GST Amendment Act 2018 – Key changes at a Glance

In order to give effect to decisions taken in 28th GST Council meeting, the Central Government has amended CGST Act, 2017 & IGST Act, 2017.

Some of the significant amendments made in the CGST Act which has been notified on 30th August 2018 is summarized below:

1) Sec 2(17)-Definition of business has been amended so as to include "services provided by a race club by way of totalisator or a licence to book maker in such club".

2) Sec 2(102)-Definition of Services has been amended so as to include "facilitating or arranging transactions in securities".

3) Section 7 has been amended to clarify the scope of supply; It Inserts a new sub-section (1A) in section 7 and omit clause (d) of sub-section (1).

   Now, first an activity has to be supply as per Sec 7(1), and then only it will be tested as per Schedule II.

4) Section 9(4) has been amended to empower the Central Government to notify classes of registered persons to pay the tax on <u>reverse charge</u> in respect of receipt of supplies of certain specified categories of goods or services or both from unregistered suppliers.

5) Section 10 has been amended so as to enhance the limit of composition levy from one crore rupees to **<u>one crore and fifty lakh rupees.</u>** Now Composition dealers **<u>can supply services</u>** of value not exceeding 10% of the turnover in the preceding financial year in a State/Union territory or Rs. 5 lakhs, whichever is higher.

6) Section 17 of the Act has been amended to specify the scope of input tax credit.

a) Sec 17 (3) - No reversal will be required in cases falling under Schedule III – including High seas sales, etc.
b) Availment of ITC allowed on activities or transactions specified in Schedule III (other than sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building) by excluding it from the ambit of exempt supply on which ITC is blocked

c) Sec 17 (5) (a), new (aa) & (b) – Blocked Credit list reduced –
   i) Now input tax credit (ITC) shall be available on more services
   ii) ITC allowed in respect of food and beverages or both where the provision of such goods or services or both is obligatory for an employer to provide to its employees under any law for the time being in force.

7) Section 22 of the Act is amended to enhance the exemption limit for registration in the special category States **<u>from ten lakh rupees to twenty lakh rupees</u>**

   E-commerce operators who are not required to collect TCS u/s 52 would not be liable for registration

8) Sec 25 has been amended :

   i) A person having multiple places of business in a State or Union territory may be granted a separate registration for each such places.

   ii) A person having a unit in a Special Economic Zone shall have to apply for a separate registration, as distinct from his place of business located outside the Special Economic Zone in the same State or Union territory

9) Sec 29 has been amended so as to make provision for temporary suspension of registration while cancellation of registration is under process

10) Sec 34 has been amended so as to allow a Dealer to issue one Credit Note for multiple Invoices

11) Sec 35(5) –Audit under GST - Any department of the Central or State Government / local authority which is subject to audit by CAG need not get their books of account audited by a CA/ CMA.

12) Sec 39 has been amended to allow a registered person to make amendment in GST return.

13) A new section 43A is being introduced in order to enable the new return filing procedure as proposed by the Returns Committee and approved by GST Council

14) Sections 49A and 49B have been introduced. The Order for availing the set off of ITC has been rationalized dramatically. This would tremendously assist Trade and Industry.

15) Sec 79 amended - Recovery can be made from any branch of a registered person in any state though 'distinct person"

16) Sec 107 amended - amount of pre-deposit payable for filing of appeal shall be capped at twenty five crore rupees

17) Sec 129 amended: increase the period relating to detention or seizure of goods and conveyance in transit from seven days to fourteen days

18) **Amendment in Schedule I**

In paragraph 4, for the words "taxable person", the word "person" shall be substituted.

Import of services by a person which are not registered under GST (say, they are only making exempted supplies) but are otherwise engaged in business activities is taxed when received from a related person or from any of their establishments outside India.

19) **Amendment in Schedule II**

After the word "ACTIVITIES", the words "OR TRANSACTIONS" has been inserted

20) **Amendment in Schedule III**

After paragraph 6, the following paragraphs shall be inserted, namely:--

7. Supply of goods from a place in the non-taxable territory to another place in the nontaxable territory without such goods entering into India.

8. (*a*) Supply of warehoused goods to any person before clearance for home consumption;
(*b*) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption."

Amendment in IGST Act

Earlier, one of the requirements for a service to qualify as export of services was that the payment for such service should have been be received by the supplier of service in convertible foreign exchange.

Now, as per the amended definition of export of services under section 2(6) of the IGST Act, such payment may be received in Indian rupees wherever permitted by the Reserve Bank of India.

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