

GST Alert

An e-newsletter from

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GST ALERT DATED 14.10.2017
RECENT CHANGES PURSUANT TO 22ND GST COUNCIL MEETING

Reverse Charge Mechanism - General

Section 9(4) of the CGST Act, 2017 provides that where there is a taxable supply of goods or services or both by an unregistered supplier to a registered recipient, the recipient would be liable to pay CGST under reverse charge mechanism.

Notification No.8/2017- Central Tax (Rate) w.e.f. 01.07.2017 provided for an exemption from this levy. However, the said exemption was not applicable where the aggregate value of such supplies of goods or service or both received by a registered person from any or all the suppliers, who is or are not registered, exceeds five thousand rupees in a day. This restriction was through a proviso to the said Notification.

Notification No.38/2017- Central Tax (Rate) dated 13.10.2017 has amended Notification No.8/2017; and has deleted this proviso. The exemption is now available till 31.03.2018.

Notification No. 32/2017 – Integrated Tax (Rate) dated 13.10.2017 provides for an exemption in respect of inter-State supply of goods or services or both received by a registered person from any unregistered supplier. This exemption is available up to 31.03.2018.

The effect of these Notifications is that GST is not payable by the registered recipient under reverse charge mechanism when there is a taxable supply of goods or services or both by an unregistered supplier. The Notifications are dated 13.10.2017 and the exemption is up to 31.03.2018, unless it is further extended.

It is important that similar SGST Notifications are also issued in time.

Reverse Charge Mechanism – Notified Categories

Notification No.36/2017 – Central Tax (Rate) dated 13.10.2017 has amended Notification No.4/2017 – Central Tax (Rate) as per which where there is a supply of used vehicles, seized and confiscated goods, old and used goods, waste and scrap by Central Government, State Government, Union territory or a local authority, *GST is payable under RCM by the registered recipient.*

Inter-State Supply – Taxable Services - Exemption from Registration

Notification No.10/2017- Integrated Tax dated 13.10.2017 provides for exemption from registration in respect of persons making inter-State supply of **taxable services** and having an aggregate turnover computed on all India basis not exceeding an amount of **Rs.20 lakhs**.

In terms of the proviso the limit is Rs.10 lakhs in the case of special category States, other than Jammu and Kashmir.

This Notification provides relief since in terms of Section 24 of the CGST Act, 2017, it is mandatory to register if there is any inter-State supply.

Tax on Advances – Exemption - Goods

Notification No.40/2017 – Central Tax dated 13.10.2017 provides that where the aggregate turnover of a registered person did not exceed **Rs.1 Crore and 50 lakhs** in the preceding financial year or the aggregate turnover of a person who has obtained registration is likely to be less than **Rs.1 Crore and 50 lakhs** and composition scheme has not been opted, CGST on outward supply shall be payable at the time of supply specified in Section 12(2)(a).

Section 12(2) provides that the time of supply of goods shall be the earlier of the following dates namely

- (a) date of issue of invoice or last date by which invoice is required to be issued under Section 31; or
- (b) the date on which the supplier receives the payment with respect to the supply.

This meant that GST was payable even on advances. In terms of this Notification GST is not payable on advances and only payable based on invoices in respect of goods, provided the aggregate turnover is within the limits specified in the Notification.

It is pertinent to note that Section 13 of the CGST Act, 2017 deals with time of supply in respect of services and there is no similar relief.

Refunds – Authority

Officers appointed under the SGST Act, 2017 or the UTGST Act, 2017 who are authorised to be proper officers for the purpose of Section 54 & 55 of the CGST Act, 2017 shall act as proper officers for the purpose of sanction of refunds under Section 20 of the IGST Act, 2017 except Rule 96 of the CGST Rules, 2017.

Consolidated Tax Invoice - CGST (Ninth) Amendment Rules, 2017

Rule 54(2) of the CGST Rules, 2017 has been amended as per which an insurer or banking company or financial institution or NBFC shall issue a *consolidated tax invoice* or any other document in lieu thereof, by whatever name called, *for the supply of services made during the month at the end of the month* whether issued or made available, physically or electronically whether or not serially numbered, and whether or not containing the address of the recipient of taxable service but containing other information as mentioned under Rule 46

Motor Vehicles – Notification No.37/2017- Central Tax (Rate) dated 13.10.2017

1. Where the motor vehicles falling under Chapter 87 were purchased by the lessor prior to 01.07.2017 and *supplied on lease before 01.07.2017*, the CGST shall be 65% of the rate applicable on such goods under Notification No.1/2017-Central Tax (Rate).
2. Where the supplier of motor vehicles is a registered person and the motor vehicles falling under Chapter 87 had been purchased prior to 01.07.2017 and no input tax of central excise or VAT or any other tax has been availed, the rate applicable would be 65% of the Central Tax on such goods under Notification No.1/2017-Central Tax (Rate).
3. Nothing contained in this Notification shall apply on or after 01.07.2020.
4. Similar Notification has been issued for compensation cess.

Composition

The eligible turnover limit for composition scheme for the specified categories under Section 10(1) of the CGST Act, 2017 has been increased from Rs.75 lakhs to

Rs.1 Crore. The limit in respect of certain States has been increased from Rs.50 lakhs to Rs.75 lakhs.

Other Changes

1. Changes in rates for specific goods and services have also been effected by way of amendment to Notification No.1/2017; Notification No. 2/2017; Notification No.11/2017; Notification No.12/2017 and Notification No.13/2017 – Central Tax (Rates).
2. A column has been added for cess in Table 6 (GSTR-1) and Table 4 (GSTR-1A).
3. Time limit for making a declaration, in **FORM GST ITC-01**, for the period July to September, 2017, has been extended till 31.10.2017.
4. Time limit for furnishing the return by an Input Service Distributor in **FORM GSTR-6** for the months of July to September 2017 has been extended till 15.11.2017.
5. Time limit for furnishing the return in **FORM GSTR-5A** for the month of July to September 2017 has been extended till 20.11.2017. This Notification is deemed to be effective from 15.09.2017.
6. Time limit for furnishing the return by a composition supplier, in **FORM GSTR-4**, for the quarter July to September, 2017 has been extended till 15.11.2017.
7. Removal of difficulty Order No.01/2017 – Central Tax dated 13.10.2017 has been issued whereby
 - (i) It is clarified that if a person supplies goods and/or services referred to in clause (b) of paragraph 6 of Schedule II of the said Act and also supplies any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, the said person shall not be ineligible for the composition scheme under section 10 subject to the fulfilment of all other conditions specified therein.

- (ii) It is clarified that in computing his aggregate turnover in order to determine his eligibility for composition scheme, value of supply of any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.

Customs

1. Notification No.52/2003- Cus. dated 31.03.2003 provided for exemptions from customs duty and additional duty of customs in respect of certain cases for EOUs. The said Notification has been amended by Notification No.78/2017-Cus dated 13.10.2017 whereby even IGST and Compensation Cess is exempted. However, the IGST and Compensation cess exemption is not applicable on or after 01.04.2018.
2. Notification No.79/2017- Cus. dated 13.10.2017 has amended Notification No.16/2015-Cus.; Notification No.18/2015-Cus.; Notification No.20/2015-Cus.; Notification No.21/2015-Cus.; Notification No.22/2015-Cus. dated 01.04.2015 and Notification No.45/2016-Cus. dated 13.08.2016. (AA/EPCG. schemes)
3. Notification No.77/2017-Cus. dated 13.10.2017 has effected changes in rates in respect of certain goods by amending Notification No.50/2017-Cus.

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