



ECONOMIC  
LAWS  
PRACTICE  
ADVOCATES & SOLICITORS

# GST WEEKLY Update Compilation

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September 2017

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JULY 14, 2017

## Press Release issued by ministry of Finance

Particulars	Summary
<b>Impact of GST on education and other services</b>	<ul style="list-style-type: none"> <li>Services provided by an educational institution to students, faculty and staff are exempt under GST</li> <li>Services of lodging/boarding in hostels provided by educational institutions, which are providing pre-school education and education up to higher secondary school or equivalent law, are fully exempt from GST</li> <li>There is no impact of GST on education provided up to Higher Secondary School level as GST on output services is exempt</li> <li>Services by an entity registered under section 12AA of the Income-tax Act by way of charitable activities relating to advancement of educational programs or skill developments are exempt from GST</li> </ul>
<b>Employer - employee transaction</b>	<ul style="list-style-type: none"> <li>Gifts to employees in the course of employment by the employer up to INR 50,000/- are not liable to GST and gifts of more than INR 50,000/- made without consideration are subjected to GST</li> <li>Services by an employee to the employer in the course of or in relation to his employment is outside the scope of GST (neither supply of goods or supply of services)</li> <li>Supply by employer to employee in terms of the contractual arrangement which is part of cost- to -company (C2C) will not be liable to GST</li> </ul>
<b>Services provided by Housing Society Resident Welfare Association (RWA)</b>	<ul style="list-style-type: none"> <li>Supply of service by RWA (unincorporated body or a registered non- profit entity) to its own members by way of reimbursement of charges or share of contribution up to an amount of INR 5,000/- per month per member for providing services and goods for the common use of its members in a housing society or a residential complex are exempt from GST</li> <li>If the aggregate turnover of such RWA is upto INR 20 Lakh in a financial year, then such supplies would be exempted from GST even if charges per member are more than INR 5,000/-</li> </ul>
<b>GST under reverse charge mechanism on gold ornaments</b>	<ul style="list-style-type: none"> <li>Sale of old jewellery by an individual to a jeweller will not attract the provisions of Section 9(4) and jeweller will not be liable to pay tax under reverse charge mechanism on such purchases</li> <li>However, if an unregistered supplier of gold ornaments sells it to registered supplier, GST under RCM will apply</li> </ul>
<b>GST on free food supplied by religious institutions</b>	<ul style="list-style-type: none"> <li>GST is not applicable on food supplied free of cost by religious institutions</li> <li>Also, prasadam supplied by religious places like temples, mosques, churches, gurudwaras, dargahs, etc. will attract Nil GST</li> </ul>

### Exemption on import of aircrafts and other parts

- Finance Ministry **vide Notification 65/2017-Customs dated July 8, 2017** has granted exemption from payment of Basic Customs duty & IGST on import of Aircrafts, aircraft engines and other aircraft parts on lease basis

### Clarification - levy of igst on Inter-state movement of conveyance

- CBEC **vide circular 1/2017- IGST dated July 07, 2017** has clarified that interstate movement of various modes of conveyance [carrying goods/ passengers] between distinct persons for repairs are not covered under supply and accordingly not liable to IGST
- CGST and SGST/IGST shall be leviable on repairs and maintenance done for such conveyance

## JULY 7, 2017

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### CGST Rules, 2017

- The CGST (second amendment) Rules have been issued wide Notification 10/2017 – Central Tax dated June 28, 2017 with amendments in certain chapters
- Format of the summary return (i.e. GSTR-3B) to be filed for the months of July and August, 2017 is also released in public domain

### Press Release - MRP Valuation

- On account of implementation of GST, the retail sale price of some pre-packaged commodities could require a revision
- In the above context, the Ministry of Consumer Affairs, Food & Public Distribution has released a press release allowing the manufacturers or packers or importers of pre-packaged commodities to declare changed retail price on the unsold stock manufactured/ packed/imported prior to July 1, 2017
- An upward revision would require the same to be advertised in two newspapers before affixing the new retail price sticker on goods
- Declaration of the changed retail sale price can be undertaken in any of the prescribed ways such as stamping or affixing a sticker

### Export Procedure with onset of GST

- Under the GST regime, zero rated supplies of goods or services without payment of tax would be accompanied by a Bond or Letter of Undertaking in the prescribed format (Form GST RFD-11)
- Considering the practical difficulties faced by the stakeholders in the said context, the option of manual filing of the applicable Bond or Letter of Undertaking has been allowed before the jurisdictional Deputy/Assistant Commissioner till the module for furnishing GST RFD-11 is available on the GST Portal

### Alignment of custom legislation & FTP with GST

- A series of notifications along with a guidance note has been issued under the Customs legislation to align the same with the GST regime. These are summarized as follows:
  - ♦ IGST and Compensation cess (wherever applicable) would be levied on any cargo arriving on or after July 1 or any cargo arrived before July 1 but where the bill of entry is filed on or after the said date. Any ex-bond bill of entry filed on or after July 1 would attract IGST and Compensation cess
  - ♦ Value of import for the purpose for levying IGST shall be assessable value plus Basic Custom Duty, Education cess, Higher Education cess, Anti-dumping Duty and Safeguard Duties. Compensation cess would be applicable on the assessable value of goods along with all the aforesaid levies, to the exclusion of IGST
  - ♦ In GST regime, GSTIN would be an identifier for every import-export transaction. Where the same is not available, the UIN or PAN would be accepted as the Importer Exporter Code (IEC)
  - ♦ Imports made under export promotion schemes like EPCG, DEEC will continue to remain exempted from Customs duties but would be subjected to IGST and Compensation cess
  - ♦ Duty Credit Scrips will be used only for the payment of Basic Custom Duty and will not be utilised against the payment of GST
  - ♦ Full exemption has been provided for passenger baggage from IGST but Basic Custom Duty and Education cess will be applicable on the value in excess of the duty free allowances provided under the Baggage Rules, 2016
  - ♦ SAD paid by the traders/dealers on goods lying in stock as on June 30 or goods received on or after July 1 can be set-off against their GST liability as and when such imported goods are supplied by them in domestic market
  - ♦ Customs EDI system would be interconnected with GSTN for validation of Input Tax Credits (ITC). Further, Bill of Entry data in non-EDI locations would be digitized and used for validation of ITC provided by GSTN.
  - ♦ Existing duty drawback scheme will continue for three months from the implementation of GST
  - ♦ Under the above mentioned scheme exporters can claim higher rate of duty drawback subject to non-availability of refund of IGST or alternatively can claim only customs duty as duty drawback and refund of IGST under GST laws
  - ♦ Electronic as well as manual shipping bill formats including courier bill have been amended to include reference of the GSTIN
  - ♦ Applicable GST would be payable on the transfer/supply of goods from one unit of EOU/EHTP/STP/BPT to another

### Registration under GST regime as Input Service Distributor or under Composition Scheme

- ♦ The GST Portal commenced registrations of Input Service Distributors under GST regime from July 5, 2017
- ♦ The portal has also started a facility for registered businesses to indicate their intent of opting for the Composition Scheme
- ♦ The registration facility of TDS and TCS deductors will commence after July 20, 2017

### Offline tool for Return Filing under GST

- The GSTN has come up with an offline tool in form of an excel sheet. The said tool is in a format which is required to create GSTR-1 (Outward Supply Return)

- The offline tool can be downloaded from the GST Portal (<https://www.gst.gov.in/download/returns>)

### **GST Council Meeting**

- The GST Council would meet on August 5, 2017 to review the implementation of GST

## JULY 02, 2017

### GST roll-out

At stroke of midnight on July 01, 2017 the GST was formally launched in a late night Parliamentary Session.

### GST Council meeting held on June 30, 2017

#### ■ GST Rate

GST Council reduced the rate of fertilizers from 12% to 5%, while those on exclusive parts of tractors reduced rate from 28% to 18%.

#### ■ Rules and Formats

Respective states issued the notification for applicability of States Goods and Service Tax, 2017 and Rules thereon have come into effect from July 01, 2017.

### Notification issued by finance ministry

The Ministry of Finance has issued notifications in the course of last week prescribing the effective date from which various provisions of CGST, IGST and UTGST law will come into force, concerning composition levy, taxes to be paid on reverse charge basis and other key aspects, which are tabulated hereunder:

Notification No.	Summary						
<b>Central Goods and Service Tax Act, 2017</b>							
07/2017-Central Tax, dated June 28, 2017	Amends the Central Goods and Services Tax Rules, 2017. These amended rules will be come into force from June 22, 2017.						
08/2017-Central Tax, dated June 28, 2017	Notifies the turnover limit for Composition Levy for CGST. Assessee whose aggregate turnover in the preceding financial year did not exceed seventy five lakh rupees (for specified states <sup>1</sup> it is fifty lakh rupees), may opt to pay, in lieu of the tax payable by him, an amount calculated at the rate of: <table border="1"> <thead> <tr> <th>Particulars</th><th>Percentage</th></tr> </thead> <tbody> <tr> <td>Manufacturer</td><td>1 % of the turnover in State</td></tr> <tr> <td>Persons engaged in making supplies referred to in clause (b) of paragraph 6 of</td><td>2.5% of the turnover in State</td></tr> </tbody> </table>	Particulars	Percentage	Manufacturer	1 % of the turnover in State	Persons engaged in making supplies referred to in clause (b) of paragraph 6 of	2.5% of the turnover in State
Particulars	Percentage						
Manufacturer	1 % of the turnover in State						
Persons engaged in making supplies referred to in clause (b) of paragraph 6 of	2.5% of the turnover in State						

<sup>1</sup> Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Himachal Pradesh

	Schedule II of the CGST Act (i.e. supply of food and any other article for human consumption)										
	Other suppliers	0.5% of the turnover in State									
	The registered person engaged in manufacture of ice cream and other edible ice, pan masala and tobacco and manufactured tobacco substitutes, shall not be eligible for composition levy										
09/2017-Central Tax, dated June 28, 2017	Following sections have come into effect from July 01, 2017: Section 6 to Section 9 of the CGST Act, 2017 Section 11 to Section 21 of the CGST Act, 2017 Section 31 to Section 41 of the CGST Act, 2017 Section 42 the CGST Act, 2017 except the proviso to sub-section(9) of section 42 Section 43 the CGST Act, 2017 except the proviso to sub-section(9) of section 43 Section 44 to Section 50 of the CGST Act, 2017 Section 53 to Section 138 of the CGST Act, 2017 Section 140 to Section 145 of the CGST Act, 2017 Section 147 to Section 163 of the CGST Act, 2017 Section 165 to Section 174 of the CGST Act, 2017.										
10/2017-Central Tax, dated June 28, 2017	Second amendment to the Central Goods and Services Tax Rules, 2017. These second amended rules will come into force form July 01, 2017.										
12/2017-Central Tax, dated June 28, 2017	Prescribes the requirement for mentioning the number of digits of HSN in the tax invoices as follows: <table><tr><th>Annual Turnover in the preceding Financial Year</th><th>Number of Digits of HSN Code to be mentioned in invoice</th></tr><tr><td>Upto one crore fifty lakhs</td><td>NIL</td></tr><tr><td>More than rupees one crore fifty lakhs and upto rupees five crores</td><td>2</td></tr><tr><td>More than rupees five crores</td><td>4</td></tr></table>			Annual Turnover in the preceding Financial Year	Number of Digits of HSN Code to be mentioned in invoice	Upto one crore fifty lakhs	NIL	More than rupees one crore fifty lakhs and upto rupees five crores	2	More than rupees five crores	4
Annual Turnover in the preceding Financial Year	Number of Digits of HSN Code to be mentioned in invoice										
Upto one crore fifty lakhs	NIL										
More than rupees one crore fifty lakhs and upto rupees five crores	2										
More than rupees five crores	4										
13/2017-Central Tax, dated June 28, 2017	Prescribes the rate of interest under CGST Act, 2017 for: <ul style="list-style-type: none"><li>Sub-section (1) of section 50 (i.e. unpaid tax liability) @ 18%;</li><li>Sub-section (3) of section 50 (i.e. undue or excess claim of input tax credit or undue or excess claim of reduction in tax liability) @ 24%;</li><li>Sub-section (12) of section 54 (i.e. refund withheld by authorities, subsequently becomes due to assessee by way of an order) @ 6%;</li><li>Section 56 (i.e. delayed refunds by the authorities) @ 6% and</li><li>Proviso to section 56 (i.e. amount not refunded within 60 days from date of refund application consequent to an order by adjudicating authority / appellate authority / appellate tribunal) @ 9%.</li></ul>										
Integrated Goods and Service Tax Act, 2017											
03/2017-Integrated Tax, dated June 28, 2017	Following sections have come into effect from July 01, 2017: Section 4 to Section 13 of the IGST Act, 2017 Section 16 to Section 19 of the IGST Act, 2017 Section 21 of the IGST Act, 2017										



		Section 23 to Section 25 of the IGST Act, 2017.
04/2017-Integrated Tax, dated June 28, 2017		Notified the Integrated Goods and Service Tax Rules, 2017 and shall come into force from June 22, 2017.
05/2017-Integrated Tax, dated June 28, 2017		Prescribes the requirement for mentioning the number of digits of HSN in the tax invoices, which is identical to what has been prescribed under Notification No. 12/2017-Central Tax dated June 28, 2017.
06/2017-Integrated Tax, dated June 28, 2017		Prescribed the rate of interest under IGST Act, 2017, which is identical to the rates prescribed under Notification No. 13/2017-Central Tax dated June 28, 2017.
<b>Union Territory Goods and Service Tax Act, 2017</b>		
02/2017-Union Territory Tax, dated June 28, 2017		Notifies the applicable rate and turnover limit for composition levy for UTGST, which is identical to the turnover limit and rate prescribed under Notification No. 8/2017-Central Taxes dated June 28, 2017.
03/2017-Union Territory Tax, dated June 28, 2017		Following sections have come into effect from July 01, 2017: Section 6 to Section 16 of the UTGST Act, 2017 Section 18 to Section 20 of the UTGST Act, 2017 Section 23 to Section 26 of the UTGST Act, 2017.
<b>Goods and Services Tax (Compensation to States) Act, 2017</b>		
01/2017- compensation cess, dated June 28, 2017		All the provisions of Goods and Services Tax (Compensation to States) Act, 2017 shall come into force from July 01, 2017.

### Notification for rates by finance ministry

The Ministry of Finance has issued notifications prescribing the rate of Central Tax (i.e. CGST), IGST and UTGST applicable on various supplies. The below mentioned notifications will come into effect from July 01, 2017

Notification No.	Summary
Central tax (Rate) Notifications for Central Goods and Service Tax Act, 2017	
01/2017-Central Tax (Rate), dated June 28, 2017	CGST Rate Schedule notified under section 9 (1) as follows - <ul style="list-style-type: none"> <li>2.5 per-cent in respect of goods specified in Schedule I,</li> <li>6 per-cent in respect of goods specified in Schedule II,</li> <li>9 per-cent in respect of goods specified in Schedule III,</li> <li>14 per-cent in respect of goods specified in Schedule IV,</li> <li>1.5 per-cent in respect of goods specified in Schedule V, and</li> <li>0.125 per-cent in respect of goods specified in Schedule VI</li> </ul>
02/2017-Central Tax (Rate), dated June 28, 2017	Exempts the intra-state supplies of goods as specified in notification from the whole of central tax leviable under Section 9 of CGST Act, 2017.
03/2017-Central Tax (Rate), dated June 28, 2017	Exempts intra-state supplies of goods as specified in notification from so much of the central tax leviable under section 9 of the CGST Act, 2017 as is in excess of the at the rate 2.5% for supplies in connection with petroleum operations and subject to the relevant conditions annexed to this notification.
04/2017-Central Tax (Rate), dated	List on certain specified supplies of goods on which the central tax shall be

June 28, 2017	paid on reverse charge by the recipient.
05/2017-Central Tax (Rate), dated June 28, 2017	Supplies of goods in respect of which no refund of unutilised input tax credit shall be allowed where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on the output supplies (other than output supplies that are nil rated or fully exempted).
08/2017-Central Tax (Rate), dated June 28, 2017	Exempts intra-state supplies of goods or services or both received by a registered person from any unregistered supplier from the whole of the central tax, where the aggregate value of such supplies from any or all suppliers is upto Rs. 5,000/- a day. If any or all supplies from unregistered person to a registered person exceed Rs. 5,000/- a day, CGST shall be levied on all such supplies.
09/2017-Central Tax (Rate), dated June 28, 2017	Exempts intra-state supplies of goods or services or both received by a deductor under section 51 of the CGST Act, from any unregistered supplier, from the whole of the central tax, subject to the condition that the deductor is not liable to be registered otherwise than under section 24(vi) of the CGST Act, 2017 (i.e. registered as deductor but otherwise unregistered person for CGST Act).
10/2017-Central Tax (Rate), dated June 28, 2017	Exempts intra-state supplies of second hand goods received by a registered person, dealing in buying and selling of second hand goods and who pays the central tax on the value of outward supply of such second hand goods as determined under rule 32(5)(i.e. Valuation) of the CGST Rules, 2017, from any supplier, who is not registered, from the whole of the central tax leviable thereon under section 9(4) of the CGST Act, 2017.
11/2017-Central Tax (Rate), dated June 28, 2017	Notifies the rates for supply of services under CGST Act, 2017.
12/2017-Central Tax (Rate), dated June 28, 2017	Notifies the exemptions on supply of services under CGST Act, 2017.
13/2017-Central Tax (Rate), dated June 28, 2017	Notifies services on which tax will be payable under reverse charge mechanism under CGST Act, 2017.
15/2017-Central Tax (Rate), dated June 28, 2017	Supply of services specified in sub-item (b) of item 5 of Schedule II of the CGST Act i.e. Construction service, will not eligible for refund of unutilized input tax credit under CGST Act, 2017.
16/2017-Central Tax (Rate), dated June 28, 2017	Notified specialised agencies such as <ul style="list-style-type: none"> <li>▪ United Nations or a specified international organisation; and</li> <li>▪ Foreign diplomatic mission or consular post in India, or diplomatic agents or career consular officers posted therein,</li> </ul> entitled to claim a refund of taxes paid on the notified supplies of goods or services or both received by them under CGST Act, 2017.
17/2017-Central Tax (Rate), dated June 28, 2017	Central Tax on intra-state supply of following services shall be paid by the electronic commerce operator: <ul style="list-style-type: none"> <li>▪ Services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle;</li> <li>▪ Services by way of providing accommodation in hotels, inns, guest</li> </ul>

	houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration under Section 22(1) of the said CGST Act, 2017.
<b>Integrated tax (Rate) Notifications for Integrated Goods and Service Tax Act, 2017</b>	
01/2017-Integrated Tax (Rate), dated June 28, 2017	IGST Rate Schedule notified under section 5 (1) as follows - <ul style="list-style-type: none"> <li>5 per-cent in respect of goods specified in Schedule I,</li> <li>12 per-cent in respect of goods specified in Schedule II,</li> <li>18 per-cent in respect of goods specified in Schedule III,</li> <li>28 per-cent in respect of goods specified in Schedule IV,</li> <li>3 per-cent in respect of goods specified in Schedule V, and</li> <li>0.25 per-cent in respect of goods specified in Schedule VI.</li> </ul>
02/2017-Integrated Tax (Rate), dated June 28, 2017	Exempt the inter-state supplies of goods as specified in notification from the whole of integrated tax leviable thereon under Section 5 of the IGST Act, 2017.
03/2017-Integrated Tax (Rate), dated June 28, 2017	Exempts intra-state supplies of goods as specified in notification from so much of the central tax leviable under section 5 of the IGST Act, 2017 as is in excess of the at the rate 5% for supplies in connection with petroleum operations and subject to the relevant conditions annexed to this notification.
04/2017-Integrated Tax (Rate), dated June 28, 2017	List of certain specified supplies on which the integrated tax shall be paid on reverse charge basis by the recipient.
05/2017-Integrated Tax (Rate), dated June 28, 2017	Supplies of goods in respect of which no refund of unutilised input tax credit shall be allowed where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on the output supplies (other than output supplies that are nil rated or fully exempted).
08/2017-Integrated Tax (Rate), dated June 28, 2017	Notifies the rates for supply of services under IGST Act, 2017.
09/2017-Integrated Tax (Rate), dated June 28, 2017	Notifies the exemptions on supply of services under IGST Act, 2017.
10/2017-Integrated Tax (Rate), dated June 28, 2017	Notifies the services on which integrated tax will be payable under reverse charge mechanism under IGST Act, 2017.
12/2017-Integrated Tax (Rate), dated June 28, 2017	Supply of services specified in sub-item (b) of item 5 of Schedule II of the CGST Act i.e. Construction service, will not eligible for refund of unutilized input tax credit under IGST Act, 2017.
13/2017-Integrated Tax (Rate), dated June 28, 2017	Notified specialised agencies entitled to claim a refund of taxes paid on the notified supplies of goods or services or both received by them under IGST Act, 2017, which is identical to what has been prescribed under Notification No. 16/2017-Central Tax (Rate) dated June 28, 2017.
14/2017-Integrated Tax (Rate), dated June 28, 2017	Central Tax on intra-state supply shall be paid by the electronic commerce operator, which is identical to what has been prescribed under Notification No. 17/2017-Central Tax (Rate) dated June 28, 2017.
<b>Union Territory tax (Rate) Notifications for Union Territory Goods and Service Tax Act, 2017</b>	
01/2017-Union Territory Tax (Rate),	UTGST Rate Schedule notified under section 7 (1) as follows -

dated June 28, 2017	<ul style="list-style-type: none"> <li>▪ 2.5 per-cent in respect of goods specified in Schedule I,</li> <li>▪ 6 per-cent in respect of goods specified in Schedule II,</li> <li>▪ 9 per-cent in respect of goods specified in Schedule III,</li> <li>▪ 14 per-cent in respect of goods specified in Schedule IV,</li> <li>▪ 1.5 per-cent in respect of goods specified in Schedule V, and</li> <li>▪ 0.125 per-cent in respect of goods specified in Schedule VI.</li> </ul>
02/2017-Union Territory Tax (Rate), dated June 28, 2017	Exempt intra state supplies of goods from whole of union territory tax leviable under Section 7 of UTGST Act, 2017.
03/2017-Union Territory Tax (Rate), dated June 28, 2017	Exempts intra-state supplies of goods as specified in notification from so much of the central tax leviable under section 8(1) of the UTGST Act, 2017 as is in excess of the at the rate 2.5% for supplies in connection with petroleum operations and subject to the relevant conditions annexed to this notification.
04/2017-Union Territory Tax (Rate), dated June 28, 2017	List of certain specified supplies of goods on which the union territory tax shall be paid on reverse charge basis by the recipient.
05/2017-Union Territory Tax (Rate), dated June 28, 2017	Supplies of goods in respect of which no refund of unutilised input tax credit shall be allowed where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on the output supplies (other than output supplies that are nil rated or fully exempted).
08/2017-Union Territory Tax (Rate), dated June 28, 2017	Exempts intra-state supplies of goods or services or both received by a registered person from any unregistered supplier from the whole of the union territory tax, where the aggregate value of such supplies from any or all suppliers is upto Rs. 5,000/- a day. If any or all supplies from unregistered person to a registered person exceed Rs. 5,000/- a day, UTGST shall be levied on all such supplies.
09/2017-Union Territory Tax (Rate), dated June 28, 2017	Exempts intra-State supplies of goods or services or both received by a deductor under section 51 of the CGST Act, 2017, which is identical to what has been prescribed under Notification No. 9/2017-Central Tax (Rate) dated June 28, 2017.
10/2017-Union Territory Tax (Rate), dated June 28, 2017	Exempts intra-State supplies of second hand goods received by a registered person, dealing in buying and selling of second hand goods, which is identical to what has been prescribed under Notification No. 10/2017-Central Tax (Rate) dated June 28, 2017.
11/2017-Union Territory Tax (Rate), dated June 28, 2017	Notifies the rates for supply of services under UTGST Act, 2017.
12/2017-Union Territory Tax (Rate), dated June 28, 2017	Notifies the list of exemptions on supply of services under UTGST Act, 2017.
13/2017-Union Territory Tax (Rate), dated June 28, 2017	Notifies services on which union territory tax will be payable under reverse charge mechanism under UTGST Act, 2017.
15/2017-Union Territory Tax (Rate), dated June 28, 2017	In case of supply of services specified in sub-item (b) of item 5 of Schedule II of the CGST Act i.e. Construction service, the supplies not eligible for refund of unutilized ITC under UTGST Act, 2017.
16/2017-Union Territory Tax (Rate),	Notified specialised agencies entitled to claim a refund of taxes paid on the

dated June 28, 2017	notified supplies of goods or services or both received by them under UTGST Act, 2017, which is identical to what has been prescribed under Notification No. 16/2017-Central Tax (Rate) dated June 28, 2017.												
17/2017-Union Territory Tax (Rate), dated June 28, 2017	List of services if intra-State supplied tax of which shall be paid by the electronic commerce operator, which is identical to what has been prescribed under Notification No. 17/2017-Central Tax (Rate) dated June 28, 2017.												
<b>Compensation Cess (Rate) Notifications</b>													
01/2017- Compensation Cess (Rate), dated June 28, 2017	Notified Rates of goods and services tax compensation cess under Goods and Services Tax (Compensation to States) Act, 2017.												
02/2017- Compensation Cess (Rate), dated June 28, 2017	Notified the rates of compensation cess on supply of specified services; such as												
	<table><tr><th>Description of Services</th><th>Chapter</th><th>Rate (in per-cent.)</th></tr><tr><td>Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration</td><td>Chapter 99</td><td>Same rate of cess as applicable on supply similar goods involvi transfer of title in go</td></tr><tr><td>Transfer of right in goods or of undivided share in goods without the transfer of title thereof</td><td>Chapter 99</td><td>Same rate of cess as applicable on supply similar goods involvi transfer of title in go</td></tr><tr><td>Any other supply of services</td><td>Chapter 99</td><td>NIL</td></tr></table>	Description of Services	Chapter	Rate (in per-cent.)	Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration	Chapter 99	Same rate of cess as applicable on supply similar goods involvi transfer of title in go	Transfer of right in goods or of undivided share in goods without the transfer of title thereof	Chapter 99	Same rate of cess as applicable on supply similar goods involvi transfer of title in go	Any other supply of services	Chapter 99	NIL
	Description of Services	Chapter	Rate (in per-cent.)										
	Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration	Chapter 99	Same rate of cess as applicable on supply similar goods involvi transfer of title in go										
Transfer of right in goods or of undivided share in goods without the transfer of title thereof	Chapter 99	Same rate of cess as applicable on supply similar goods involvi transfer of title in go											
Any other supply of services	Chapter 99	NIL											

The above notifications are available on the website of the CBEC at: <http://www.cbec.gov.in/htdocs-cbec/gst/index>

### Status of sgst/utgst

All States and Union Territories except State of Jammu & Kashmir, approve the State GST Act or Union Territory GST Act till June 30, 2017.

**JUNE 23, 2017****GST Council meeting**

- **Rules and Formats**

- ♦ Following rules and formats have been approved by GST Council in the meeting held on June 18, 2017:

Rules	Formats
Anti Profiteering	Advance ruling
Advance ruling	Appeals and revision
Appeals and revision	Assessment
Assessment and Audit	Audit

- **Composition Scheme**

- ♦ The GST Council has approved the threshold for the composition scheme to INR 50 Lakhs instead of INR 75 Lakhs for special category States i.e. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Himachal Pradesh and for Uttarakhand
- ♦ Manufacturers of Ice-cream, pan masala and tobacco are not eligible for composition scheme

- **GST Rates:**

Sr. No.	Description of Services / Goods	GST Rate
1	Dried singhada and makhana	5%
2	Private lotteries	28%
3	State authorized lotteries	12%
4	Transport of goods in a vessel including services provided or agreed to be provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India	5% with ITC of input services and ITC of GST paid on ships, vessels including bulk carriers and tankers
5	Renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes where room tariff is Rs 2500/- and above but less than Rs 7500/- per room per day	18% with full ITC
6	Supply of Food/drinks in air-conditioned restaurant in 5-star or above rated Hotel	18% with full ITC
7	Accommodation in hotels including 5 star and above rated hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, where room rent is Rs 7500/- and above per room per day	28% with full ITC

- **Relaxation in return filling procedure for first two months of GST Implementation:**

- ♦ For the first two months, assesses would have to file simple return in (Form GSTR – 3B) containing summary of outward and

inward supplies. However, invoice wise details in Form GSTR-1 for the month of July and August, 2017 are required to be filed:

♦ Timelines

Month	GSTR – 3B	GSTR – 1* (Outward Return)	GSTR – 2 (Inward Return)
July, 2017	August 20, 2017	September 1 to 5, 2017	September 6 to 10, 2017
August, 2017	September 20, 2017	September 16 to 20, 2017	September 21 to 25, 2017

- ♦ No late fees and penalty would be levied for this interim period

### ENROLMENT under GST portal

- Applicants who are not taxpayers under current regime can apply for new registration under GST by filing application on GST portal from June 25, 2017
- Assessors who have successfully migrated can download the Provisional Registration Certificate from "Download Certificates" tab on GST website from June 27, 2017

### Notifications by Finance Ministry

Notification No.	Summary
<b>Central Goods and Service Tax Act, 2017</b>	
<b>01/2017-Central Tax dated June 19, 2017</b>	Following sections have come into effect from June 22, 2017: <ul style="list-style-type: none"> <li>▪ Sections 1 &amp; 2 (Preliminary),</li> <li>▪ Sections 3 to 5 (Administration),</li> <li>▪ Section 10 (Composition levy),</li> <li>▪ Sections 22 to 30 (Registration),</li> <li>▪ Section 139 (Migration of existing taxpayers),</li> <li>▪ Section 146 (Common portal) and</li> <li>▪ Section 164 (Power of government to make rules)</li> </ul>
<b>02/2017-Central Tax dated June 19, 2017</b>	Appointment and jurisdiction of various officers under CGST & IGST Acts, 2017
<b>03/2017-Central Tax dated June 19, 2017</b>	Rules for registration and composition levy have been notified with effect from June 22, 2017
<b>04/2017-Central Tax dated June 19, 2017</b>	www.gst.gov.in has been notified as the Common Goods and Services Tax Electronic Portal for facilitating registration, payment of tax, furnishing of returns, computation and settlement of integrated tax and electronic way bill
<b>05/2017-Central Tax dated June 19, 2017</b>	Exemption from taking registration has been granted to the persons who are engaged in making only taxable supplies of goods and services on which tax is payable under reverse charge basis by the recipient

<b>06/2017-Central Tax dated June 19, 2017</b>	Two modes of verification [i.e. Aadhaar based Electronic Verification Code (EVC) or Bank account based One Time Password (OTP) have been notified the authentication of any document
<b>Integrated Goods and Service Tax Act, 2017</b>	
<b>01/2017-Integrated Tax dated June 19, 2017</b>	<p>Following sections have come into effect from June 22, 2017:</p> <ul style="list-style-type: none"> <li>▪ Sections 1 &amp; 2 (Preliminary),</li> <li>▪ Section 3 (Administration),</li> <li>▪ Sections 14 (Special provision for payment of tax by a supplier of online information and database access or retrieval services),</li> <li>▪ Section 20 (Application of provisions of CGST Act) and</li> <li>▪ Section 22 (Power to make rules)</li> </ul>
<b>02/2017-Integrated Tax dated June 19, 2017</b>	'Principal Commissioner of Central Tax, Bengaluru West' and subordinate officers have been empowered to grant registration in case of Online Information Database Access Retrieval (OIDAR) services provided by a person located in non-taxable territory and received by a non-taxable online recipient
<b>Union Territory Goods and Services Tax Act, 2017</b>	
<b>01/2017-Union Territory Tax dated June 19, 2017</b>	<p>Following sections have come into effect from June 22, 2017:</p> <ul style="list-style-type: none"> <li>▪ Sections 1 &amp; 2 (Preliminary),</li> <li>▪ Section 3 to 5 (Administration),</li> <li>▪ Sections 17 (Transitional Provisions) and</li> <li>▪ Section 21 &amp; 22 (Miscellaneous)</li> </ul>

### launch of official website

- GST Council has launched official website [WWW.GSTCOUNCIL.GOV.IN](http://WWW.GSTCOUNCIL.GOV.IN) which contains all information relating to GST including compensation and GST rates, information on constitution of standing committees & working groups, contact details of working groups, FAQs on GST as well as migration

### Next GST Council Meeting

- Next GST Council meeting is scheduled on June 30, 2017



## JUNE 16, 2017

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### GST Council Meeting

- Following are the key decisions taken by the GST Council in its meeting held on June 11, 2017 :
  - Threshold of annual turnover for availing composition scheme has been increased from INR 50 Lakhs to INR 75 Lakhs for trader, manufacturer and restaurant service providers
  - The Council has approved the Accounts and Records Rules
  - Tax rates were revised for 69 supplies. Some important product classification changes under GST regime are mentioned below :
    - Packaged food items including fruit and vegetable products, earlier falling under 18%, now would be taxed at 12%
    - Cashew nuts will be taxed at 5% instead of 12%
    - Cinema tickets below Rs. 100 will attract 18% GST rate instead of 28% GST.
  - IGST exemption is extended for temporary import/re-import of diamonds and inter-state movement of conveyance between distinct person carrying goods or passengers or both

### Enrolment under GST Portal

- GST Portal, earlier closed on June 15, 2017, will reopen from June 25, 2017 for enrolment of assesseees registered under the current indirect tax regime
- The above is proposed to remain active even after July 1, 2017
- The GST Portal has also clarified that the Provisional ID issued for migration will be the GSTIN of the taxpayer.

### Offline tool for Return Filing under GST

- The GSTN has proposed to introduce an offline tool as an excel sheet, for the purpose of uploading details in GSTR-1 (Outward Supply Return)
- The offline tool will be available free of cost and would be available for download at the GST Portal ([www.gst.gov.in](http://www.gst.gov.in)) from the last week of June.

### Change In Import export code (IEC) Under GST

- With the implementation of the GST, GST Identification Number (GSTIN) would be, inter alia, used for the purposes of credit flow of IGST on imports and refund or rebate of IGST related to export of goods
- In view of the above, the Ministry of Commerce and Trade has decided that the importer/exporter would need to declare its GSTIN at the time of imports or exports

### Status of SGST/UTGST

- Several States and Union Territories (UT) have passed the SGST Bill/UTGST bill, which now includes Meghalaya and Karnataka, taking the count to 26. The following States/UTs are yet to pass the GST Bill:

Sr. No.	States	Sr. No.	States
1.	Kerala	6.	Tamil Nadu
2.	West Bengal	7.	Andaman and Nicobar Islands
3.	Punjab	8.	Lakshadweep
4.	Dadra Nagar Haveli	9.	Chandigarh
5.	Diu and Daman		

### Next GST Council Meeting

- Next meeting of the GST Council is proposed to be held on June 18, 2017 with the following agenda:
  - To decide applicability of the new threshold limit of INR 75 Lakh on special category States
  - To consider draft rules and formats for (i) Advance Ruling, (ii) Appeals and Revision, (iii) Assessment and Audit, (iv) E-way Bills (v) Anti-Profiteering
  - Fitment/adjustment of GST rates on certain items among others

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**JUNE 02, 2017**

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**Special drive by GSTN for updation of IEC**

- In order to avail Input tax credit of IGST paid on import of goods, it is necessary that GSTIN of the importer is mentioned on the Customs documents such as Bills of Entry, Shipping Bills. This is also necessary to obtain refund of GST in case of exports
- PAN submitted for obtaining IEC should match with the PAN details provided by the importer at the time of migration to GST as IEC of the importer would be linked with his GSTIN. In case the same is not matched, the importer may not be able to clear the goods from customs
- Therefore, in case of any differences in PAN declared for GSTIN *vis-a-vis* the PAN declared for IEC, the same is required to be updated in GSTN. In this regard, a special drive by GSTN has been introduced for the period June 1, 2017 to June 15, 2017

**Twitter handle @askGSTech account**

- Government / CBEC has set up a Twitter handle @askGSTech in order to reply to the queries of public pertaining GST and IT. Some of the important twitter clarifications are as under:
  - In terms of Schedule III of the Central Goods and Service Tax Act, 2017; services provided by employee to employer are neither supply of goods nor of services. Therefore, it has been clarified that there would not be any GST implications on salary transferred from Head Office to Branches;
  - Input tax credit of dry fly ash / other taxable goods / services used for supply of electricity would not be available;
  - Cesses applicable to sin / luxury items are additive in nature, not multiplicative;
  - GST Return forms are likely to be finalized during the 15<sup>th</sup> GST Council meeting scheduled on June 3, 2017

**Maharashtra Government issued Provisional ID's for phase-5 dealers**

- Dealers who have obtained VAT registration during April 1, 2017 to May 12, 2017 are covered under phase 5. *Vide Trade Circular No. 17T of 2017 dated May 30, 2017*, the Government of Maharashtra has issued provisional ID's and access token for migration to GST
- Provisional ID's and access tokens for such dealers are available on [www.mahavat.gov.in](http://www.mahavat.gov.in)

### Status of STATE / Union Territory Goods and Services Tax Bill

- State / Union Territory ("UT") Goods and Services Tax Bill has been passed by following States:

Sr. No.	States/ UT	Date of Passing Bill	Sr. No.	States/ UT	Date of Passing Bill
1.	Telangana	April 16, 2017	13.	Andhra Pradesh	May 16, 2017
2.	Bihar	April 22, 2017	14.	Uttar Pradesh	May 16, 2017
3.	Rajasthan	April 25, 2017	15.	Puducherry	May 17, 2017
4.	Jharkhand	April 27, 2017	16.	Odisha	May 19, 2017
5.	Chhattisgarh	April 28, 2017	17.	Maharashtra	May 22, 2017
6.	Uttarakhand	May 02, 2017	18.	Sikkim	May 25, 2017
7.	Madhya Pradesh	May 03, 2017	19.	Tripura	May 25, 2017
8.	Haryana	May 04, 2017	20.	Mizoram	May 25, 2017
9.	Goa	May 09, 2017	21.	Nagaland	May 27, 2017
10.	Gujarat	May 09, 2017	22.	Himachal Pradesh	May 29, 2017
11.	Assam	May 11, 2017	23.	Delhi	June 01, 2017
12.	Arunachal Pradesh	May 12, 2017			

- Following States / UT are yet to pass Goods and Services Tax Bill:

Sr. No.	States	Sr. No.	States
1.	Kerala	7.	Tamil Nadu
2.	West Bengal	8.	Manipur
3.	Punjab	9.	Meghalaya
4.	Dadra Nagar Haveli	10.	Andaman and Nicobar Islands
5.	Dui and Daman	11.	Lakshadweep
6.	Karnataka	12.	Chandigarh

**MAY 26, 2017**

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**Reverse Charge Mechanism Under GST**

- In addition to determination of applicable rates of GST on various goods and services, the GST Council, in its meeting on May 19, 2017, broadly approved a schedule of services that would be subjected to reverse charge mechanism
- While the provisions under the GST law empowers the Government to specify *goods as well as services* on which GST would have to be paid by the recipient, as of now, the Council has approved *only services* that are likely to attract GST on reverse charge basis.
- List of services under reverse charge as approved by the Council is available on the website of CBEC at: <http://www.cbec.gov.in/resources/htdocs-cbec/gst/List%20of%20Services%20under%20reverse%20charge.pdf>

**State Goods and Service tax**

- Several states have passed the SGST bill , which now include Maharashtra, Sikkim, Tripura and Mizoram
- The Delhi government propose to have a one day special Assembly session to pass the SGST on May 31, 2017

**CREDAI seeks abolition of stamp duty**

- Under GST, construction services are sought to be taxed at 12%, with the value of land being included in the amount charged from the recipient
- Considering the above, the real state developers' body CREDAI has urged the State governments to abolish the stamp duty levied on landed property, to avoid multi-point taxation after introduction of GST

**Hotel Industry On GST Rates**

- The Federation of Associations in Indian Tourism & Hospitality (FAITH) has raised concern that proposed GST slabs for the Hotel sector will make India hugely uncompetitive in global market.
- The association has represented before the Hon'ble Finance Minister, seeking a relief with respect to the proposed GST rate for the five star hotels and other similar accommodations, having a tariff rate of INR. 5000 and above

**Reconsideration of GST levy on Hybrid CarS**

- As per the media reports, the GST council may reconsider the proposed levy of 43% ( 28% tax + 15% cess) of GST on hybrid vehicles considering the concerns shared by the automobile industry on such steep rate hike

**GST Council meeting**

The GST Council is proposed to meet on June 3, 2017 to discuss the GST rate for gold, precious metal, textiles and other branded products and to finalize transitional rules and e-way bill rules

**MAY 19, 2017****Brief of the GST Council meeting held on May 18 & 19, 2017**

- **GST rate structure *qua* goods**

- GST Council has decided the categorization of 1,211 items (approx) into Nil, 5%, 12%, 18% and 28% tax slabs
- However, rate structure for few goods (like bio-diesel, beedi and cigarettes, footwear, textiles, agricultural implements, gold) is yet to be decided
- The Central Government has released GST Rate Schedule of goods which has been categorized into contains 98 chapters. Broad categorization of the goods is as follows:

Broad Category of Goods	GST Rate
Printed books, newspapers, handloom, stamps, judicial papers, milk, curd, natural honey, fresh fruits and vegetables	Exempt
Stent, lifeboats, medicines (specific), cream, frozen vegetables, coffee, tea, spices, coal	5%
Ayurvedic medicines, tooth powder, umbrella, sewing machine, cell phones, dry fruits in packaged form	12%
Most of the items are under this tax slab including tissues, envelopes, note books, steel products, printed circuits, camera, speakers, pastries and cakes, preserved vegetables, mineral water, monitors	18%
Aerated water, paint, ceramic tiles, water heater, dishwasher, weighing machine, washing machine, ATM, vending machines, vacuum cleaner, automobiles, motorcycles, aircraft for personal use	28%

- GST rate schedule is available on the website of CBEC at: <http://www.cbec.gov.in/resources//htdocs-cbec/gst/chapter-wise-rate-wise-gst-schedule-18.05.2017.pdf>

- **Compensation cess**

- The Central Government is also envisaging levy of Compensation Cess on sin goods such as luxury cars, aerated drinks, tobacco (cigarettes) pan masala etc. Proposed rates on major products are as under:

Category of Goods	Cess Rate
Aerated waters	12%
Motorcycles, aircrafts	3%
Small cars	1% to 3% -depending upon CC
Luxury cars	15%
Coal, lignite, peat	INR 400 per tonne

- The Schedule is available on the website of CBEC at <http://www.cbec.gov.in/resources//htdocs-cbec/gst/gst-compensation-cess-rates-18.05.2017.pdf>.

- **GST rate structure - services**

- GST Council has announced 4 rates for services viz. 5%, 12%, 18% and 28%. Broad categorization of services is as follows:

Category of Services	GST Rate
Transportation services	5%
Works contract services	12% with full input tax credit
Restaurant services	
- Turnover of less than INR 50 lakhs	5%
- Non-AC restaurants	12%
- AC restaurants	18%
- Restaurants having liquor license	18%
Accommodation services	
- Tariff between INR 1000 to INR 2500	12%
- 5 star hotels	28%
Telecom, financial services	18%
Cab aggregators (viz. Ola, Uber)	5%
Race club, betting and cinema halls	28%
Travelling	
- Economy class air travel	5%
- Business class air travel	12%
- Metro, local train, religious travel, Haj yatra	Exempt
Current services including healthcare and education which enjoy exemption under current regime	Exempt

#### Finalization of Rules

- GST Council has approved 7 rules relating to Input Tax Credit, Valuation, Refund, Composition, Registration, Payment & Invoice
- Rules relating to Transition, Returns, E-way bill, Accounts & Records, Assessment & Audit, Advance Ruling, Appeal & Revisions are yet to be approved

#### State goods and services tax bill

- State GST Bills have been passed by Uttar Pradesh, Andhra Pradesh, Arunachal Pradesh and Puducherry Assemblies taking the count to thirteen states (to pass the SGST Bill)

#### Foreign Trade Policy

- The Ministry of Commerce is envisaging to revise the Foreign Trade Policy ("FTP") in order to synchronise with GST. Focus of revised FTP would be to promote export from SME's and high potential sectors

**Next GST Council Meeting**

Next GST Council meeting is scheduled on June 3, 2017 to discuss the pending issues such as GST rate for gold, precious metals and other products, finalization of Rules etc.



**MAY 12, 2017**

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**GST IT Infrastructure and Online Platform**

- In a press release, the Revenue Secretary – Dr. Hasmukh Adhia mentioned that the GST Network (GSTN) is conducting a pilot on GST System Software from May 2 to May 16, 2017 where 3200 tax payers drawn from each State / Union Territory and Centre will be participating. The Pilot covers all the three modules - i.e. registration, returns and payments
- Dr. Adhia also commented on the re-opening of the GST enrolment window for 15 days from June 1, 2017 to give another opportunity to taxpayers to enrol under the new regime. The window has been shut from April 30, 2017
- The GSTN CEO Prakash Kumar said that the online platform for filing of return under GST would be very user friendly with an interactive interface

**State goods and services tax bill**

- On May 9, 2017, the State Assembly of Goa passed the SGST Bill, being the ninth state to pass the same
- Maharashtra State cabinet approved SGST bill in its meeting held on May 9, 2017 which will be tabled before the State Assembly in a three days special session commencing from May 20, 2017
- Andhra Pradesh legislature proposes to meet on May 16, 2017 to pass the SGST bill

**Help of Common Service Centres in GST Rollout**

- The Government's network of Common Service Centres (CSCs) or digital kiosks have been identified to facilitate the rollout of GST in rural and semi-urban areas

**Company Secretaries to enroll as GST practitioner**

- According to Section 48 of CGST Act read with Rule 24 of the draft Revised Return Rules, any person who has passed the final examination of Institute of Company Secretary can apply under 'Form GST PCT-1' for enrolment as a GST practitioner. In the said context, the CBEC has invited Company Secretaries to enroll as GST Practitioners

**Rate structure**

- In the meeting to be held on May 18 and 19, 2017, the GST Council proposes to align all goods and services into the rate slabs of 0%, 5%, 12%, 18% and 28%

**MAY 05, 2017****Change in Foreign Trade Policy (FTP)**

The Ministry of Commerce propose to modify provisions of FTP related to incentive for exporters, duty exemption scheme, export promotion capital goods scheme and deemed export to align it with the GST

**State goods and services tax bill**

- Update with respect to SGST Bills is tabulated below:

STATE	DATE	STATE	DATE
<b>SGST Bills passed</b>			
Telangana	April 9, 2017	Chhattisgarh	April 28, 2017
Bihar	April 24, 2017	Uttarakhand	May 2, 2017
Rajasthan	April 26, 2017	Madhya Pradesh	May 3, 2017
Jharkhand	April 27, 2017	Haryana	May 4, 2017
<b>Special Assembly Session to be held to pass SGST Bills</b>			
Goa	May 9, 2017	Maharashtra	May 17, 2017
Gujarat	May 9, 2017	Odisha	May 18, 19, 2017

- Uttar Pradesh Cabinet approved SGST bill in its meeting held on May 2, 2017 which will be now presented before the Uttar Pradesh State Assembly

**Rate structure**

- The GST council's rate fitment committee will meet for three days starting from May 4, 2017 to align all goods and services to different slabs i.e. 0%, 5%, 12%, 18% and 28%. Rate structure fixed by the committee will be taken up by the GST council in its upcoming meeting proposed to be held on May 18 and 19, 2017

## APRIL 28, 2017

### Two GST rates for services

- The Government has indicated that there will be two rate slabs for services under GST. However, the final decision would be taken by the GST Council
- Revenue Secretary said that lower rate of GST could be levied on certain services (such as transport) based on the following factors:
  - Specified petroleum products which are used for providing services are not covered under GST
  - The abatement rate available under the present regime has to be factored to decide the GST rate for services

### State goods and services tax bill

- Revenue Secretary said that fourteen States will approve their respective SGST Bills by mid of the May 2017
- Update with respect to SGST Bills is tabulated below:

State	Date
<b>SGST Bills passed</b>	
Bihar	April 24, 2017
Rajasthan	April 25, 2017
Jharkhand	April 27, 2017
<b>Presented SGST Bill in State Assembly</b>	
Uttar Pradesh	April 25, 2017
<b>Special Assembly session to be held to pass SGST Bills</b>	
Gujarat	May 9, 2017
Maharashtra	May 17, 2017
Odisha	May 18 and 19, 2017

### Road tax under gst

- The Former CBEC Chairman said that Road tax paid by automobile owners will not be subsumed under the GST

### Readiness of Goods and service tax network ('GSTN')

- GSTN CEO stated that the GSTN is equipped to handle 2.6 billion transactions every month from an estimated 8 million GST tax payers. It can scale up to handle double the volume without any change
- GSTN portal is ready with a robust IT backbone to enable real-time taxpayer registration, filing of returns etc.
- GSTN trial run will begin from May 1, 2017. The soft-launch will be carried out through identified 3,000 tax payers who have migrated and enrolled into the new system. The system will be tested by uploading invoice data, filing of returns and tax payments



## APRIL 21, 2017

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### Draft rules

- Subsequent to the release of draft rules on (i) Assessment and audit and (ii) E-way bills in the last week, on April 19, 2017, the Government has released draft rules on (i) Accounts and Records, (ii) Advance Ruling and (iii) Appeals and Revision. Public comments on the said rules are invited by April 27, 2017. The rules are available on the website of the Central Board of Excise and Customs ('CBEC') at: <http://www.cbec.gov.in/htdocs-cbec/gst/index#>

### State goods and services tax bill

- Telangana became the first State to pass the SGST Bill 2017 in the special session of the State Legislative Assembly on April 16, 2017
- The GST council has urged States to approve the SGST Bills by the end of May, 2017
- Rajasthan, Chhattisgarh and Bihar Legislative Assemblies have scheduled discussions of the respective SGST Bills in the last week of April, 2017
- As per news reports, the Jharkhand Government is to hold a special assembly session on April 27, 2017 for the passage of the SGST Bill. The Maharashtra and the Goa Governments are likely to convene special sessions of the Legislative Assembly in coming days to pass the SGST Bills

### Discussion on rates

- The fitment committee (a panel within the GST Council discussing tax slabs) met on April 18 and 19, 2017 to identify services that would fall under the two slab rates of 12% and 18%, being discussed for levy of the GST on services.
- The fitment committee will also discuss on placement of different goods in five slab rates i.e. 0%, 5%, 12%, 18% and 28%
- As per media reports, the Central Government is looking to keep single rate for each product group to avoid complexity. For example, all types of footwear could attract the same rate.
- The proposal of two-tiered tax structure on services would be taken up by the GST Council in its upcoming meeting to be held on May, 18 and 19, 2017. It is also expected that the discussion of tax rates for goods would be held during this meeting

## APRIL 15, 2017

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### GST Bills receives presidential assent

- GST (Compensation to States) Bill, Integrated GST Bill, Union Territory GST Bill and Central GST Bill have received Presidential assent on April 12, 2017
- These Acts shall come into force on the date as may be notified by Central Government

### Extension for GST Migration

- Deadline for GST migration (for all the existing assesses registered under VAT / Central Excise / Service tax) has been extended to April 30, 2017

### GST Blueprint presented to the union council of ministers

- The Finance Minister Arun Jaitley made a presentation before the Union Council of Ministers headed by Prime Minister on April 12, 2017 covering following important aspects of GST:
  - ♦ Fitment of different goods and services in different slabs
    - It has been clarified that classification of goods /services is being done taking into consideration that the impact on consumers as well as exchequer would be neutral
    - GST rate applicable on goods and services will mostly be equivalent to the current levies on such goods and services
  - ♦ Way forward for implementation of GST in India and the proposed challenges in such implementation
  - ♦ How GST will improve compliance, boost tax revenue and expand GDP up to 2%
  - ♦ How states will be benefited by implementation of GST

### Draft Rules on 'assessment & audit' and 'e-Way bills'

- Central Government has issued draft GST Rules with respect to the following:
  - ♦ **Assessment & Audit** - prescribes the procedure & forms for provisional assessment, scrutiny of returns and best judgment assessment;
  - ♦ **Electronic Way Bills ('e-way bills')** - mandates generation of e-way bills for movement of goods of value exceeding INR 50,000/-. Validity period for e-way bills has also been prescribed on the basis of distance the goods have to be transported
- The above Rules are available on the website of the CBEC at: <http://www.cbec.gov.in/htdocs-cbec/gst/index#>
- Comments have been invited on the aforesaid Rules by April 21, 2017

## APRIL 07, 2017

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### Rajya sabha Clears GST Bills

- After the approval of the Lok Sabha on March 29, 2017, four supporting GST bills i.e. IGST, CGST, UTGST and the Compensation Bill were sent to the Rajya Sabha for their comments.
- The Rajya Sabha cleared the bills on April 6, 2017 without any amendments.

### GST COUNCIL MEETING

- Pursuant to the GST Council's meeting held on March 31, 2017, nine sets of Draft Rules were released, viz –
  - ♦ Composition Rules
  - ♦ Valuation Rules
  - ♦ Transition Rules
  - ♦ Input Tax Credit Rules
  - ♦ Revised Invoice Rules
  - ♦ Revised Payment Rules
  - ♦ Revised Refund Rules
  - ♦ Revised Registration Rules
  - ♦ Revised Return Rules
- The above Rules are available on the website of the CBEC at:  
<http://www.cbec.gov.in/htdocs-cbec/gst/draft-rules-format>
- Comments have been invited on the aforesaid Rules by April 10, 2017
- The next GST Council meeting is proposed to be held on May 18-19, 2017 to consider finalization of rules and rate structure in relation to individual commodities.

### FREQUENTLY ASKED QUESTIONS (FAQ)

- The CBEC has issued a second edition of FAQ on GST in light of the GST Bills passed by the Parliament
- The above FAQ are available at :  
[http://www.cbec.gov.in/resources//htdocs-cbec/deptt\\_offcr/faq-on-gst-second-edition-revised.pdf](http://www.cbec.gov.in/resources//htdocs-cbec/deptt_offcr/faq-on-gst-second-edition-revised.pdf)

### Working Groups By Finance Ministry

- The Finance Ministry has set up ten working groups to understand issues faced by different trade and industry sectors like Banking, Financial Services, IT, Telecom, MSME, Textiles, etc.
- The groups will focus on procedural simplifications and the rate structure for their respective sector and will submit its reports by April 10, 2017

### Changes in Export Schemes

- As per media reports, the Ministry of Commerce may have to undertake certain changes in the Foreign Trade Policy ( FTP ) with the advent of GST in India

**Karasamadhana Scheme**

- With an aim of reducing arrears of tax and other amounts before introduction of GST, the Karnataka Government has introduced a scheme named 'Karasamadhana Scheme, 2017'
- The scheme inter alia grants waiver of 90% of penalty and interest payable by dealer under the following:
  - ♦ Karnataka Sales Tax
  - ♦ Karnataka VAT Act
  - ♦ Central Sales Tax
  - ♦ Karnataka Tax on Entry of Goods Act
  - ♦ Karnataka Tax on Luxuries Act
  - ♦ Karnataka Agriculture Income Tax Act
  - ♦ Karnataka Entertainments Tax Act
- A dealer would be required to make full payment of arrears of tax and 10% of arrears of penalty and interest before May 31, 2017 to claim waiver of the balance of arrears
- In case a dealer has no arrears of tax but only arrears of penalty and interest, payment of 10% of the arrears would entitle him to a waiver of the balance amount



## MARCH 24, 2017

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### Draft GST bills

- The Union Cabinet chaired by Prime Minister Narendra Modi has approved IGST, CGST, UTGST and GST Compensation legislations on March 20, 2017
- These bills are likely to be introduced in the parliament in the early next week as a 'money bill'

### Deliberation on proposal of centralized assessment for service industries

- As per the current draft GST law, the service provider is required to get registered in every state from where the services are provided. An option of centralized registration has not been provided
- However, based on the specific representations filed by the Industries and Government Departments, GST Council is deliberating on the proposal of centralized assessment interface for service industries like banking, telecom, insurance and information technology etc. This will potentially reduce the compliance burden on taxpayers operating in these industries

### GST on petroleum products and land

- Finance Minister in the Rajya Sabha yesterday said that the Government is keen to roll out the GST on July 1, 2017. Therefore, the other aspects such as inclusion of petroleum products and land within the ambit of GST will be considered after the first year of implementation of GST

### Proposed way forward

- Classification of the goods and rate structure will be worked out after March 31, 2017
- The next GST Council meeting would be held on March 31, 2017 wherein rules related to composition, valuation, input tax credit and transition may be taken up

**MARCH 18, 2017**

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**GST Council meeting**

- The GST Council in its 12th meeting, held on March 16, 2017 approved the two remaining draft bills - i.e. the SGST and the UTGST Bills
- Subsequent to the above, the IGST, CGST, UTGST and GST Compensation legislations, would go to the Union Cabinet for a formal nod before they are presented in the Parliament in the ongoing Budget session that ends on April 12, 2017
- The SGST Bill would go to respective State Cabinet for approval and would be presented in the respective State Legislative Assembly

**CESS on demerit goods**

- The GST Council has agreed to cap the cess on various so called demerit (or sin and luxury) goods
- The cess on colas and cars has been capped at 15%, which means that the total tax incidence on sweetened drinks and cars cannot be more than 43% (tax rate of 28% + cess of 15%)
- There are media reports indicating that the GST Council has also decided to bring in an enabling provision for levy of cess on all cars and not only luxury cars. This means that the Council, at a later date, could decide to levy a cess over and above the 28% tax rate on non-luxury cars as well.
- In case of cigarettes and chewing tobacco, the cess has been capped at ad valorem 290% or specific rate Rs. 4170 per thousand sticks or a combination of both

**Proposed way forward**

- The GST Council now has to formalize certain rules as well as complete the task of fitment of various goods and services into the different tax slabs
- Rules related to registration, payment, refunds, invoices, returns are already approved and rules related to composition, valuation, input tax credit and transition are likely to be taken up in the next meeting on March 31, 2017

## MARCH 10, 2017

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### CGST and IGST bills approved by the GST Council

- The GST Council has in its meeting, held on March 4 and 5, 2017 approved the draft CGST and IGST Bills
- The draft of the SGST and Union Territory GST laws ("UTGST") are expected to be placed before the Council for its approval in its next meeting scheduled on March 16, 2017

### Passing of GST laws in the parliament

- The Government is proposing to introduce the CGST, IGST and the Compensation laws in the Parliament on March 27, 2017

### TCS for e-commerce sector capped at 1%

- In terms of the CGST Bill, tax collection at source by e-commerce operators in relation to taxable supplies made through it was stated to be 1%
- Subsequent to certain industry representations, the GST Council has capped the TCS rate at 1%
- Mentioning the cap ensures that levy remains below that given rate and the purpose of monitoring e-commerce transactions is also achieved

### Quasi-Judicial authority to administer anti-profiteering

- To protect consumers from profiteering under GST regime, the GST Council may set up a new quasi-judicial authority or rope in an existing authority

### GST and SEZ

- Export Promotion Council for EOUs and SEZs (EPCES) has urged the government to exempt supplies made to SEZ from GST levies
  - ♦ As per the draft provision of Section 16 of the IGST Act, supplies to SEZ from domestic tariff area (considered as zero rated supply) would have to suffer taxes first and thereafter claim refund

### Offline application tool to help taxpayers

- The GSTN is building an offline application tool to help the taxpayers having limited internet connectivity to upload their invoices and file their returns

**MARCH 03, 2017**

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**Suggestions for All Industry Rate (AIR) of duty drawback under GST [F.No.609/23/2017-DBK dated February 23, 2017]**

- The Central Board of Excise and Customs has sought suggestions from Export Promotion Councils, Commodity Boards, Trade and Industry Associations and Chambers of Commerce with respect to the following under the GST regime:
  - ♦ Revision in AIRs of drawbacks on exports and/ or;
  - ♦ Any other relevant benefit to be extended for exports

**No centralized registration under GST**

- GST Council is likely to retain a clause in the law that will require service providers to register in every state. The States have not agreed for a centralized registration mechanism since the same may result in revenue losses

**Proposal to raise peak tax rate to 40 % from 28%**

- GST Council has proposed to increase the peak rate of GST to 40% (20% Central GST + 20% State GST) instead of current rate of 28% (14% Central GST + 14% State GST)
- It has been clarified that the applicable peak rate will be 28%. However, to take care of contingencies in future, a provision is proposed to be made into the model GST law so that GST Council is not required to approach the Parliament for approval of increase in GST rate upto 40%

**Rollout of GST on July 01,2017**

- Economic Affairs Secretary Shaktikanta Das said that GST is likely to be implemented by July 01, 2017 as all states are agreed for implementing GST from July 01, 2017

**Agenda of the next GST Council meeting to be held on 4<sup>th</sup> & 5<sup>th</sup> of this month**

- The Compensation law has been approved in the previous GST Council meeting. Integrated GST, Central GST and State GST laws would be discussed in the forthcoming meeting

## **FEBRUARY 24, 2017**

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### **GST Council meeting**

- The 10th GST Council meeting was held on February 18, 2017 wherein legally vetted drafts of the GST laws and the Compensation law were presented for the approval of the Council. The Council approved the Compensation law
- Contentious issue like the definition of 'agriculture' and 'agriculturist' as well as constitution of a 'national goods and services tax appellate tribunal', eligibility of its members and transition period exemptions were discussed in the meeting. The Council has opined on the same
- The drafts of the CGST, SGST and IGST laws, including the above issues, would be placed before the Council for its approval in its next meeting scheduled on March 4 and 5, 2017

### **GST In parliament**

- The GST Council has approved the Compensation law and approval to the IGST, CGST and SGST laws are in the agenda of its next meeting. If the same get approved, the IGST, CGST and the Compensation laws would be presented before the Parliament in the second leg of the Budget session, commencing on March 9, 2017
- The SGST draft law will be presented in the State assemblies. Some States may call for special session of their respective assemblies

### **Need of e-permit under GST**

- The need of an e-permit for goods crossing the state borders was discussed between the Centre and States
- Expert opinions have cited moving back to the 'Inspector Raj' era, if the above were to be implemented in the GST regime

### **GST mobile application**

- The Central Board of Excise and Custom has launched a mobile application for GST, on which taxpayers can access following:
  - ♦ Draft laws
  - ♦ Process of migration to the Portal
  - ♦ Frequently Asked Questions
  - ♦ Help desk contact details
  - ♦ Various other videos, articles and links related to the GST

**FEBRUARY 17, 2017**

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**Agenda of GST Council meeting on February 18, 2017**

- A critical anti-profiteering clause in the draft Goods and Services Tax ("GST") law which ensures that the benefit of lower taxes gets shared with consumers may get finalized
- The definition of 'agriculture' and 'agriculturist' as well as constitution of a 'national goods and services tax appellate tribunal' to adjudicate on disputes would also be discussed and finalized
- Issue of 'power of Comptroller and Auditor General for GST audit' would be discussed

**Jammu and Kashmir to draft own GST law**

- Jammu and Kashmir's Government has set up a high-level committee to study the GST Bill adopted in the Rajya Sabha and some State governments and then draft its own Bill by ensuring that its special powers remain intact. The legislation drafted by the Committee would go to the State Cabinet, and if approved, to the Legislature for final nod before it becomes an Act<sup>2</sup>

**GST rollout**

- Parliamentary Affairs Minister stated that in the next GST Council meeting [February 18, 2017], Government is hopeful regarding approval of Central GST (CGST) and Integrated GST (IGST) draft legislations and to place these draft legislations before the Parliament in the next phase of the budget session along with GST Compensation Act
- Union Minister of State for Finance and Corporate Affairs has stated that there is no major hurdle to roll out GST by July 1, 2017, States are also co-operating, and all the required procedures should be completed in time

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<sup>2</sup> Source - <http://www.greaterkashmir.com/news/front-page/gst-jk-to-draft-own-law-to-protect-state-s-special-status/241425.html>

## **FEBRUARY 10, 2017**

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### **Draft GST laws**

- The Hon'ble Finance Minister affirmed that the final draft GST laws are proposed to be presented before the GST council's meeting for their approval on February 18, 2017
- Thereafter the same may be tabled before the Parliament in the second leg of the Budget session, commencing on March 9, 2017

### **GST rates for services**

- As per the news reports, the Revenue Department has prepared draft recommendations on GST rates for services. According to the draft, telecom, banking, financial services, aviation, DTH and restaurant dining etc. are proposed to be taxed at 18% and education, healthcare and construction of affordable housing are the major sector intended to be included in the bracket of 12%
- The Revenue Secretary has also indicated that tax slabs can now be estimated by assesses based on a simplistic formula – i.e. whatever is the existing incidence of tax (i.e. Excise duty plus VAT or Service tax plus VAT), the rate closest to it in the GST four tier rate structure (5, 12, 18, 28 per cent) would apply

### **GST Enrollment**

The Commercial Taxes Department, Kerala has extended the deadline of GST migration, for taxpayers registered under the State commercial laws, up to February 20, 2017

### **TCS under GST**

There are media reports indicating that Top e-commerce players like Amazon, Flipkart and Snapdeal have sought changes in rules related to tax collection at source under GST on the grounds that collection and remission of taxes on behalf of sellers would be cumbersome and time consuming task and will also discourage sellers

## **FEBRUARY 03, 2017**

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### **GST in budget 2017**

- The Hon'ble Finance Minister, in his speech, commented on the substantial progress made towards ushering GST in the country
- He also assured that the preparation of IT system for GST is also on schedule
- In order to create awareness of the new regime amongst the trade and industry, extensive reach-out efforts are proposed, which would commence from April 1, 2017

### **All cesses to be subsumed under the GST regime**

The Revenue Secretary Mr. Hasmukh Adhia tweeted on Wednesday that all the cesses except those on petroleum will subsume under the proposed GST regime

### **Administrative control mechanism**

- The chairman of the Central Board of Excise and Customs (CBEC), raised concerns to the Hon'ble Finance Minister on the division of administrative control under the GST regime between the Union and the States on behalf of excise and service tax officials
- As per news reports, the Hon'ble Finance Minister has assured the CBEC officers that they should not have any insecurities since the new regime would create ample of opportunities and work
- A Joint Action Committee of associations representing the officials of the CBEC will have a meeting on February 3, 2017 to decide future course of action on the aforesaid matter

### **Multiple tax rate structure for services**

Varied industry opinions exist on the idea of multiple tax rate structure for services under the GST regime. Opinion favoring the multiple rate structure was based on the rational of taxing the services predominantly used by affluent sector of society at high rate and to tax services used by common people at a lower rate. However, such bifurcation of services would be a difficult task.

### **Media industry**

The senior members of media entertainment industry and government officials from the Union Information and Broadcasting Ministry met to discuss certain apprehensions of the industry regarding the rate of GST and subjecting the said sector to come under lower bracket.



## JANUARY 27, 2017

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### **GSTN call centre**

The Goods and Service Tax Network is planning to set up a call centre to address GST related queries of taxpayers, which *inter-alia* be related to audit, scrutiny, refund, settlement and input tax credit

### **Enrollment of assessee under the GST portal**

- As mentioned in our earlier updates, the process of enrollment of assessees under the GST portal has commenced for all the States
- For the State Kerala, the All Kerala Distributors' Association has requested the State Government to postpone the deadline of GST migration of taxpayers registered under the State VAT legislation to February 28 instead of scheduled deadline which is February 5

### **Request for centralized registration**

The Indian Banks' Association has sought facility of centralised registration under the GST regime for the banking sector. However, the States want banks to register separately for each jurisdiction and cautioned that a relief to one sector would only lead to more such demands

### **Objection to the administrative control mechanism**

As per news reports, the Association of Indian Revenue Service Officers from Custom and Excise has expressed its discontentment on the administrative mechanism for assessees under the GST regime decided by the GST Council

### **Representations filed by various industries**

Several industry associations are filing representations with the concern authority seeking lower tax rate, availability of credit, exemptions etc.

## JANUARY 23, 2017

### GST Council meeting

The GST council concluded its 9<sup>th</sup> meeting on January 16, 2017, reaching a consensus on the contentious matter of administrative control of assesseees. A synopsis of the agreed mechanism is briefly summarised as follows:

Particulars	Centre	States
Assesseees having an annual turnover equal to or less than INR 1.5 Crores	10% of total number of assesseees	90% of total number of assesseees
Assesseees having an annual turnover of more than INR 1.5 Crores	50% of total number of assesseees	50% of total number of assesseees

- The Centre and the States will have powers over assesseees falling under their jurisdiction, as per aforesaid mechanism, for the purpose of scrutiny and audit
- Power to levy and collect IGST lies with the Centre but States will also be cross-empowered in the same ratio as above through a special provision in the law
- Assessments having contentious issue under the IGST regime, regarding the Place of Supply, will be addressed by the Centre
- Any economic activity taking place in the area of twelve nautical miles into the territorial water of the India, would be administered by the Centre and taxed by the respective State
- The next GST council meeting is proposed to be held on February 18, 2017 to deliberate the draft GST laws after incorporation of changes made in the Council meetings

### GST rollout

- The rollout date as per the GST council is likely to be July 1, 2017 considering the following pendency:
  - ♦ Final draft of GST legislations and rules
  - ♦ Fitment of goods and services under multi rate structure
  - ♦ Passage of legislations in the Parliament and the State Assemblies

### Enrollment of assesseees under GST portal

- The Commercial Tax Department of Gujarat has issued a notification clarifying that it is mandatory for all dealers to enrol under the GST portal irrespective of their turnover.
- For some of the States, enrolment of the taxpayers registered under Service tax legislation but not registered under any of the State VAT legislations has commenced from January 18, 2017

### Renewable energy sector and aviation industry

- The Power Ministry has filed a representation before the GST Council seeking a 'deemed export' status for renewable energy projects, where goods and services supplied for the said project would be exempted from GST
- The Aviation Ministry has sought following reliefs for the airline industry from the GST Council:
  - ♦ Service tax rate should be maintained at current level
  - ♦ Jet fuel should fall under the GST regime
  - ♦ Aircraft leases and imports should be kept out of the purview of the GST

### Multi rate structure for services

As per media reports, the GST Council may consider a multi rate structure to tax services based on their nature (i.e. luxury, standard, basic)

### Compensation cess can be extended beyond five years

As mentioned by the Hon'ble Finance Minister, for the first five years under the GST regime, the States will be compensated for any loss of revenue in every two months. To compensate the States, a cess called the Compensation cess will be imposed on demerit and sin goods over and above the GST rate applicable to them. Such cess, in case of shortage of funds could be extended in the sixth year and/or subsequent year

### Bailable offences under GST regime

It is proposed that offences dealing with non payment of tax or forgery of up to Rs. 2 crores will be bailable under the GST regime

### Audit By CAG under GST regime

The Comptroller and Auditor General of India has demanded a provision in the GST law empowering auditor to call for any information for audit of Goods and Service Tax receipts and utilisation of the same.

**JANUARY 13, 2017**

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**Enrolment of assessee under GST portal**

- As mentioned on the portal, GST enrolment for taxpayers registered under Service tax legislation but not under any of the State's VAT legislation, will commence from January 14, 2017 (earlier – January 9, 2017)
- For the State of Maharashtra, the GST migration process is proposed to be concluded by January 15, 2017. Further, the GST enrolment process for Assam is on hold and is proposed to resume on January 17, 2017
- Vide a Press Release dated January 9, 2017, the Ministry of Finance has clarified that assessees who have migrated on account of being registered under the VAT laws are not required to re-register under the GST Portal for holding Service Tax/Excise registrations. However, there could be issues for assessees having centralized registration under the Service tax regime and having offices in States, which are not registered under the VAT legislation. Clarity is awaited on this aspect
- It has been clarified that possession of a valid PAN is a mandatory requirement for taxpayers registered under the Central Excise or Service Tax legislations, who seek to migrate into the GST regime
- The CBEC has issued guidelines on [www.aces.gov.in](http://www.aces.gov.in) and [www.cbec.gov.in](http://www.cbec.gov.in) to assist assessees in the migration procedure. A 24\*7 helpdesk number 1800-1200-232 and email ID [cbecmitra.helpdesk@icegate.gov.in](mailto:cbecmitra.helpdesk@icegate.gov.in) have also been made available

**Refund in seven days to exporters**

- The Department of Revenue has provided assurance regarding processing the refund claims of the exporters. This step would address one of the concerns raised by the Commerce Minister Smt. Nirmala Sitharaman in the last GST Council Meeting
- 90% of the refund amount will be refunded to exporters within 7 (seven) days and if there is an undue delay in refund then interest will be paid on that amount. Remaining 10% will be refunded after due verification by the Revenue Department

**GST rollout**

- No official statement on GST rollout date is given by the GST Council
- It is anticipated that the Hon'ble Finance Minister may reveal the date of GST rollout in his Budget speech
- The next meeting of the Council is scheduled on January 16, 2017

## JANUARY 06, 2017

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### **GST Council meeting**

The 8<sup>th</sup> GST Council meeting was held on *January 3 and 4, 2017* wherein the issue of administrative control over assesseees and the provisions of draft IGST Law were discussed. A synopsis of the discussions are summarised below:

#### ***Issue of administrative control***

- The Central Government is ambitious for a vertical division of the assessee base [without a turnover threshold], where both the State and the Central Government will have oversight powers on the number of assesses based on pre-decided ratio between the Centre and States
- However, States have demanded that assesseees should be divided horizontally with a turnover threshold of INR 1.5 Crores as a cut-off base whereas both Centre and States would administer assesseees having turnover above INR 1.5 Crores
- The above two alternatives were debated at length but a consensus could not reached to finality

#### ***Finalization of draft IGST Law***

- The initial ten (out of eleven) chapters of the draft IGST Law, have been approved. However, Chapter 11 which is related to administration is pending
- Coastal States pressed for rights to levy GST on trade of goods within 12 nautical miles offshore, whereas the draft IGST law was looking at having taxation rights with the Centre. The Hon'ble Finance Minister Arun Jaitley stated that as per the Constitution of India, territorial waters are under the jurisdiction of Centre
- To resolve the above, the opinion of the Law Ministry is proposed to be sought

#### ***Others***

- Some of the States demanded to increase the number of goods on which the compensation cess is to be levied considering the demonetisation impact. Due to demonetisation estimated revenue have declined up to 40% (forty percent)
- The Commerce Minister Nirmala Sitharaman raised demand for lower GST rates or complete exemption for labour-intensive sectors like plantation crops, leather and cement industries
- The Commerce Minister Nirmala Sitharaman also insists for ab-initio exemption for the exporters as refund of taxes takes about 6-8 months
- Exemption from IGST on goods transferred from SEZs across states, was also proposed
- The next meeting of the council is scheduled on January 16, 2017

### Single registration under GST

- Absence of relevant provisions pertaining to centralised registration under the GST regime has occasioned representations from several sectors such as Telecom, Banking, IT and Insurance
- The Hon'ble Finance Minister Arun Jaitley while addressing the above issue, commented that the same constitutes an administrative issue and not a matter related to the draft GST law

### Enrolment of assessee under GST portal

- The States of Jharkhand and West Bengal have extended the date of enrolment under the GST portal till January 9 and 10 respectively
- GST portal has issued revised schedule of enrolment of taxpayers which mention in below table:

Taxpayers	Time Period
Registered under Central Excise but not registered under State VAT	January 5 to January 31, 2017
Registered under Service Tax but not registered under State VAT	January 9 to January 31, 2017
Registered under VAT/ Service Tax/ Central Excise after August, 2016	February 1 to March 20, 2017

### GST rollout

- No official statement on GST rollout date is given by the GST council
- However, Kerala's Finance Minister, Thomas Isaac indicated that the rollout would not be in April 2017

## DECEMBER 30, 2016

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### GST Council meeting

- The last GST Council meetings scheduled on December 22 and 23, 2016 witnessed the approval of 197 provisions and 5 schedules of the Model GST Law
- The subsequent meetings proposed on January 3 and 4, 2017 intend to deliberate on the issues of administrative control over assesseees and finalisation of draft IGST Law

### Enrolment of assessee under GST portal

- As mentioned in our earlier updates, several States and Union Territories have already commenced the process of migration of assesseees to the GST Portal
- In the aforesaid context, the State of Andhra Pradesh has issued guidelines for the easy transition of assesseees in the new regime. It was also indicated that that all the tax payers registered under Central Excise and Sales Tax legislations of the said State, need to commence migration to GST portal from January 1, 2017
- The States of Jharkhand and Chhattisgarh have extended last date for enrollment under GST portal to December 31, 2016
- States such as Kerala, Tamil Nadu, Telangana and Karnataka will commence enrollment under the GST portal in the year 2017

### Preview of return and payment modules under GST

- The GST portal has issued a document encapsulating screenshots of the user interface related to returns and payment modules which are proposed under the GST regime
- To make these forms more user friendly and informative the portal has invited comments/ suggestions of public and stakeholders

The aforesaid document can be accessed on <http://tutorial.gst.gov.in/documents/prototypes.pdf> and comments/ suggestions pertaining to the same can be mailed to [prototype-feedback@gst.gov.in](mailto:prototype-feedback@gst.gov.in)

## DECEMBER 23, 2016

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### GST Council meetings

In the meeting held on December 22, 2016, the GST Council has nearly finalised the provisions of the Draft GST Model Law. Clauses pertaining to territorial definition and state boundaries are likely to be discussed at the next meeting, tentatively scheduled for January 8, 2017. The matter pertaining to administrative control over the assessee, followed by IGST and Compensation law would be discussed today.

### Opinion of the Law Ministry

The Centre, being keen to break the impasse over the division of tax administration, sought the law ministry's opinion on the states' demand. The Ministry red-flagged the demand of the States for their share in the administration of tax on interstate transfer of goods and services under the GST regime, commenting that such a move will not be in consonance with the constitutional amendment.

### Enrolment of assessee under GSTN portal

As mentioned in our earlier updates, several States and Union Territories have commenced the assessee enrolment process on the GST Portal. In the said context, authorities in Uttar Pradesh, Himachal Pradesh and Kerala have issued instructions for the purpose of obtaining a provisional ID and password.

### Clarifications by GSTN

The GSTN has issued a set of FAQs addressing certain issues faced by taxpayers under the migration process. These are summarised as follows:

- The decision of the GST Council Secretariat is awaited for instances where taxpayers have not been issued a provisional id on account of holding multiple VAT-TINs against one PAN in a state
- Workarounds have been prescribed for cases where provisional ids have not been issued since the PAN has not been validated or where there are changes in the PAN after December 2015, which were not communicated to the VAT authorities
- Actions are suggested for taxpayers who have forgotten their password or answers to their security questions



## DECEMBER 16, 2016

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### Single Registration under GST

- There are media reports that, the GST Council is contemplating the demand of certain service providers, including e-commerce players, for single registration under Simplified Registration Scheme, proposed to be prescribed under the draft Model GST law
  - ♦ The intention is to make compliance simpler for certain categories of service providers
  - ♦ Enabling provision i.e. Section 23(13) of the draft Model GST law, provides that the Central Government or a State may, on recommendation of the Council, specify the category of persons who may be exempted from registering
  - ♦ The categories of service providers falling under the simplified compliance and registration procedure are likely to be decided after discussion with the States
  - ♦ This Scheme will be part of the GST rules, if approved

### GST Council meeting

- In the last GST council meeting scheduled on December 11, 2016 certain sections of the draft Model GST law was discussed, and consensus on the issue of administrative control over assesseees could not be reached.
- The next GST Council meeting is proposed to be held on December 22 and 23, 2016 with an agenda to discuss on the issue of administrative control over assesseees and finalisation of the draft GST laws

### GST in parliament

- There are media reports hinting that the Central Government may advance the Union Budget session to the third week of January, 2017

### Enrolment of assessee under GSTN portal

- As mentioned in our earlier updates, several States and Union Territories have commenced the process of enrolment of assesseees on GST Portal. In line with the same, recently, VAT department of Haryana and Delhi have issued circular for dealers registered within the respective territory for the purpose of obtaining provisional ID and password
- To help dealers in the migration process and understand front end business of GST Portal, GSTN is organising workshops across the country

## DECEMBER 09, 2016

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### GST Council meeting

- In the last GST Council meeting scheduled on December 2 and 3, 2016; the consensus on the issue of administrative control over assesseees and finalisation of draft GST laws could not be reached. The next GST Council meeting is proposed to be held on December 11 and 12, 2016
- ♦ Till now, the Central and State Governments have been discussing two models i.e. horizontal and vertical in order to divide the administrative control between the Central and State Governments
  - Horizontal model: The States will have sole control over assesseees having turnover up to INR 1.5 Crores a year and dual control of the Centre and States would be on the remaining assesseees
  - Vertical model: Both the Centre and States will have control over assesseees from the beginning. Assesseees for scrutiny and audit will be divided in a pre-decided ratio between the Centre and States
- ♦ However, States want full control over assesseees having turnover up to INR 1.5 Crores to which the Centre is not agreeing. Thus, the Centre has proposed following two new hybrid models which would be discussed during the next GST Council meeting:
  - Model I: Centre will have audit and scrutiny powers over assesseees having turnover up to INR 1.5 Crores with a cap of 5%. Clarity is awaited with respect to assesseees covered under the cap of 5%
  - Model II: Aforesaid cap of 5% be further split into 60:40 ratio with 60% assesseees would be controlled by States and the remaining 40% by the Centre. The said 40% would cover 20% small units and 80% large units
- Thus, it seems doubtful that the draft GST laws would be placed before the parliament during the ongoing winter session, likely to end on December 16, 2016. This may impact the rolling out of GST on April 1, 2017

### Enrolment of assessee under GSTN portal

- As mentioned in our earlier updates, several States and Union Territories have commenced the process of enrolment of assesseees on GST Portal. In line with the same, recently, Union Territory of Chandigarh and State of Punjab has issued circular for dealers registered within the said territory for the purpose of enrolling on the GST portal

### Tax slabs for goods under GST

- CBEC Chairman confirms that the exercise of putting goods into various tax slabs has begun. It will be shared with the GST Council

## DECEMBER 02, 2016

### Draft GST laws

- The Government has released the revised draft model IGST law (IGST law), draft model GST law (CGST Law) and the draft compensation law. The GST Council is likely to discuss the said draft laws in its meeting on December 2 and 3, 2016. Subsequently, the draft laws would be introduced in the Parliament.
- The key changes under the IGST law are summarised as follows:
  - ♦ Power to notify rate of tax has been vested with the Central Government, with a upper limit of 28%
  - ♦ 'Zero rated supplies' proposed to be introduced under the IGST law. The concept has been defined to mean – (i) export of goods and/or services, or (ii) Supply of goods and/or services to a Special Economic Zone ('SEZ') developer or unit. Credit of input tax would be available for making zero-rated supply.
    - By covering supplies made to SEZ under 'zero rated supply' the Government has proposed to continue the benefits available in respect of supplies to SEZ under the current Indirect tax regime.
  - ♦ Specific definition of 'on-line information and database access or retrieval services' ('OLIDA') has been proposed to be introduced.
    - Place of Supply of Service for OLIDA services would be location of recipient of service. This is in line with the recent amendment brought by the CBEC (vide Notification No. 51/2016 dated 30.11.2016) under the existing Place of Provision of Service Rules, 2012.
    - Special provisions have been inserted for payment of IGST by the supplier of service, in cases where the supplier is located in non-taxable territory and services are received by non-taxable online recipient (defined to include Government, unregistered individuals, etc.)
    - For the payment of IGST, such supplier of service located in non-taxable territory -
      - can take single registration under Simplified Registration Scheme, or,
      - in case such supplier has any representative or physical presence/ establishment in India, IGST can be paid by such representative or establishment, or
      - Such supplier may appoint a person for purpose of paying IGST on its behalf
  - ♦ Definition of intermediary has been inserted which is similar to the existing definition of the term under the Place of Provision of Service Rules, 2012.
  - ♦ Changes have been made to the principles determining the place of supply when compared to the earlier draft model IGST law.
    - New set of rules are specifically provided for imports and exports of goods. As per said rules, the place of supply of goods in case of import will be location of importer, and, in case of export it will be location outside India
    - New set of rules are provided for determining place of supply of service when either the location of service provider or location of service receiver is outside India. The said rules are in line with the present Place of Provision of Service Rules, 2012

- The key changes under the CGST law are summarised as follows:
  - ♦ Power to notify rate of tax has been vested in the Central Government, with an upper limit of 14%;
  - ♦ Key concepts which have been revised/newly introduced are as under:
    - Aggregate turnover includes all taxable supplies, exempt supplies, exports of goods and/or services and stock transfer but does not include non taxable supplies.
    - Capital goods have been defined as the value which has been capitalized in the books of accounts.
    - Definitions of first stage dealers, second stage dealers have been introduced which are similar to the definitions provided under the current Excise legislation.
    - Business vertical means distinguishable component of an enterprise engaged in supplying individual product / service. Reference to the Accounting Standard - 17 with respect to the definition of 'business vertical' has been done away.
    - Composite supply means a supply made by a taxable person to a recipient comprising two or more supplies of goods or services which are naturally bundled and supplied in conjunction with each other.
    - Principal supply shall mean supply of goods or services which constitutes the predominant element of composite supply and to which any other supply forming part of that composite supply is ancillary and does not constitute for the recipient an aim in itself but a means for better enjoyment of the principal supply.
    - New concept of mixed supply has been introduced which means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other for a single price.
  - ♦ Securities have been excluded from the definition of goods as well as services.
  - ♦ Subsidies received from Central and State Governments are not liable for GST.
  - ♦ GST paid on works contract services in relation to construction of immovable property shall be allowed as Input tax credit to the works contract service providers.
  - ♦ Period of receipt of inputs / capital goods from job worker has been increased to 1 year / 3 years from 180 days / 2 years respectively.
  - ♦ The draft legislation has also proposed an anti-profiteering mechanism to ensure the transmission of benefits of reduction in tax burden to the consumers.
- Following are the key provisions of the draft Compensation law
  - ♦ Basis of calculating projected revenue of a State has been prescribed by considering the nominal growth rate of 14%. Total GST compensation will be the difference between the projected revenue for any financial year and the actual revenue collected by a State
  - ♦ There will be a levy of GST Compensation cess, at such rate as may be prescribed, on such supplies of goods and services including imports of goods and services and those supplies on which tax is payable on reverse charge basis, which may be prescribed on recommendation of the GST Council. The purpose of such GST compensation cess is for providing compensation for loss of revenue to the States.

**Enrolment of assessee under GSTN portal**

- The Sales Tax Departments of Odisha, Nagaland and Union Territory of Dadra and Nagar Haveli have issued circular/guidelines for assesseees registered with the respective State/Union Territory to obtain provisional ID and password.

## NOVEMBER 25, 2016

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### Enrolment of assessee under GSTN portal

- The Sales Tax Departments of Manipur, Assam and Daman & Diu have issued circulars/guidelines for assesseees registered under the State / Union Territory's Value Added Tax regime, for obtaining a provisional ID and a password.
- It has been reported that as on November 23, 2016, enrolment on GST network has crossed one lakh taxpayers.
- To avoid last minute rush, Mr. Prakash Kumar, CEO, GSTN has requested all assesseees, to expedite the enrolment formalities.

### Meeting of tax officials on draft GST bills

- Various aspects of the draft GST laws were discussed by the officers of the State and Central Government during their meeting on November 22 and 23, 2016.
- The Central and State Government will be meeting for finalization of draft GST law and compensation bills which will be presented to the GST Council next week.

### Control over inter state sales may stall the GST progress

- As per media report, one of the provisions under draft IGST law states that Central will have administrative power over all traders engaged in inter-state sales. In such a scenario, around 80% of the taxpayers (if both, purchase and sales are considered) would be administered by Central Government. This could create a hurdle in passing the GST legislations in the winter session of the Parliament since some of the States may not support such a provision.

### GST Council meeting

- The GST Council meeting which was proposed on November 25, 2016, has been postponed to December 2 and 3, 2016. Accordingly, the issue of dual control, finalization of the draft GST laws is postponed till the next meeting.

## NOVEMBER 18, 2016

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While the GST Council meeting is scheduled next week, development has taken place on procedural front whereby trade & industry have been put into action. The update on various aspects of GST is enumerated as under:

### Circulation of Draft GST Bills to states

- The Union government has circulated the draft Central Goods and Service Tax Bill ('CGST Bill'), the Integrated Goods and Service Tax Bill ('IGST Bill'), and the Goods and Service Tax (Compensation for loss of revenue) Bill ('Compensation Bill') to the States for consultation.
- The States have time of about one week to provide their views on the draft CGST Bill, IGST Bill and Compensation Bill, which will thereafter be taken up by the GST council for consideration during its meeting scheduled on November 24 and 25, 2016. Once the said Bills are cleared by the GST Council, the Bills will be introduced in the Winter Session of the Parliament.
- The draft CGST Bill and IGST Bill do not contain the four-slab rates agreed by the GST Council

### ELP Comments

- The draft Bills are revised from original Model GST law and not put for public comments
- Since the four-slab rates of GST are not mentioned in the draft CGST and IGST Bill, the same may be separately provided by way of a notification.

### Introduction of GST bills in parliamentary session

- The Government has listed the CGST Bill, IGST Bill, and Compensation Bill for consideration and passing in its legislative agenda for the Winter Session of the Parliament which has commenced on November 16, 2016 and to conclude on December 16, 2016.

### ELP Comments

- As the aforesaid Bills will be introduced in the Parliament after being discussed by the GST Council during its impending meeting, it is likely that the said Bills will be introduced in the Parliament only in the second half of the Winter Session, which could be late – November or early – December.
- With the ongoing debate on demonetization being taken up in the Parliament, it will have to be seen whether this would impact the timely passage of the Bills during the Winter Session which is seen to be important to facilitate the roll-out of GST on the target date of April 1, 2017.

### Enrolment of assessee under GSTN Portal

- The enrolment process of VAT assessee under GSTN portal has been initiated as per the prescribed timeline by certain States and Union Territories which includes Goa, Gujarat, Maharashtra, Sikkim, Chhattisgarh and Pondicherry. The Sales Tax Department of the aforesaid States and Union Territories have issued circulars / guidelines to obtain provisional ID and password.

### ELP Comments

- The Government is moving in a timely manner to enable the assessee under the present Indirect tax regime to register under the GST regime. This is a step in this direction.

### GST Council meeting on November 24 and 25, 2016

- The next GST Council meeting will discuss the draft CGST Bill, IGST Bill and the Compensation Bill, and the issue of administrative control over the assessee.

### ELP Comments

- One of the controversial but highly critical issues to be discussed at the GST Council meeting is the issue of administrative control over the assessee under GST. Although, the Government had suggested cross empowerment of the Centre and the States over the assessee, the Finance Ministers of various States have expressed concerns over this model providing dual control over the assessee. Another model being considered is that of horizontal and vertical division. Horizontal division would mean that tax payers would be divided based on cut-off turnover i.e. below 1.5 crore turnover, assessee would be administered by States and vertical division i.e. above 1.5 crore turnover, assessee can be divided vertically for being administered by both, Centre and the States.

### GST and Special Economic Zone ("SEZ")

- The Government intends to amend the provisions of the Special Economic Zone Act, 2005 ('SEZ Act') and corresponding Rules so as to provide suitable benefit to SEZ from CGST / SGST / IGST. In this regard, Revenue secretary held an internal meeting on November 9, 2016 to assess the changes required in the SEZ Act so that such zones are not subject to undue hassles under the new Indirect tax regime.

### ELP Comments

- The existing Indirect tax benefits enjoyed on supplies made to SEZ should be continued under the GST, and the Government must take necessary steps to ensure that status quo of benefits enjoyed on supplies made to SEZ is maintained under the GST regime.



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## NOVEMBER 11, 2016

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### Timeline for implementing GST

- The Hon'ble Finance Minister recently indicated that, while the Government is aiming to implement GST from April 2017, the roll out would have to take place by September 16, 2017 at the latest.
- In the parallel, a Press Release from the Ministry of Finance carried a statement by the Hon'ble Finance Minister to the effect that the major issues related to GST have been resolved and that GST would be implemented by April 2017

### ELP Comments

- The deadline of September 16, 2017 to implement GST is on account of Section 19 of the Constitution (One Hundred And First Amendment) Act, 2016, whereby the taxes on goods or services or both would cease to exist latest by one year from the commencement of the Constitution Amendment Act i.e. September 16, 2016
- The Press Release re-emphasizes the intention to implement GST from April 1, 2017. If this is to be the case, there would be a challenge for the trade & industry to implement GST within such a short time frame
- The Centre has formally listed three Bills – the Central Goods and Services Tax Bill, the Integrated GST Bill and GST (Compensation for Loss of Revenue) Bill for passage through Parliament in the upcoming winter session scheduled between November and December 2016

### GST system portal and enrolment of existing assesseees

- Central Government has launched a new GST system portal to facilitate enrolment of assesseees currently registered under Central Excise, Service tax, State specific Value Added Tax (VAT), Entry tax, Luxury tax and Entertainment tax legislations. This portal went live on November 8, 2016 and can be accessed at <http://www.gst.gov.in/>
- Every assessee enrolled as a tax payer under the aforesaid legislations will receive a provisional ID and password, which will be required at the time of logging in to GST portal for the first time. Subsequently they can choose a unique user identification and password
  - ♦ The transition of VAT assesseees into GSTN has already started in some States.
- Legal name, State name, PAN & reason of liability to obtain registration as registered under the existing tax system shall be carried forward as it is under GST migration and no changes would be allowed (changes are allowed only by way of amendments post appointed date).
- One PAN allows one GST registration in a State (to register more than one business vertical within a State, an assessee needs to contact the jurisdictional authority)
- Final registration certificate will be available within 6 months, post verification of the prescribed documents

- Dealers registered under the VAT legislation dealing exclusively in liquor, are not required to enrol themselves under GST system portal

### ELP Comments

- There is no specific mention regarding enrolment or otherwise for dealers of petroleum products
- FAQs released in this regard clarify that there will be a common registration, common return and common challan for Central GST / State GST

### Enrolment Dates

State-wise schedule of enrolment under GST system portal is tabulated below:

Sr. No	States	Start Date	End Date
1	Pondicherry, Sikkim	08.11.2016	23.11.2016
2	Gujarat, Maharashtra, Goa, Daman and Diu, Dadra Nagar, Haveli, Chhattisgarh	14.11.2016	29.11.2016
3	Odisha, Jharkhand, Bihar, West Bengal, Madhya Pradesh, Assam, Tripura, Meghalaya, Nagaland, Arunachal Pradesh, Manipur, Mizoram	30.11.2016	15.12.2016
4	Uttar Pradesh, Jammu and Kashmir, Delhi, Chandigarh, Haryana, Punjab, Uttarakhand, Himachal Pradesh, Rajasthan	16.12.2016	31.12.2016
5	Kerala, Tamil Nadu, Karnataka, Telangana, Andhra Pradesh	01.01.2017	15.01.2017
6	Service Tax Registrants	01.01.2017	31.01.2017
7	Delta All Registrants (All Groups)	01.02.2017	20.03.2017

The enrolment window will be open till January 31, 2017 for those who not enrolled within above mention dates.

### ELP Comments

Value Added tax authorities in some states like Goa, Pondicherry, Gujarat and Chhattisgarh have been issuing directions for collection of the provisional identification and password for use in completing online pre-registration under GST. Similar directives are awaited from the other State tax authorities

### Rate structure and dual control under the GST regime

- The GST Council has decided on a four tier GST tax structure (i.e. 5%, 12%, 18% and 28%). Additionally, a cess would be levied on certain luxury and demerit goods like luxury cars, tobacco, aerated drinks etc. [in addition to 28%] in order to raise funds to compensate states for the revenue losses
- Essential items including food are likely to be taxed at zero rate. Most mass consumption products would attract 5% GST rate. Standard rate of GST would be 12% / 18% wherein most of the products are proposed to be covered
- The last GST council meeting (on November 4, 2016) was adjourned as the consensus on the issue of administrative control could not be achieved. Two options were discussed with respect to administrative control viz; horizontal [i.e. States would be given single control of all assessees with an annual turnover of up to INR 1.5 crores, beyond which there would be cross-empowerment of Centre and State officials] and vertical [i.e. both the Centre and the States will get a fixed number of assessees] division
- The issue of administrative control would be decided in the next meeting on November 24 and 25, 2016

### ELP Comments

The finalization of rate structure is a major step towards implementation of GST. However, the industry keenly awaits the classification of products / services into various rates structure. Considering the multiple rate structure, classification disputes are likely to increase.



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