.

- To exempt the service provided by way of renting of transport vehicles provided to a person providing services of transportation of students, faculty and staff to an educational institution providing education upto higher secondary or equivalent.

3.Leasing and Renting of movable/immovable property

- To tax renting of immovable property by government or local authority to a registered person under reverse Charge while renting of immovable property by government or local authority to an un-registered person shall continue to be taxed under forward charge

- To clarify that leasing or rental service, with or without operator, of goods, attracts same GST as supply of like goods involving transfer of title in the said goods. Therefore, the GST rate for the rental services of self-Propelled Access Equipment (Boom. Scissors/Tele-handlers) is 28%.

4.Tour operator service

- To allow ITC of input services in the same line of business at the GST rate of 5% in case of tour operator service

5. Services provided to Government

- To amend entry 3 of Notification No. 12/2017-Central Tax (Rate) dated June 28, 2017, so as to exempt pure services provided to Govt. entity. (in relation to functionentrusted to Panchayat or Municipality)
- To expand pure services exemption under S. No. 3 of Notification No. 12/2017-Central Tax (Rate) dated June 28, 2017, so as to include composite supply involving predominantly supply of services i.e. upto 25% of supply of goods.

- To exempt legal services provided to Government, Local Authority, Governmental Authority and Government Entity.

6.Transportation of goods

- To exempt service by way of transportation of goods from India to a place outside India by air (sunset clause upto 30th September, 2018).

- To exempt service by way of transportation of goods from India to a place outside India by sea and provide that value of such service may be excluded from the value of exempted services for the purpose of reversal of ITC (sunset clause upto 30thSeptember, 2018).

7.Works Contract and Real Estate

To exempt

(a) services by government or local authority to governmental authority or government entity, by way of lease of land, and

(b) supply of land or undivided share of land by way of lease or sub lease where such supply is a part of specified composite supply of construction of flats etc. and

to carry out suitable amendment in the provision relating to valuation of construction service involving transfer of land or undivided share of land, so as to ensure that buyers pay the same effective rate of GST on property built on leasehold and freehold land.

- To defer the liability to pay GST in case of TDR against consideration in the form of construction service and on construction service against consideration in the form of TDR to the time when the possession or right in the property is transferred to the land owner by entering into a conveyance deed or similar instrument (eg. allotment letter).

- No deferment in point of taxation in respect of cash component.
- To reduce GST rate (from 18% to 12%) on the Works Contract Services (WCS) provided by sub-contractor to the main contractor providing WCS to Central Government, State Government, Union territory, a local authority, a Governmental Authority or a Government Entity, which attract GST of 12%. Likewise, WCS attracting 5% GST, their sub-contractor would also be liable @ 5%.

- To reduce GST rate on construction of metro and monorail projects (construction, erection, commissioning or installation of original works) from 18% to 12%.

- To extend the concessional rate of GST on houses constructed/ acquired under the Credit Linked Subsidy Scheme for Economically Weaker Section (EWS) / Lower Income Group (LIG) / Middle Income Group-1 (MlG-1) / Middle Income Group-2 (MlG- 2) under the Housing for All (Urban) Mission/Pradhan MantriAwasYojana (Urban) and low-cost houses up to a carpet area of 60 square metres per house in a housing project which has been given infrastructure status, as proposed by Ministry of Housing & Urban Affairs, under the same concessional rate.

- To levy concessional GST @12% on the services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of building used for providing (for instance, centralized cooking or distributing) mid-day meal scheme by an entity registered under section 12AA of IT Act.

8.Household services

- To levy GST on the small housekeeping service providers, notified under section 9 (5) of GST Act, who provide housekeeping service through ECO, @ 5% without ITC.

9. To reduce GST rate on tailoring service from 18% to 5%.

10.Entertainment, Events and Amusements

- To reduce GST rate on services by way of admission to theme parks, water parks, joy rides, merry-go-rounds, go-carting and ballet, from 28% to 18%.

- To increase threshold limit for exemption under entry No. 80 of Notification No. 12/2017-C.T. (Rate) for all the theatrical performances like Music, Dance, Drama, Orchestra, Folk or Classical Arts and all other such activities in any Indian language in theatre GST from Rs.250 to 500 per person and to also extend the threshold exemption to services by way of admission to a planetarium.

- To clarify that elephant/ camel joy rides are not classified as transportation services and attract GST @ 18% with threshold exemption to small services providers.

- To exempt services provided by and to Fédération Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-20 World Cup in case the said event is hosted by India.

11.Services by Resident Welfare Association

- To **enhance** the exemption limit of **Rs 5000/-** per month per member to Rs **7500/-** in respect of services provided by Resident Welfare Association (unincorporated ornon-profit entity) to its members against their individual contribution.

12.Financial Services

- To provide in CGST rules that value of exempt supply under sub-section (2) ofsection 17, shall not include the value of deposits, loans or advances on which interest or discount is earned (not to apply to banks/FIs/NBFCs)

- To exempt dollar denominated services provided by financial intermediaries locatedin IFSC SEZ, which have been deemed to be outside India under the variousregulations by RBI, IRDAI, SEBI or any financial regulatory authority, to a person outside India.

13.Insurance

- To enhance the **limit to Rs 2 lakh** against Sl. No. 36 of exemption notification No. 12/2017-C.T. (Rate) which exempts services of life insurance business provided under life micro insurance product approved by IRDAI upto maximum amount of cover of Rs. 50,000

- To exempt reinsurance services in respect of insurance schemes exempted under S. Nos. 35 and 36 of notification No. 12/2017-CT (Rate).

- To define insurance agent in the reverse charge notification to have the same meaning as assigned to it in clause (10) of section 2 of the Insurance Act, 1938, so that corporate agents get excluded from reverse charge.

- To exempt services provided by the Naval Insurance Group Fund by way of Life Insurance to personnel of Coast Guard under the Group Insurance Scheme of the Central Government retrospectively w.e.f. 1.7.2017.

14.Petroleum products

- To exempt government's share of profit petroleum from GST and to clarify that cost petroleum is not taxable per se.

- To reduce GST to 12% in respect of mining or exploration services of petroleum crude and natural gas and for drilling services in respect of the said goods.

- To reduce GST rate on transportation of petroleum crude and petroleum products (MS, HSD, ATF) from 18% to 5% without ITC and 12% with ITC.

15.Job Work on leather goods and footwear

- To reduce job work services rate for manufacture of leather goods (Chapter 42) and footwear (Chapter 64) to 5%.

16.Lottery, betting and gambling

To clarify that, services by way of:

1. Admission to entertainment events or access to amusement facilities including casinos, race-course
2. Ancillary services provided by casinos and race-course in relation to such admission.
3. Services given by race-course by way of totalisator (if given through some other person or charged separately as fees for using totalisator for purpose of betting,

are taxable at 28%. Services given by race-course by way of license to bookmaker which is not a service by way of betting and gambling, is taxable at 18%.

- To insert a provision in GST Rules under section 15 of GST Act that the value of lottery shall be 100/112 or 100/128 of the price of lottery ticket notified in the Gazette To add, in the GST rate schedule for goods at 28%, actionable claim in the form of chance to win in betting and gambling including horse racing.

- To insert in GST rules under section 15 of GST Act,**-** Notwithstanding anything contained in this chapter, value of supply of Betting & Gambling shall be 100 % of the face value of the bet or the amount paid into the totalizator.

17.Other Services

- To clarify that exemption of Rs 1000/- per day or equivalent (declared tariff) is available in respect of accommodation service in hostels.

- To extend GST exemption on Viability Gap Funding (VGF) for a period of 3 years from the date of commencement of RCS airport from the present period of one year.

- To tax time charter services at GST rate of 5%, that is at the same rate as applicable to voyage charter or bare boat charter, with the same conditions.

- To exempt supply of services by way of providing information under RTI Act, 2005 from GST.

- To exempt IGST payable under section 5(1) of the IGST Act, 2017 on supply of services covered by item 5(c) of Schedule II of the CGST Act, 2017 to the extent of aggregate of the duties and taxes leviable under section 3(7) of the Customs Tariff Act, 1975 read with sections 5 & 7 of IGST Act, 2017 on part of consideration declared under section 14(1) of the Customs Act, 1962 towards royalty and license fee includible in transaction value as specified under Rule 10 (c) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

- To reduce GST on Common Effluent Treatment Plants services of treatment of effluents, from 18% to 12%.

- To exempt services by way of fumigation in a warehouse of agricultural produce.

- To clarify that fee paid by litigants in the Consumer Disputes Commissions and any penalty imposed by these Commissions, will not attract GST.

Recommendation for GST Rate changes on GOODS:

The GST Council has recommended revising or clarifying the applicability of GST rates on **29 products**.
Few major recommendations are as under:

List of goods on which GST rate recommended to be **reduced:**

Chapter/Heading/Sub-heading/Tariff item	Existing rate (%)	Recommended Rate (%)	Condition
87- old and used motor vehicle (Medium and large cars and SUVs) on the margin of the supplier	**28**	**18**	No ITC of ED/ VAT/ GST paid on such vehicle has been availed
8702 – Buses for use in public transport which exclusively run on bio-fuels	**28**	**18**	
87- old and used motor vehicle (other	**28**	**12**	No ITC of

than Medium and large cars and SUVs) on the margin of the supplier			ED/ VAT/ GST paid on such vehicle has been availed
1704- Sugar boiled confectionary	**18**	**12**	
2201- Drinking water packed in 20 litters bottles	**18**	**12**	
2809- Fertilizer grade Phosphoric acid	**18**	**12**	
29 or 38- Bio-diesel	**18**	**12**	
38- Specified bio-pesticides	**18**	**12**	
4418- Bamboo wood building joinery	**18**	**12**	
8424- Drip irrigation System	**18**	**12**	
8424- Mechanical sprayer	**18**	**12**	
13- Tamarind Kernel Powder	**18**	**5**	
1404/3305- Mehendi paste in cones	**18**	**5**	
2711- LPG supplied for supply to household domestic consumers by private LPG distributors	**18**	**5**	
88 or any other chapter – Scientific and technical instruments etc., required for launch	**18**	**5**	

vehicles and satellites and payloads			
4601, 4602 containing articles of straw, of esparto or of other plaiting materials; basketware and wickerwork	**12**	**5**	
58013720-Velvet fabric	**12**	**5**	No refund of Unutilised ITC
7102-Diamond and precious stones	**3**	**0.25**	

List of goods on which GST rate recommended to be **increased:**

Chapter/Heading/Sub-heading/Tariff item	Description	Existing rate (%)	Recommended Rate (%)
56012200	Cigarette filter rods	**12**	**18**
2302	Rice bran (other than de-oiled rice bran)	**NIL**	**5**

Proposed **NIL** rate items:

1. Vibhuti
2. Parts and accessories for manufacture of hearing aids.
3. De-oiled rice bran

Changes in **Compensation cess rate** on certain goods:

S. No	Chapter/Heading/Subheading/ Tariff item	Description	Present Compensation Cess Rate	Compensation Cess Rate Recommended
1	8702	Motor vehicles [falling under heading 8702, as it was in excise regime] cleared as ambulances, duly fitted with all fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such vehicles.10-13 seater buses and ambulances, subject to specified conditions.	**15%**	**Nil**
2	87	Old and used motor vehicles [MEDIUM AND LARGE CARS AND SUVS], on the margin of the supplier, subject to the condition that no input tax credit of central excise duty/value added tax or GST paid on such vehicles has	**Applicable rate**	**Nil**

		been availed by him.		
3	87	All types of old and used motors vehicles [OTHER THAN MEDIUM AND LARGE CARS AND SUVS] on the margin of the supplier of subject to the conditions that no input tax credit of central excise duty /value added tax or GST paid on such vehicles has been availed by him.	**Applicable rate**	**Nil**

Apparently, the GST Council in its 25th meeting has made significant revamp of GST framework. This meeting of the GST Council was particularly crucial as this was the **last meet before the Union Budget 2018**.

Though a final decision is yet to be taken on the revamp of the return filing process, the GST Council is thinking of doing away with forms such as GSTR 2, dealing with purchases, and GSTR 3, a comprehensive return. Instead, the existing simpler summary return form GSTR 3B will continue, which will be supplemented with details from invoices to be uploaded by suppliers on GSTN.

This will enable invoice matching and check tax evasion.Bringing Petroleum and Real estate under GST is one of the major issues which have been making lot of news in recent times, but GST council has not reached at any conclusion regarding these products.

The GST council may meet within next ten days via **video conferencing** to finalise **simplification of return filing process.**

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Source: www.caclubindia.com

Research and Analysis Wing (RAW)

How to claim refund of excess balance in Cash Ledger?

B Vinay Reddy | cavinayreddy@icai.org
22nd of January,2018.

RFD – 01 : a step-by-step guide to claim refund of excess balance in Electronic Cash Ledger of GST Portal

There can be a lot of mistakes while creating GST challan for making GST Payment, it may be due to confusion, deadlines pressure or due to wrong interpretation of the columns while creating challan, this results into temporary blockage of funds in the Electronic Cash Ledger & a war between us and clients. I'm one among the suferred, by wrong interpretatioin of late fee as a penalty while creating challan and end upwith blockage of funds in Cash ledger since September,2017.

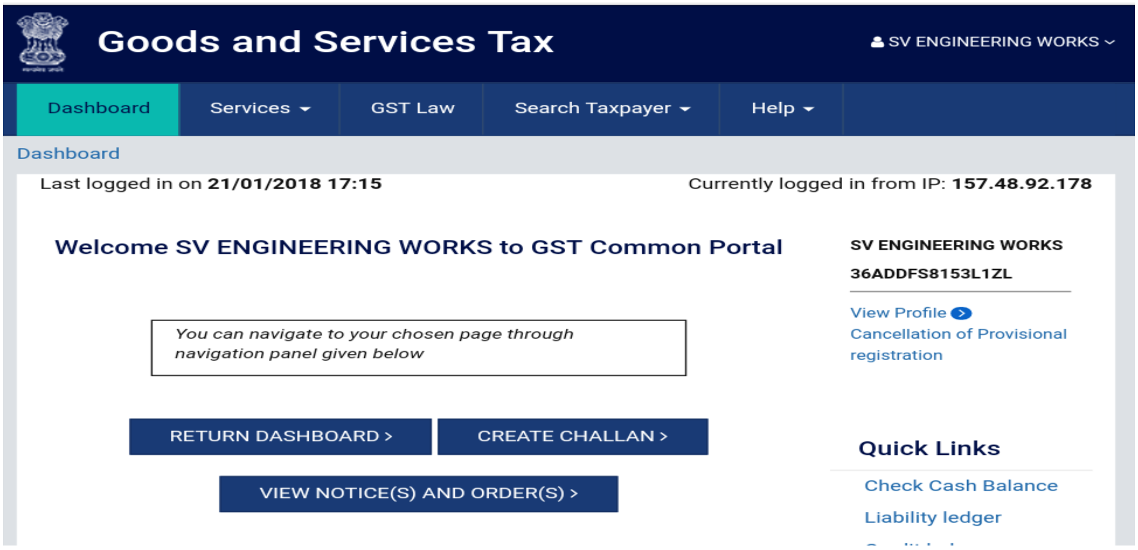
But, by the intiative of GSTN there are no more hassles, we can get refund of the balance reflecting in Electronic Cash Ledger by filing a simple **Online application for refund** viz., **RFD-01** within minutes.

In this article I made an attempt to explain **step-by-step guide for filing RFD-01** with pictures wherever necessary by following simple steps, hope you will enjoy it.

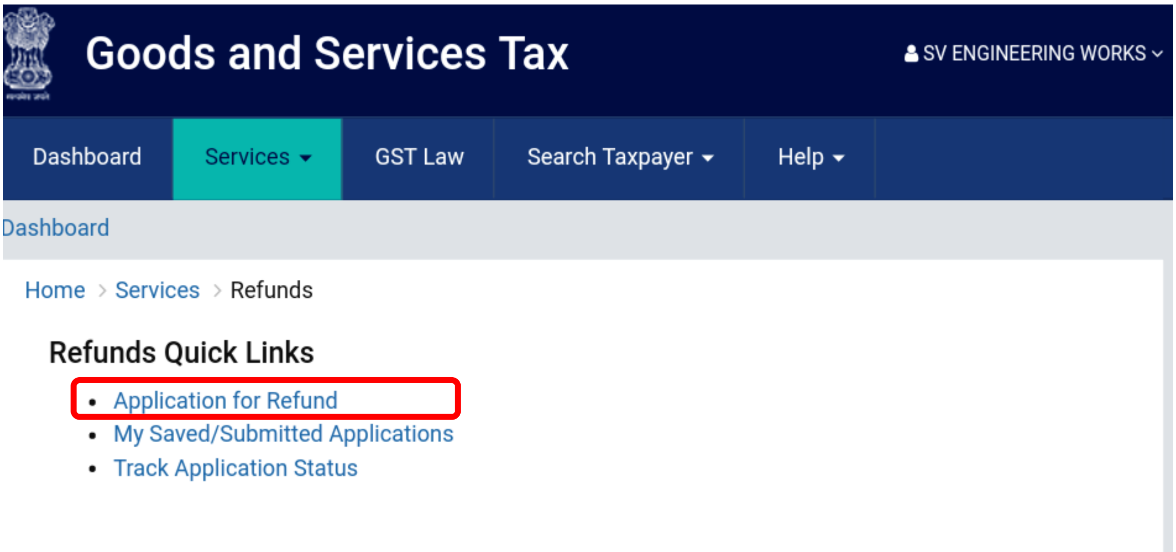
Please note that, the excess GST paid can be claimed as a **refund within 2 year**s from the **date of payment**. This means that if excess GST is paid in the month of **January 2018**, GST refund application RFD-01 can be submitted till **January 2020** only.

Here is a step by step Guide to File RFD – 01 on GST Portal:

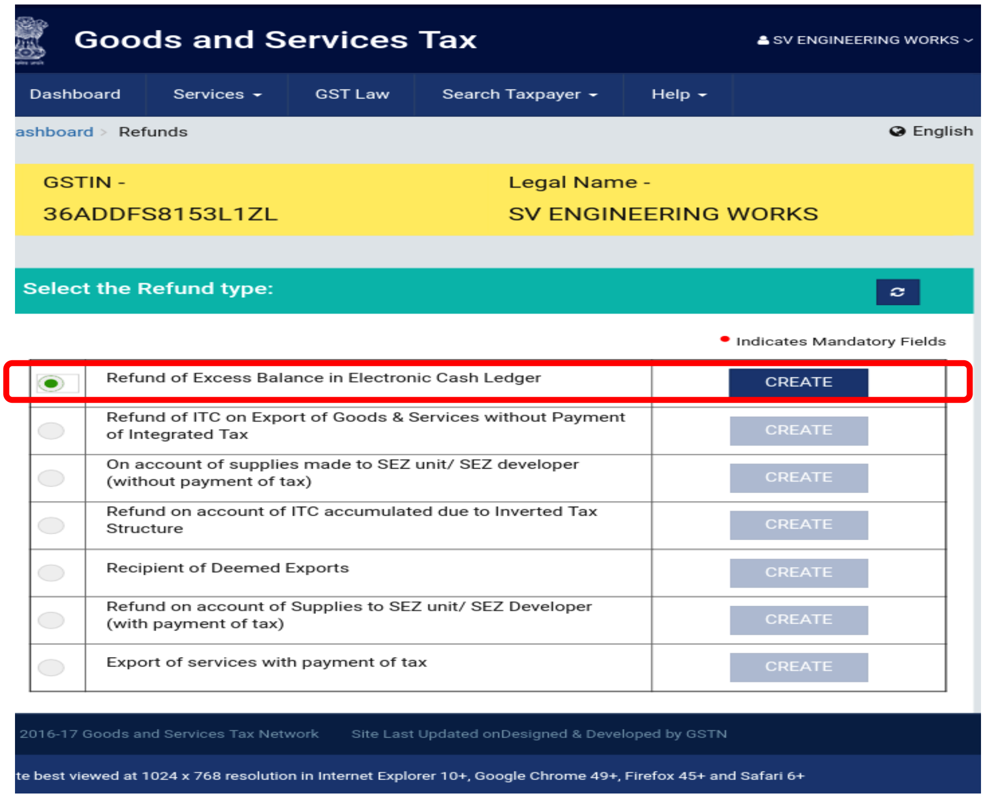
Step 1: Login to GST Portal at www.gst.gov.in with your login credentials



Step 2: Click on Services tab > Refunds > Application for Refund

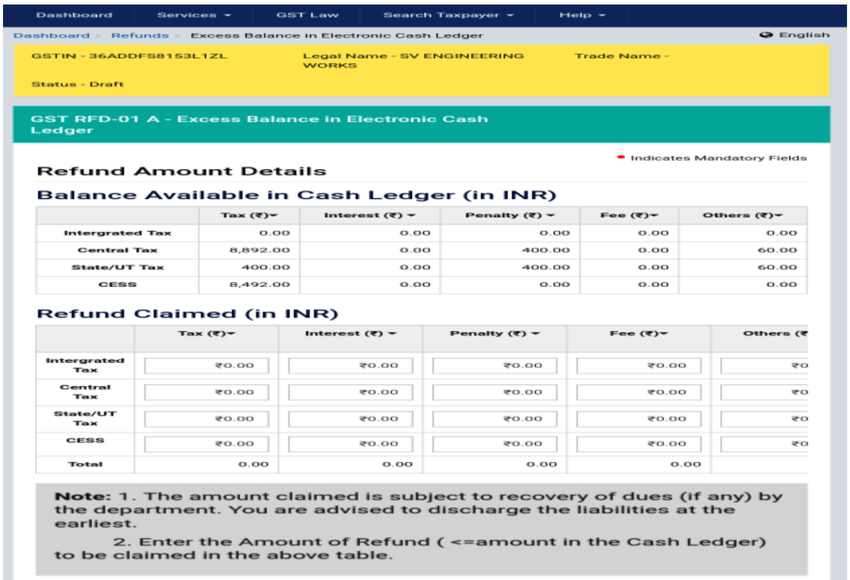


Step 3: Select the top most option naming Refund of Excess Balance in Electronic Cash Ledger and click on **'CREATE'**

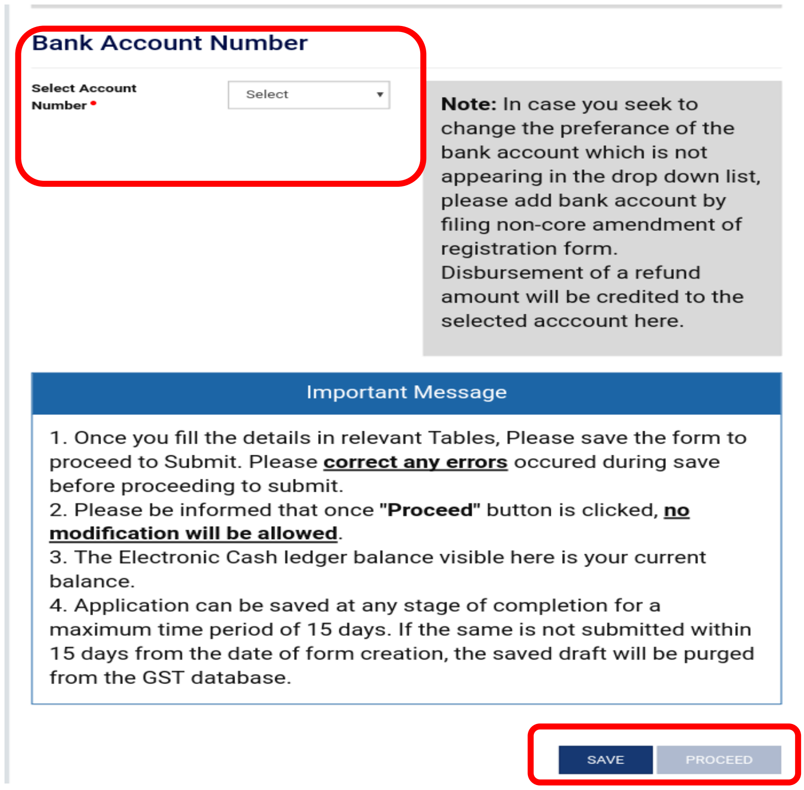


Step 4: Once you click on 'CREATE', a screen will appear reflecting all balances in the **Electronic Cash Ledger**

Enter values of the refund to be claimed in the **'Refund Claimed'** table subject to **maximum** available balance in Cash ledger showing above the Refund Claimed table

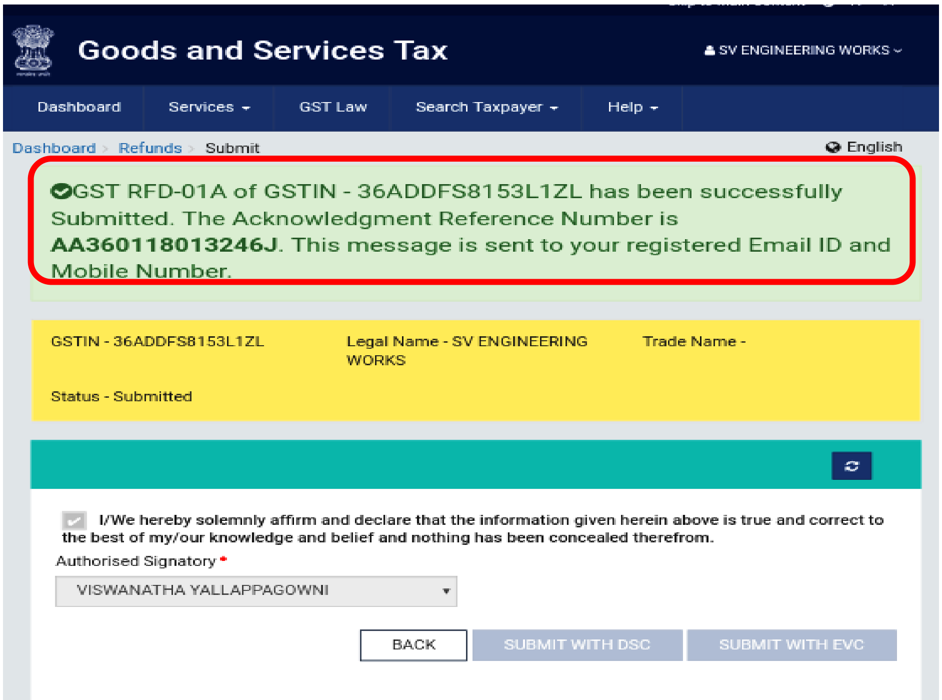


Step 5: Select the **Bank Account** from the drop-down list, if you wish to get refund in bank account other than appearing in drop-down list, file **non-core amendement** registration and add **new bank details** and click on **'SAVE'** and then **PROCEED.**

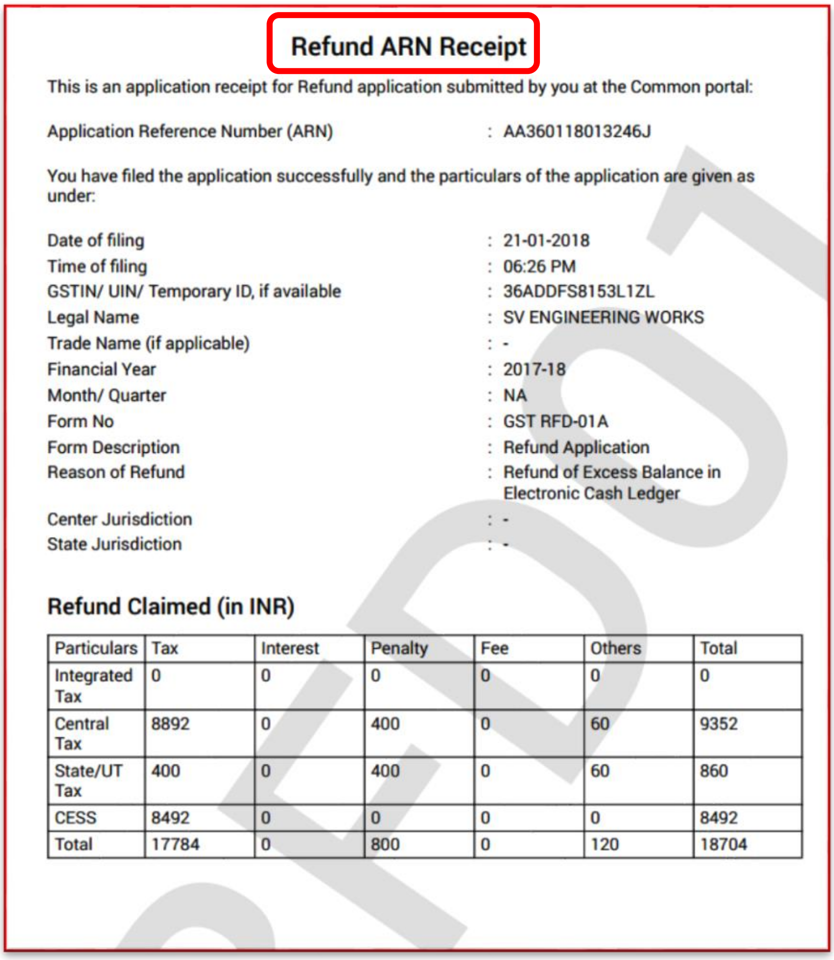


Step 6: Click on the **checkbox** and Select the name fo the **'Authorised Signatory'** from the drop-down list and click on **'SUBMIT WITH DSC'** or '**SUBMIT WITH EVC'** as per your availability.

Enter the EVC sent on your registered mobile number and email to submit the form RFD-01



Once RFD-01 is submitted **Refund ARN Receipt** is generated in PDF format as shown below



Refund ARN Receipt

This is an application receipt for Refund application submitted by you at the Common portal:

Application Reference Number (ARN) : AA360118013246J

You have filed the application successfully and the particulars of the application are given as under:

Date of filing	: 21-01-2018
Time of filing	: 06:26 PM
GSTIN/ UIN/ Temporary ID, if available	: 36ADDFS8153L1ZL
Legal Name	: SV ENGINEERING WORKS
Trade Name (if applicable)	: -
Financial Year	: 2017-18
Month/ Quarter	: NA
Form No	: GST RFD-01A
Form Description	: Refund Application
Reason of Refund	: Refund of Excess Balance in Electronic Cash Ledger
Center Jurisdiction	: -
State Jurisdiction	: -

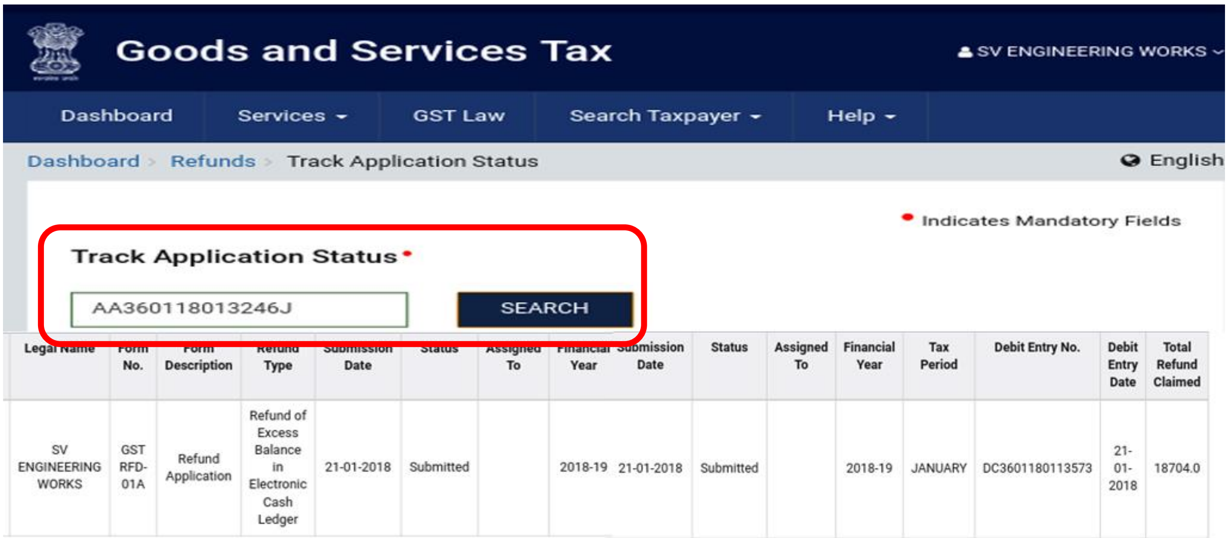
Refund Claimed (in INR)

Particulars	Tax	Interest	Penalty	Fee	Others	Total
Integrated Tax	0	0	0	0	0	0
Central Tax	8892	0	400	0	60	9352
State/UT Tax	400	0	400	0	60	860
CESS	8492	0	0	0	0	8492
Total	17784	0	800	0	120	18704

- Submit Refund ARN receipt along with copy of your **GST registration certificate** to your **Jurisdictional GST Office**,after inspection by a GST officer refund will be credited to the bank account.

- You can also track your status of submitted RFD-01 application by going to

  Services tab > Refunds > Track application status > enter ARN number and click on search.



As of now GSTN nopt specified any timelimit for processing of Refund application RFD-01 but generally application will be processed and amount will be credited into bank account within Thirty (30) days but soon CBEC will cut-short this time limit for processing refund application and hope going forward GSTN will process refund applications instantly like how E-commerce sites were doing.

Please share your feedback in the comments section or on whatsapp @ **+91 7569989230** or on mail cavinayreddy@icai.org

Upcoming Duedates:

- Returns for registered persons with aggregate turnover **upto Rs.1.5 crores**

Return	Period	Duedate
GSTR-1	October-December,2017	February 15th,2018
GSTR-3B	January,2018	February 20th,2018

- Returns for registered persons with aggregate turnover of **morethan Rs.1.5 crores**

Return	Period	Duedate
GSTR-1	December,2017	February 10th,2018
GSTR-3B	January,2018	February 20th,2018

Trending News:

1.GST Portal Update

GSTN launced **self help portal** on 22nd of January, 2018 for lodging complaints.
The current mail id for complaints helpdesk@gst.gov.in will be discontinued.
You can raise tickets, check status in the below mentioned web address
https://selfservice.gstsystem.in/

2. As everyone eagerly expected for decsion of merging multiple returns into **single return** in 25th GST Council meeting, but due to hectic schedule of FM in pre-budget meeting the no discussion was made regarding returns and the same will be discused by way of **Video-conference** by the end of this month.

3. State tax offices started issuing show cause notices **for penal action**, to the registered persons **for failure to display the sign boards** as it will be contravention of GSt rules.

4. Hindustan Unilever **(HUL) to return Rs.119 crores GST** gains to government Company responded on this and said

"couldn't pass on to the consumers due to lack of time, pipeline issues"

5.Notice for initiation of investigation under rule 129 of the CGST rules,2017 to M/S Hardcastle retaurants pvt. Ltd **(McDonald's family restaurant)**
The complaint has been lodged by the applicants namely, Chandranath sarkar and Ravi charaya alleging the y have purchased food item "McCafe regular latte" on 15th of november,2017 for which restaurant charged Rs.142 including 5%GST whereas the price of the same was also Rs.142 when GST rate was 18%, the Director General of Safeguards issued notice under the authority of RULE 129 of CGST rules,2017.

6. The **next meeting** of GST Council may consider bringing **petroleum** and other exempt items under the purview of GST, if it is done then prices of Petrol will come down to **Rs.45-Rs.50**

7.E way Bill:

The URL for the e-way bill system for the whole nation is

http://ewaybill.nic.in/

The same URL will be used for both the trial run(16-01-2018 to 31-01-2018) and final roll out(01-02-2018 onwards).

Please share your **feedback** on this issue, your feedback is really importnat to us and help us to **serve you better** in future

Interested **Volunteers** who are willing to contribute content for **GST WEEKLY** can be reached @ **cavinayreddy@icai.org** and/or **+91 7569989230**

To receive regular **updates on GST** drop a message on

Whatsapp @ +91 756 9989 230

For earlier issues and knowledge inputs on GST logon to **www.gyapy.com**

Regards

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