

The GST Council in their 28th GST Council Meeting has made the following recommendations:

Return filing for small taxpayers

- **NIL return** filers to be given facility to file return by sending **SMS**
- **Option** of filing **quarterly returns** for small taxpayers having **turnover below Rs. 5 crores**
- Quarterly return will be similar to main return with **monthly payment** but for two kinds of registered persons – small traders making **only B2C supply** or making **B2B+B2C supply**
- These returns to have lower information than regular returns

Return filing design

- All **other taxpayers** excluding small taxpayers, ISD etc. are to file **monthly return**
- Return to have **two main tables** – one for **outward supplies** and one for availing **ITC** based on invoices uploaded by supplier
- Invoices to be **continuously uploaded** by seller **and locked** by buyer for availing **ITC**
- Based on the nature of supplies, taxpayers to **create profile**.
- **Information** to be filled to be **dependent** on this **profile**.
- Amendment of invoices and other details to be allowed through **amendment return**.
- **Payment** will also be allowed through **amendment return** resulting in saving of interest

Composition taxpayers

- Upper limit for turnover for opting for **composition** raised from Rs. 1 cr to **Rs. 1.5 cr**
- Composition dealers to be allowed to **supply services** of the **higher** of:
 - Rs. 5 lakhs
 - 10% of the turnover in the preceding financial year

Reverse charge

- **Reverse charge** on supplies from **unregistered persons** to be restricted to only **specified goods** only in case of **notified classes of registered persons**

Registration

- **Exemption limit** for registration raised from Rs. 10 lakhs to **Rs. 20 lakhs** for **certain States** i.e. Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand
- **Multiple registrations** allowed for **multiple places of business** in the same state

- **Mandatory registration** required only for **e-commerce operators** required to collect **TCS**
- Registration to remain **temporarily suspended** when its **cancellation is in process**

Expansion of the list of 'no supply' under Schedule III

- Supply of goods from a place in non taxable territory to another place in the non taxable territory without such goods entering into India (**Merchant trade transactions**)
- Supply of **warehoused goods** to any person **before clearance for home consumption**
- Supply of goods in case of **high sea sales**

Input tax Credit

- **ITC** has been widened and is **now available** on the following:
 - Most of the activities or transactions as per **Schedule III**
 - **Motor vehicles** for transportation of persons having **seating capacity > 13**, vessels and aircraft
 - **Motor vehicles for transportation of money** for or by a bank/financial institution
 - Services of **insurance, repair and maintenance** in respect of **motor vehicles**, vessels and aircraft on which credit is available
 - Goods/services which are **obligatory for an employer** to provide employees under any law
- **Failure to pay to the supplier within 180 days** from the date of issue of invoice not to attract any interest
- Order of **cross utilization of ITC rationalized**

Credit/Debit notes

- Registered person may issue **consolidated credit/debit notes** in respect of **multiple invoices** issued in a financial year

Job Work

- **Extension of time limit for return of** inputs and capital goods sent on **job work** allowed by Commissioner upto 1 year and 2 years respectively
- **Place of supply** to be **outside India** in case of job work of any treatment or process done on goods **temporarily imported** into India and then **exported** without putting them to any other use in India

Export of services

- Supply of **services** to qualify as **exports** even if **payment** is received in **Indian rupees** where it is **permitted by RBI**. This will cover exports to Nepal and Bhutan

Appeals and Recovery

- **Predeposit** payable for filing of appeal before the **Appellate Authority** and **Appellate Tribunal** to be **capped** at Rs. **25 crores** and **Rs. 50 crores** respectively
- **Recovery** can be made from **distinct persons** even if present in **different States**

Extension of Migration window

- **Migration window** to be **opened** for taxpayers who received Provisional IDs but could not complete the process of migration
- Ones who filled up Part A of Form GST REG-26 but not Part B can **approach** jurisdictional nodal **officers on or before 31st August 2018**
- Nodal officer to then forward the details to GSTN for enabling migration
- **Late fees** to be **waived** for filing of returns in these situations. First, the late fees should be paid while filing of returns and waiver to be effected by reversal of the same.

Change in GST rate of services**Sector –Farmers/ Agriculture/ Food Processing**

1. Exempt services by way of artificial insemination of livestock (other than horses).
2. Exempt warehousing of minor forest produce in line with exemptions provided to the agricultural produce.
3. Exempt the works of installation and commissioning undertaken by DISCOMS/ electricity distribution companies for extending electricity distribution network upto the tube well of the farmer/ agriculturalist for agricultural use.
4. Exempt services provided by FSSAI to food business operators.

Education/ Training/ Skill Development

5. Reduce rate of GST from 18% to 5% on supply only of e-books for which print version exist.

Social Security/ Pension Security/ Senior Citizens

6. Exempt services provided by Coal Mines Provident Fund Organisation to the PF subscribers from the applicability of GST on the lines of EPFO.
7. Exempt supply of services by an old age home run by State / Central Government or by a body registered under 12AA of Income Tax Act) to its residents (aged 60 years or more) against consideration upto Rupees Twenty Five Thousand per month per

member provided consideration is inclusive of charges for boarding, lodging and maintenance.

8. Exempt GST on the administrative fee collected by National Pension System Trust.
9. Exempt services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in activities relating to the welfare of industrial or agricultural labour or farmer; or for the promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to own members against consideration in the form of membership fee up to an amount of one thousand rupees per member per year.

Banking/ Finance/ Insurance

10. Exempt Reinsurance Services provided to specified Insurance Schemessuch as Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) (Ayushman Bharat), funded by Government.

Government Services

11. Exempt services provided by Government to ERCC by way of assigning the right to collect royalty, DMFT etc. from the mining lease holders.
12. Exempt the guarantees given by Central/State Government/UT administration to their undertakings/PSUs.

Miscellaneous

13. Exempt GST on import of services by Foreign Diplomatic Missions/ UN & other International Organizations based on reciprocity.
14. Exempt services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in accordance with Explanation I in section 8 of the IGST Act provided the place of supply is outside the taxable territory of India in accordance with section 13 of IGST Act
15. Prescribe GST rate slabs on accommodation service based on transaction value instead of declared tariff which is likely to provide major relief to the hotel industry.
16. Prescribe GST rate of 12% with full ITC under forward charge for composite supply of multimodal transportation.
17. Rationalize thenotificationentry prescribing reduced GST rate on composite supply of works contract received by the Government or a local authority in the course of their sovereign functions.
18. Rationalize entry relating to composite supply of food and drinks in restaurant, mess, canteen, eating joints and such supplies to institutions (educational, office, factory, hospital) on contractual basis at GST rate of 5%; and making it clear that the scope of

outdoor catering under 7(v) is restricted to supplies in case of outdoor/indoor functions that are event based and occasional in nature.

Clarifications

19. Supply of services provided by State and Central educational boards to students for conduct of examination will be clarified to be exempt.
20. To clarify that the courses run by private ITIs for designated trades are exempt under GST whereas non-designated courses are taxable.
21. To clarify that GST on premium paid by the Governments for implementing PradhanMantri Rashtriya Swasthya Suraksha Mission (PMRSSM) (Ayushman Bharat) is exempt from GST.
22. To provide clarification on applicability of Service Tax / GST on services rendered by an Indian Architect- Consultant in relation to immovable property located outside India to Indian Diplomatic Missions/Posts abroad.
23. To clarify to Auroville foundation that 'maintenance' paid by it to Aurovilians is not liable to GST.
24. To insert an explanation in notification No. 13/2017-Central Tax(Rate) to define the term renting of immovable property.
25. To clarify that certain services such as "deposit works(expenses for providing electric line/plant)" related to distribution of electricity provided by DISCOM, attract GST.

Export / other trade facilitation measures

26. Extend the exemption granted on outward transportation of all goods by air and sea by another one year i.e. upto 30th September, 2019 as relief to the exporter of goods.
27. Place liability to pay GST on services provided by individual DSAs to banks/NBFCs under reverse charge on the buying banks/NBFCs. However, services by non-individual NBFCs (corporate, partnership firms) to banks/NBFCs would continue under forward charge, as at present.

Changes in rate of goods

I. GST rates reduction on 28% items:

A. 28% to 18%

- Paints and varnishes (including enamels and lacquers)
- Glaziers' putty, grafting putty, resin cements
- Refrigerators, freezers and other refrigerating or freezing equipment including water cooler, milk coolers, refrigerating equipment for leather industry, ice cream freezer etc.
- Washing machines.
- Lithium-ion batteries

- Vacuum cleaners
- Domestic electrical appliances such as food grinders and mixers & food or vegetable juice extractor, shaver, hair clippers etc
- Storage water heaters and immersion heaters, hair dryers, hand dryers, electric smoothing irons etc
- Televisions upto the size of 68 cm
- Special purpose motor vehicles. e.g., crane lorries, fire fighting vehicle, concrete mixer lorries, spraying lorries
- Works trucks [self-propelled, not fitted with lifting or handling equipment] of the type used in factories, warehouses, dock areas or airports for short transport of goods.
- Trailers and semi-trailers.
- Miscellaneous articles such as scent sprays and similar toilet sprays, powder-puffs and pads for the application of cosmetics or toilet preparations.

B. 28% to 12%

- Fuel Cell Vehicle. Further, Compensation cess shall also be exempted on fuel cell vehicle.

- II. Refund of accumulated credit on account of inverted duty structure to fabric manufacturers:** Fabrics attract GST at the rate of 5% subject to the condition that refund of accumulated ITC on account of inversion will not be allowed. However, considering the difficulty faced by the Fabric sector on account of this condition, the GST Council has recommended for allowing refund to fabrics on account of inverted duty structure. The refund of accumulated ITC shall be allowed only with the prospective effect on the purchases made after the notification is issued.

III. GST rates have been recommended to be brought down from-

A. 18%12%/5% to Nil:

- Stone/Marble/Wood Deities
- Rakhi [other than that of precious or semi-precious material of chapter 71]
- Sanitary Napkins,
- Coir pith compost
- Sal Leaves siali leaves and their products and Sabai Rope
- PhoolBhariJhadoo [Raw material for Jhadoo]
- Khali dona.

- Circulation and commemorative coins, sold by Security Printing and Minting Corporation of India Ltd [SPMCIL] to Ministry of Finance.

B. 12% to 5%:

- Chenille fabrics and other fabrics under heading 5801
- Handloom dari
- Phosphoric acid (fertilizer grade only).
- Knitted cap/topi having retail sale value not exceeding Rs 1000

C. 18% to 12%:

- Bamboo flooring
- Brass Kerosene Pressure Stove.
- Hand Operated Rubber Roller
- Zip and Slide Fasteners

D. 18% to 5%:

- Ethanol for sale to Oil Marketing Companies for blending with fuel
- Solid bio fuel pellets

IV. Rate change made in respect of footwear

- 5% GST is being extended to footwear having a retail sale price up to Rs. 1000 per pair
- Footwear having a retail sale price exceeding Rs. 1000 per pair will continue to attract 18%

V. GST rates have been recommended to be brought down for specified handicraft items [as per the definition of handicraft, as approved by the GST council] from-

A. 18% to 12%:

- Handbags including pouches and purses; jewellery box
- Wooden frames for painting, photographs, mirrors etc
- Art ware of cork [including articles of sholapith]
- Stone art ware, stone inlay work
- Ornamental framed mirrors
- Glass statues [other than those of crystal]
- Glass art ware [incl. pots, jars, votive, cask, cake cover, tulip bottle, vase]
- Art ware of iron

- Art ware of brass, copper/ copper alloys, electro plated with nickel/silver
- Aluminium art ware
- Handcrafted lamps (including panchloga lamp)
- Worked vegetable or mineral carving, articles thereof, articles of wax, of stearin, of natural gums or natural resins or of modelling pastes etc, (including articles of lac, shellac)
- Ganjifa card

B. 12% to 5%:

- Handmade carpets and other handmade textile floor coverings (including namda/gabba)
- Handmade lace
- Hand-woven tapestries
- Hand-made braids and ornamental trimming in the piece
- Toran

VI. Miscellaneous Change relating to valuation of a supply:

- IGST @5% on Pool Issue Price (PIP) of Urea imported on Govt. account for direct agriculture use, instead of assessable value plus custom duty.
- Exemption from Compensation cess to Coal rejects from washery [arising out of cess paid coal on which ITC has not been taken].

VII. Clarifications/amendments as regards applicability of GST rate in respect of certain goods recommended by GST Council which *inter-alia* includes:

- Milk enriched with vitamins or minerals salt (fortified milk) is classifiable under HS code 0401 as milk and exempt from GST.
- 5% GST on both treated (modified) tamarind kernel powder and plain (unmodified) tamarind kernel powder.
- Beet and cane sugar, including refined beet and cane sugar, (falling under heading 1701) attracts 5% GST rate.
- Water supplied for public purposes (other than in sealed containers) does not attract GST.
- Marine engine (falling under sub-heading 8408 10 93) attracts 5% GST rate.
- Kota stone and similar stones [other than marble and granite] other than polished will attracts 5% GST, while ready to use polished Kota stone and similar stones will attracts 18%.

- Certain other miscellaneous clarification as regards classification/rate have been recommended

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OFFICE : MOOKERJEE HOUSE,
17, BRABOURNE ROAD, 2ND FLOOR,
KOLKATA - 700001

PHONE NO : 03340687062, +919831912725

EMAIL ID : info@cakhaitan.com
shubham@cakhaitan.com

WEBSITE : www.cakhaitan.com