



## Goods and Services Tax Alert

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**GST Council recommends revision in rates for multiple goods. Array of benefits provided to the MSME sector. Compliance burden has been eased by revising return filing due dates.**

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**In this issue:**

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## **GST Council recommends revision in rates for multiple goods. Array of benefits provided to the MSME sector. Compliance burden has been eased by revising return filing due dates**

The GST Council, in its meeting on 10<sup>th</sup> November 2017, proposed the following:

- Rates for various mass consumption items (shampoo, chocolates, detergents, furniture, wrist watches, beauty products etc. and construction items such as marble, granite, door and windows etc.) to be reduced from 28% to 18%.
- Further, GST rate on certain industrial products such as fork lifts, bull dozers, electric and electronic weighing machinery etc. also to be reduced from 28% to 18%.
- In addition, GST rates on certain specific products to be reduced from 18% to 12% / 5% and from 12% to 5%.
- GST rate on services provided by all stand-alone restaurants (except restaurants located in hotels with room tariff exceeding INR 7,500) as well as food parcels or takeaways, to be fixed at 5% without ITC availment.

GST on outdoor catering services will continue to be at 18% with full input tax credit.

- Conditional exemption from IGST / GST has been proposed to be provided in certain specified cases e.g. imports of life saving medicines, import of goods (other than motor vehicles) under a lease agreement, temporary import of goods under ATA carnet scheme etc.
- It is proposed that irrespective of whether permanent transfer of intellectual property is a supply of goods or service:
  - permanent transfer of intellectual property other than information technology software attracts GST at 12%; and
  - permanent transfer of intellectual property with respect to information technology software attracts GST at 18%
- It has been proposed that inter-state movement of goods like rigs, tools, spares and goods on wheels, not being in the course of furtherance of supply of such goods, shall not constitute a supply and hence is not taxable under GST.
- Further, it has been proposed that credit of GST paid on aircraft engines, parts and accessories will be available for discharging GST on inter – state supply of such goods by way of inter – state stock transfers between distinct persons.
- 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 1 crore to INR 1.5 crore
  - Manufacturers opting for composition scheme, shall be required to pay GST at 1% (revised from the previously prescribed 2%)
  - Taxpayer eligible for composition scheme supplying services up to INR 5 lakh per annum will be allowed the benefit of composition scheme by exempting the same
- To ease the compliance burden on assesses, the following has been proposed:

- For assesses with turnover of up to INR 1.5 crores:

Quarter	Due date for filing of GSTR – 1 (Return for outward supplies)
July 2017 to September 2017	31 <sup>st</sup> December 2017
October 2017 to December 2017	15 <sup>th</sup> February 2018
January 2018 to March 2018	30 <sup>th</sup> April 2018

- For assesses with turnover of above INR 1.5 crores:

Period	Due date for filing of GSTR – 1 (Return for outward supplies)
July 2017 to October 2017	31 <sup>st</sup> December 2017
November 2017	10 <sup>th</sup> January 2018
December 2017	10 <sup>th</sup> February 2018
January 2018	10 <sup>th</sup> March 2018
February 2018	10 <sup>th</sup> April 2018
March 2018	10 <sup>th</sup> May 2018

- Further, return in simplified format (GSTR – 3B) to be filed till March 2018, while the due dates for filing of form GST TRAN – 1 and form GST ITC – 04 have been extended till 31st December 2017.
- Due dates for filing of GSTR – 4 (for the quarter July 2017 to September 2017) and GSTR – 5, GSTR – 5A and GSTR – 6 have also been extended.
- The timelines for filing of Form GSTR-2 and GSTR-3 for the period July 2017 to March 2018 shall be prescribed at a later stage.
- Late fee payable (October 2017 onwards) by a taxpayer whose tax liability for the said month was NIL, shall be INR 20 per day instead of the prescribed INR 200 per day.
- A facility for manual filing of advance ruling application shall be introduced for the time being.
- Notification(s) confirming such changes are expected to be issued on 14th / 15th November, 2017, to be effective from 15th of November, 2017.

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