

Goods and Services Tax Alert

Delivering Clarity

GST Council proposes reduction in rates for certain goods, services along with amendments to GST law. Certain policy recommendations also made

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GST Council proposes reduction in rates for certain goods and services / rationalization of certain services

- Certain goods / services on which rates are proposed to be reduced are:
 - Monitors and televisions of screen size of up to 32 inches, power banks of lithium ion batteries, digital cameras and video camera recorders, re-treaded or used pneumatic tyres of rubber, video game consoles and certain other games and sports requisite (from 28% to 18%)
 - Musical books (from 12% to Nil)
 - Specified types of vegetables (from 5% to Nil)
 - Cinema tickets above INR 100 (from 28% to 18%) and up to INR 100 (from 18% to 12%)
 - Third party insurance premium of goods carrying vehicles (from 18% to 12%)
- Rate of 5% prescribed on renewable energy devices and parts for their manufacture
- No GST under reverse charge mechanism on services provided by goods transport agency to Government departments / local authorities which have obtained registration solely for the purpose of deducting tax deducted at source. The said service shall be exempt
- Security services (supply of security personnel) provided to a registered person shall be taxable under reverse charge mechanism
- Services provided by unregistered business facilitator to a bank and agent of business correspondent to a business correspondent shall be taxable under reverse charge mechanism
- Notification/s to effect such changes are expected shortly

Clarifications issued

- It has been clarified that with respect to EPC contracts involving goods and construction services for solar power plants, 70% of gross value of contract shall be the deemed value of goods supplied while balance shall be deemed value of services supplied
- It has been clarified that with respect to footwear, prescribed rates of 5% and 18% shall be applicable on the transaction value
- It has also been clarified that movement of rigs, tools and spares and all goods on wheels on own account where movement is not intended for further supply of such goods, but intended for provision of service, shall not qualify as a supply under GST
- Scope of entry for multi-modal transport with GST rate of 12% is only with respect to domestic multi-modal transport
- Nature of supply (composite / mixed supply) of food, drinks etc. made by business establishments will depend on the constituents of each individual supply

- Degrees / diplomas awarded by IIMs will be exempt from GST with effect from 31 January 2018

Amendments to GST law

- Creation of a centralised Appellate Authority for Advance Ruling has been proposed to deal with cases of conflicting decisions by two or more State Appellate Advance Ruling Authorities on the same issue
- It has been proposed to levy interest only on the net tax liability of the taxpayer, post adjustment of available input tax credit

Policy recommendations

- Following policy recommendations have been proposed:
 - Instead of separate cash ledgers for payments under CGST, SGST, IGST etc. single cash ledger shall be introduced for each tax head
 - New return filing system to be introduced on trial basis from 1 April 2019 and on a mandatory basis from 1 July 2019
 - Due dates for filing of GST annual return and GST audit report to be extended further till 30 June 2019
 - Certain specific changes to be introduced to the formats of GST annual return and GST audit report
 - ITC on invoices pertaining to 2017-18 can be availed till the filing of GSTR 3B for March 2019, subject to conditions to be prescribed
 - All relevant documents to be filed with refund application to be uploaded online, eliminating the requirement of manual submission with authorities
 - A scheme of single authority for disbursement of refund to be implemented on a trial basis
 - Late fee on Form GSTR 1, GSTR 3B and GSTR 4 for the period July 2017 to September 2018 waived for returns filed between 22 December 2018 to 31 March 2019
 - Due date for furnishing Form GSTR-8 by e-commerce operators for the month of October to December to be extended up to 31 January 2019
 - Clarifications to be issued on refund of ITC accumulated on account of inverted duty structure, disbursement of refunds within stipulated time, refund of accumulated ITC of compensation cess.

Agenda for next meeting

- The following has been identified as the agenda (to be referred to committees / group of ministers) for discussion in the next GST Council meeting:
 - Extending composition scheme to small service providers
 - Tax rate on lotteries
 - Taxation of residential property in real estate sector
 - Threshold limit of exemption under GST regime

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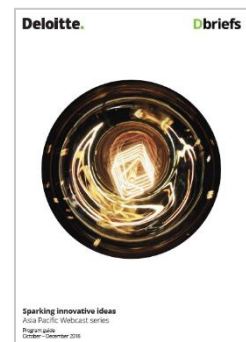
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