



## **Goods and Services Tax Alert** Delivering Clarity

**GST Council recommends revision in GST rates for multiple goods and services. Various amendments to GST law proposed including ones relating to registration, returns, input tax credit etc. New insertions in Schedule III of GST Act**

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## **GST Council recommends revision in GST rates for multiple goods and services. Various amendments to GST law proposed including ones relating to registration, returns, input tax credit etc. New insertions in Schedule III of GST Act**

The GST Council, in the meeting on 21 July 2018, proposed the following:

- Certain goods on which rates are proposed to be revised are as follows:
  - Washing machines, refrigerators / freezers / freezing equipment, lithium ion batteries, televisions (up to the size of 68 cms), vacuum cleaners, food grinders / mixers, storage water heaters, (reduced to 18% from 28%)
  - Handbags, wooden frames, certain types of art ware (reduced to 12% from 18%)
  - GST on supply of e-books (reduced to 5% from 18%)
  - Fuel cell vehicle (reduced to 12% from 28%). Exemption from compensation cess also recommended
  - Ethanol for sale to oil marketing companies for blending with fuel (reduced to 5% from 18%)
  - Footwear up to INR 1000 per pair to be taxed at 5%
  - Sanitary napkins to be exempt from GST
- Exemption granted on outward transportation of all goods by air and sea up to 30 September, 2019
- GST rate on hotel accommodation services to be based on transaction value instead of declared tariff
- Services provided by establishment of a taxable person in India to establishment outside India is proposed to be exempted, provided the place of supply is outside the taxable territory of India
- Proposed amendments to GST law include the following:
  - Section 9(4) of the CGST Act (recipient liability in case of procurements from unregistered person) to be applicable only in case of procurement of specific goods by notified class of registered persons
  - The threshold limit to be eligible to opt for composition scheme proposed to be increased from INR 1 crore to INR 1.5 crores
  - Composition dealers to be allowed to supply services (except restaurant services) up to a value not exceeding 10% of turnover or INR 5 lakh per annum in the preceding financial year, whichever is higher
  - Registration:
    - Threshold limit for registration in certain states (Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand) to be increased to INR 20 lakhs from INR 10 lakhs
    - Taxpayers given the option for multiple registrations within a state / union territory for multiple places of businesses located within the same state / union territory

- Mandatory registration required only for those e-commerce operators required to collect tax at source
- No compliances for taxpayers when cancellation of registration process is underway
- Returns:
  - Option to be provided for filing quarterly returns with monthly payment of tax in a simplified return format by small tax payers (having turnover below INR 5 crore)
  - Option to amend returns provided
  - All taxpayers (excluding small taxpayers and ISD units) required to file one monthly return
  - 'Upload-lock-pay' process proposed (Invoices can be uploaded continuously by supplier and can be continuously viewed and locked by the buyer for availing input tax credit)
  - Taxpayers filing nil returns to be provided facility to file return by SMS
- Schedule III (neither supply of goods or services) inclusions:
  - Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without goods entering India
  - 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 permitted for most activities-/ transactions specified under Schedule III
  - ITC permitted on exempted services obligatory to be provided by employer to employee
  - No interest in case where recipient has not made payment to supplier within 180 days from date of issue of invoice by supplier
  - Order of cross-utilisation of input tax credit to be rationalised
  - Refund of accumulated credit, on account of inverted duty structure, to be allowed to fabric manufacturers
- Consolidated debit-/ credit notes permitted to be issued in case of multiple invoices
- Pre-deposit payable for filing of appeal before the Appellate Authority and the Appellate Tribunal to be capped at INR 25 crore and INR 50 crore, respectively
- Time limit for return of inputs and capital goods (in case of job-work transactions) can be increased to a period of one year and two years respectively
- Supply of services to qualify as exports, even if payment is received in Indian rupees, where permitted by the RBI
- Place of supply 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, to be outside India
- Recovery can be made from distinct persons, even if present in different state/ Union territories

Notifications / legal amendments are awaited before the scope of the above proposals can be fully understood.

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