# Tax Talk

GST GST

The Monthly Goods & Services Tax Bulletin Rs. 5/-

## Editorial...

8th November, 2017 marks the first anniversary of demonetisation which has been referred by the Union Government as the "Anti – black money day". One cannot forget those days were people seeking to exchange their bank notes had to stand in lengthy queues, and several people also fell ill in the process. The introduction of GST and demonetisation have been referred to as a colossal transformation.

The 23rd GST council meeting changed the code and colour of GST on a positive note and made it more attractive. It announced a slew of new decisions to ease compliance burdens, simplify the return filing process and came up with new deadlines for return filing. The requirement of filling the monthly return in GSTR 3B is being continued till March 2018 for all taxpayers. Taxpayers will only have to file GSTR-1 for few months and in the meanwhile, GSTN will work to simplify the GSTR-2. Accordingly filling of GSTR-2 and GSTR-3 have been deferred and will be brought back into the system later. Further the late fees for the month of October onwards have been slashed.

The council has provided a major relief to end users by pruning substantially the tax rates on 178 items from 28% to 18%, leaving just 50 items in the highest tax rate slab of 28% under the GST net. GST Council is likely to rationalise tax rate in various sectors where the total incidence of taxation has gone up because the goods were earlier either exempt from excise or attracted lower VAT rates in the previous indirect tax regime. There have been various positive decisions taken pertaining to Composition scheme, GST rates, exemption etc resulting into major relief for SMEs. To give effect to the decisions, various notifications along with circulars/orders have been issued. These notifications and circulars have been compiled on Page – 2 & 3 of this issue. All these changes will come into force from November 15.

Addressing the liquidity concerns of the exporters, the council made a move to simplify the process of refund for exporters. The development came after the concerns were raised about non availability of refund forms on the GSTN portal. For the sake of providing relief in terms of working capital blockage, manual procedure for filling of refunds has been introduced.

The GST Council in its 23rd meeting reduced the tax rates in case of restaurants to 5%. With the reduction in rate, it was expected that the cost of consumers eating out in restaurants would decrease considerably. Since the reduced rates have been subjected to non – availability of credit, the restaurants have to bear the tax burden.

The economy shown slight improvement, it seems it is overcoming disruption caused by the GST and lingering after – effects of demonetisation to post higher growth in the second quarter, reversing a five-quarter slide and setting itself on course for revival. GDP rose to 6.3% in the July-September period, in line with independent estimates, compared with the three-year low of 5.7% growth in the April-June quarter and 7.5% in the year earlier.

The due dates for filling of various returns in the month of December have been compiled on Page – 4 of this issue.

We hope this newsletter will add some value and prove to be beneficial to the readers. We highly solicit suggestion/opinions of the readers. Please feel free to convey your views at servicetaxgoyal@gmail.com. You may refer all earlier issues of Tax Talk at www.gstpeople.com.

CA Sushil Kr Goyal

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## Exemption from GST Registration

Exemption from GST registration has now been granted to the inter-state supplier of services including the person supplying through e-commerce operator if their turnover does not exceeds Rs 20 lakhs (Rs. 10 lakh in case of special category states except J&K).

## Restaurant Services

Tax on restaurant services has been reduced to 5% (without ITC benefits) including those which are located in the premises of hotels, inn, guest house, clubs, campsite or other commercial places meant for residential or lodging purposes having declared tariff of less than Rs. 7,500 per day per unit. All other restaurant services are taxed at the rate of 18%(with ITC benefits).

## No GST on Advance Received for Supply of Goods

Supplier of goods are not required to pay tax on advance received. However, this benefit is not extended to Supplier of services, they are still liable to pay tax on advance received.

## Input Tax Credit (Export to Nepal and Bhutan)

Exporters are now eligible for refund of ITC paid on the services exported to Nepal and Bhutan.

## Fees for Late Filing of GSTR 3B is Reduced

The late fee for delay in the filing of GSTR-3B reduced to Rs. 50 per day from October onwards and if the tax liability for the month is 'Nil', then late fee will be Rs. 20 per day. Late fees paid for July, Aug and Sept has been waived and soon will be credited back to Electronic Cash Ledger under the head 'Tax' and can be utilized to make GST payments.

## Fair Price Shop

Service provided by Fair Price Shops to the Government by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System is exempted.

## Admission to Protected Monument

Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act 1958 or any state acts are exempted.

## National Anti-Profiteering Authority (NAA)

GST council recommended establishment of NAA to provide an institutional mechanism to ensure that the benefits of the reduction of GST rates on goods & services are passed on to the ultimate consumers by way of reduction in prices.

## Refund of taxes paid by Foreign Diplomatic Mission/UNO

Persons supplying goods or services to Foreign Diplomatic Missons/UNO etc. are required to record Unique Identification Number (UIN) of these persons in the invoices to enable them to claim refund of taxes paid by them.

## Changes in Composition Scheme

In 23rd GST Council meeting, the following changes in Composition Scheme has been recommended-

- Uniform rate of tax @1% under the scheme for both traders and manufacturers.
- For traders, turnover means supply of taxable goods only.
- Supply of Services by Composite taxpayer is allowed upto the value of Rs. 5 lakh per annum by exempting the same.
- Eligibility for composition scheme has been increased to an aggregate turnover of Rs. 1.5 crore per annum.

## Reverse charge on Raw Cotton

GST on supply of raw cotton also included in the list of goods liable under reverse charge mechanism.

## Job Work on Paddy

Milling of paddy into rice on job work basis is liable to GST at the rate of 5%, on the processing charges (and not on the entire value of rice).

## Applicability of GST on Certain Services

Processed products such as tea (i.e. black tea, white tea etc.), processed coffee beans or powder, pulses (dehusked or split), jaggery, processed spices/dry fruits/cashew nuts etc. falls outside the definition of agricultural produce and hence the exemption from GST is not available to their loading/ unloading, packing, warehousing etc.

## ITC for Aviation Industry

Credit of GST paid on aircraft engines, parts & accessories would be allowed for discharging GST on inter–state supply of such aircraft engines, parts & accessories by way of inter-state stock transfers between distinct persons.

## Exemption on Transfer of Rigs, Tools, Spares etc

Government has clarified that no IGST would be payable on inter-State movement of rigs, tools and spares, and all goods on wheels (like cranes) except where movement of such goods is for further supply of the same goods.

## GST on E-waste

Supply of E-waste attracts 5% but this rate applies only to E-waste discarded as waste by the consumer or bulk consumer.

## Process of Filing and Processing of Refunds Manually

| Sl. No. | Category of Refund | Process of Claiming Refund |
|---|---|---|
| 1. | Refund of IGST paid on export of goods. | Filing of GSTR 3 B and Table 6A of GSTR 1 on the GSTN portal and Shipping Bill on Customs EDI system by the exporter. |
| 2. | Refund of IGST paid on export of services / zero rated supplies to SEZ units or SEZ developers. | FORM GST RFD-01A needs to be filed on the common portal. The amount of credit claimed as refund would be debited in the electronic credit ledger and proof of debit (ARN) shall be generated on the common portal. Printout of the FORM GST RFD- 01A needs to be submitted before the jurisdictional GST officer along with necessary documentary evidences, wherever applicable. |
| 3. | Refund of unutilized input tax credit due to the accumulation of credit of tax paid on inputs or input services used in making zero-rated supplies of goods or services or both. | |

## Deferment of return filing

Apart from filing of Form GSTR 3B, Government has issued due dates of only GSTR 1 for outward supply. Filing of GSTR 2 & GSTR 3 has been deferred till further notification by the Government.

## Intellectual Property

In order to obviate dispute and litigation, it is proposed that irrespective of whether permanent transfer of Intellectual Property is a supply of goods or service. –

(a) Permanent transfer of intellectual property other than Information Technology Software attracts GST at the rate of 12%; and

(b) Permanent transfer of Intellectual Property in respect of Information Technology Software attracts GST at the rate of 18% .

# Compliance Chart

| Return | Category of Taxpayer | Time period | Due date |
|---|---|---|---|
| **GSTR-3B** | All taxpayers* to file along with payment of tax | Every month till March 2018 | 20th of the succeeding month |
| **GSTR-1** | Taxpayers* with annual aggregate turnover upto Rs 1.5 crore need to file on quarterly basis | July-Sep 2017<br>Oct-Dec 2017<br>Jan-Mar 2018 | 31st Dec 2017<br>15th Feb 2018<br>30th April 2018 |
| | Taxpayers' with annual aggregate turnover more than Rs 1.5 crore need to file on monthly basis | July-Oct 2017<br>Nov 2017<br>Dec 2017<br>Jan 2018<br>Feb 2018<br>Mar 2018 | 31st Dec 2017<br>10th Jan 2018<br>10th Feb 2018<br>10th Mar 2018<br>10th April 2018<br>10th May 2018 |
| **GSTR-4** | Taxpayers who have opted for Composition Scheme to file every quarter | Jul-Sep 2017 | 24th Dec 2017 |
| **GSTR-5** | Non Resident Taxable Person to file every month | Jul 2017 | 11th Dec 2017 |
| **GSTR-5A** | Non Resident Foreign taxpayers who have come for a short period to make supplies in India to file by providing information online or through database access retrieval service | Jul 2017 | 15th Dec 2017 |
| **GSTR – 6** | Input Service Distributor to file` | Jul 2017 | 31st Dec 2017 |
| **ITC- 04** | Principal Manufacturer | Jul-Sep 2017 | 31st Dec 2017 |
| **TRAN-1** | All taxpayers | One Time** | 27th Dec 2017 |

*Taxpayers other than Composition Dealers Input Distributors and Casual taxpayers

**Credit in GST TRAN1 can be utilised in November's return only if filed before 20th December.

| Payment | Due date |
|---|---|
| Due date for payment of tax for the month of November for all assessee | 20th Dec 2017 |




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