



Goods and Services Tax Alert

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GST Council recommends revision in rates for goods and services. Small and medium enterprises provided relief through various proposed measures. Implementation of provisions relating to e-way bill and TDS/TCS to be deferred.

Issue no: GST/17/2017

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The GST Council, in its meeting on 6 October 2017, proposed the following:

- Rates for various goods and services to be reduced while IGST exemption to be provided on import of certain goods.
- GST rate with respect to duty credit scrips has been proposed to be revised to Nil from previously prescribed rate of 5%. E-waste of products under chapter 84 and 85 has also been proposed to be revised to 5% from previously prescribed 18% / 28%.
- Exemption from IGST has been provided on rigs imported for oil / gas exploration projects (subject to conditions). It has been proposed that GST shall be levied at 12% with respect to offshore works contract services relating to oil and gas exploration and production in the offshore area beyond 12 nautical miles. Further, GST has been proposed to be levied at 12% with input tax credit (ITC) or 5% without ITC for transportation of natural gas through pipeline.
- Leasing of vehicles purchased and leased prior to 1 July 2017, shall attract GST at 65% of applicable GST plus cess. Sale / disposal of above mentioned vehicles shall also be taxed at 65% of the applicable GST plus cess.

Further, such reduced rate of 65% shall also be applicable to sale / supply of vehicles by registered persons (who procured the said vehicle / s prior to 1 July 2017) provided ITC of any duties paid on such vehicles has not been availed.

Such reduced rate/s shall be applicable for a period of 3 years, effective from 1 July 2017.

- Rates of job work services in relation to products of specific chapters such as jewellery, clay bricks, printing has also been reduced.
- Provision relating to reverse charge liability arising out of supplies received from unregistered suppliers, to remain suspended till 31 March 2018.
- In a series of measures aimed at providing relief to the medium and small scale sector, the following has been proposed:
 - The threshold limit of aggregate annual turnover to be eligible for composition scheme under GST to be increased from currently prescribed INR 75 lakh to INR 1 crore (and from currently prescribed INR 50 lakh to INR 75 lakh for special category states except Jammu & Kashmir and Uttarakhand).
 - Further, it has been proposed that a person would now not be ineligible for composition scheme in case such person is inter alia engaged in providing exempt services.
 - Not mandatory to obtain registration (even when person engaged in inter-state taxable supplies) for service providers whose annual aggregate turnover is less than INR 20 lakhs.
 - Assesseees with annual aggregate turnover not exceeding INR 1.5 crore will be required to file quarterly GST return, which shall be applicable from third quarter of 2017 i.e. October 2017 to December 2017.
 - However, GSTR-3B will be required to be filed till December 2017 along with filings of Form GSTR – 1, 2 & 3 for July, August and September 2017.

- No GST on advances (on account of supply of goods) received by taxpayers with annual aggregate turnover not exceeding INR 1.5 crores.
- No GST on services provided by GTA to an unregistered person.
- It has also been proposed to introduce the e-way bill system in a staggered manner from 1 January 2018, with nationwide rollout from 1 April 2018. Provisions relating to TDS / TCS has been proposed to be implemented from 1 April 2018.
- Notification(s) confirming such changes are expected to be shortly issued by the Ministry of Finance.

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