

From	Karvy Data Management Services Ltd.
Date	January 19,2018
Subject	Gist of announcement made in 25th GST Council meeting held at New Delhi on 18.01.2018
Category	Press release
Reference	Press release note dated 18th January, 2018
Series	Karvy/GST/42

With important agenda placed on table before the GST Council in their 25th meet, major one being on simplification of compliance procedure, reduction in rate of tax and on e-way bill operations. Announcements were made by the GST Council having coverage over reduction in rate of tax across wide range of services and few changes in the policy. Decisions on simplification of compliance procedure is expected to be taken in the 26th GST Council meeting.

Gist of such announcement being made by the GST Council in the 25th meeting held at New Delhi on 18th Jan 2018 is provided below:

Announcement on changes in policy				
Sl. No.	Category	Decision taken by the GST Council		
1	Late Fee Payable for Return Type	Return Type Description	Late Fee (with data)	Late Fee (NIL data)
(a)	Late Fee: GSTR-1	For disclosing outward supply details by a registered person	Rs.50/- per day	Rs.20/- per day
(b)	Late Fee: GSTR-5	Return to be filed by non-resident taxable person	Rs.50/- per day	Rs.20/- per day
(c)	Late Fee: GSTR-5A	Return to be filed by OIDAR	Rs.50/- per day	Rs.20/- per day
(d)	Late Fee: GSTR-6	Return to be filed by Input Service Distributor (ISD)	Rs.50/- per day	
2	Cancellation of voluntary registration	Taxable person can now apply for cancellation of voluntary registration even before completion of one year from the date of registration		
3	Cancellation of registration by migrated taxpayer	Last date for filing of Form GST REG-29 for cancellation of registration (applicable only in case of migrated taxpayer) has been extended till 31st March 2018		
4	E-Way Bill management final operational portal	E-Way bill system will start functioning from 1st February 2018 on the portal: ewaybillgst.gov.in unlike the trial period functional portal: ewaybill.nic.in		

Announcement on exemptions of services under GST regime		
Sl. No.	Service Category	Decision taken by the GST Council
1	Viability Gap Funding (VGF)	Exemption on VGF for a period of 3 years from the date of commencement of RCS airport from the present period of one year
2	Information under RTI Act	Supply of services by way of providing information under RTI Act
3	Legal services provided to Government	Legal services provided to Government, Local Authority, Governmental Authority and Government Entity
4	Transportation of goods from India to a place outside India by air	Service by way of transportation of goods from India to a place outside India by air
5	Transportation of goods from India to a place outside India by sea	Service by way of transportation of goods from India to a place outside India by sea and provide that value of such service may be excluded from the value of exempted services for the purpose of reversal of ITC.
6	Services provided by the Naval Insurance Group Fund	Services provided by the Naval Insurance Group Fund by way of Life Insurance to personnel of Coast Guard under the Group Insurance Scheme of the Central Government retrospectively w.e.f. 1.7.2017
7	Services covered by item 5(c) of Schedule II of the CGST Act	IGST payable under section 5(1) of the IGST Act, 2017 on supply of temporary transfer or permitting the use or enjoyment of any intellectual property right to the extent of aggregate of the duties and taxes leviable under section 3(7) of the Customs Tariff Act, 1975

8	Services provided by Resident Welfare Association (unincorporated or nonprofit entity) to its members	To enhance the exemption limit of Rs.5000/- per month per member to Rs.7500/- in respect of services provided by Resident Welfare Association (unincorporated or nonprofit entity) to its members against their individual contribution
9	Dollar denominated services	Dollar denominated services provided by financial intermediaries located in IFSC SEZ, which have been deemed to be outside India or any financial regulatory authority, to a person outside India
10	Lease of land	Services by government or local authority to governmental authority or government entity, by way of lease of land
11	Composite supply of construction of flats	Supply of land or undivided share of land by way of lease or sub lease where such supply is a part of specified composite supply of construction of flats etc.
12	Pure services provided to Govt. entity	Amend entry 3 of notification No. 12/2017-CT(R) so as to exempt pure services provided to Govt. entity
13	Expand pure services exemption	Expand pure services exemption under S. No. 3 of 12/2017-C.T. (Rate) so as to include composite supply involving predominantly supply of services i.e. up to 25% of supply of goods.
14	Admission to, or conduct of examination provided to all educational institutions	Services by educational institution by way of conduct of entrance examination against consideration in the form of entrance fee
15	Services of life insurance business provided under life micro insurance product approved by IRDAI	Enhance the limit to Rs.2 lakh against Sl. No. 36 of exemption notification No. 12/2017-C.T. (Rate) which exempts services of life insurance business provided under life micro insurance product approved by IRDAI upto maximum amount of cover of Rs.50,000/-
16	Reinsurance services	Reinsurance services in respect of insurance schemes exempted under Sl. Nos. 35 and 36 of notification No. 12/2017-CT (Rate)
17	Theatrical performances/ Admission to Planetarium	Increase threshold limit for all the theatrical performances like Music, Dance, Drama, Orchestra, Folk or Classical Arts and all other such activities in any Indian language in theatre GST from Rs.250 to 500 per person and to also extend the threshold exemption to services by way of admission to a planetarium.
18	Fumigation in a warehouse	Fumigation in a warehouse of agricultural produce
19	Subscription online	Subscription of online educational journals/periodicals by educational institutions who provide degree recognized by any law
20	Renting of transport vehicles	Renting of transport vehicles provided to a person providing services of transportation of students, faculty and staff to an educational institution providing education upto higher secondary or equivalent
21	Services by/to Fédération Internationale de Football Association (FIFA)	Services provided by and to Federation Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-20 World Cup in case the said event is hosted by India
22	Government's share of profit petroleum	Exempt Government's share of profit petroleum from GST and to clarify that cost petroleum is not taxable per se

Reduction in rate of tax for services

Sl. No.	Service Description	Changes in Rate of Tax
1	Construction of metro and monorail projects	18% to 12%
2	Small housekeeping service providers who provide housekeeping service through ECO (covered u/s 9(5))	5% without ITC
3	Tailoring service	18% to 5%
4	Admission to theme parks, water parks, joy rides, merry-go-rounds, go-carting and ballet	28% to 18%
5	Works Contract Services (WCS) provided by sub-contractor to the main contractor providing WCS to Central Government, State Government, Union territory, a local authority, a Governmental Authority or a Government Entity	5% / 12% as the case may be
6	Transportation of petroleum crude and petroleum products (MS, HSD, ATF)	18% to 5% without ITC and 12% with ITC.
7	Job work services rate for manufacture of leather goods (Chapter 42) and footwear (Chapter 64)	5%
8	Common Effluent Treatment Plants services of treatment of effluents	18% to 12%
9	Mining or exploration services of petroleum crude and natural gas and for drilling services in respect of the said goods	12%
10	Time charter or voyage charter or bare boat charter	5%

11	Services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of building <u>used for providing</u> (for instance, centralized cooking or distributing) <u>mid-day meal scheme</u> by an entity registered under section 12AA of IT Act.	12%
12	Extend the concessional rate of GST on houses constructed/ acquired under the Credit Linked Subsidy Scheme for Economically Weaker Section (EWS) / Lower Income Group (LIG) / Middle Income Group-1 (MIG-1) / Middle Income Group-2 (MIG-2) under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana (Urban) and low-cost houses up to a carpet area of 60 square meters per house in a housing project which has been given infrastructure status, as proposed by Ministry of Housing & Urban Affairs, under the same concessional rate	At Concessional rate

Extending eligibility of ITC

Sl. No.	Service Description	Decision taken by the GST Council on extending ITC Eligibility
1	Tour operator service	Allow ITC of input services in the same line of business at the GST rate of 5%

Rationalization of certain exemption entries

Sl. No.	Particulars	Decision taken by the GST Council
1	Value of exempt supply	Value of exempt supply u/s 17(2) shall not include the value of deposits, loans or advances on which interest or discount is earned. Note: This will not apply to a banking company and a financial institution including a non-banking financial company engaged in providing services by way of extending deposits, loans or advances
2	Defer the liability to pay GST in case of TDR	Defer the liability to pay GST in case of TDR against consideration in the form of construction service and on construction service against consideration in the form of TDR to the time when the possession or right in the property is transferred to the land owner by entering into a conveyance deed or similar instrument (e.g. allotment letter). Note: No deferment in point of taxation in respect of cash component.
3	Renting of immovable property	To tax renting of immovable property by government or local authority to a registered person under reverse Charge while renting of immovable property by government or local authority to un-registered person shall continue under forward charge
4	Insurance agent	Insurance agent in the reverse charge notification to have the same meaning as assigned to it in clause (10) of section 2 of the Insurance Act, 1938, so that corporate agents get excluded from reverse charge.
5	Value of lottery	Insertion of a provision in GST Rules under section 15 of GST Act that the value of lottery shall be 100/112 or 100/128 of the price of lottery ticket notified in the Gazette
6	Actionable claim	Actionable claim in the form of chance to win in betting and gambling including horse racing to be charged at 28%
7	Value of supply of Betting & Gambling	Insertion of a provision in GST Rules under section 15 of GST Act: Notwithstanding anything contained in this chapter, value of supply of Betting & Gambling shall be 100 % of the face value of the bet or the amount paid into the totalizator.

Clarification provided by the GST Council

Sl. No.	Particulars	Clarification provided by the GST Council
1	Accommodation service in hostels	Exemption of Rs.1000/- per day or equivalent (declared tariff) is available in respect of accommodation service in hostels
2	Fee paid by litigants	Fee paid by litigants in the Consumer Disputes Commissions and any penalty imposed by these Commissions, will not attract GST
3	Elephant/ camel joy ride	Elephant/ camel joy rides are not classified as transportation services and attract GST @ 18% with threshold exemption to small services providers
4	Leasing or rental service	Leasing or rental service, with or without operator, of goods, attracts same GST as supply of like goods involving transfer of title in the said goods.

		Note: GST rate on Rental services of self-Propelled Access Equipment (Boom. Scissors/Telehandlers) is 28%.
5	Services provided by senior doctors/ consultants/ technicians	Services provided by senior doctors/consultants/technicians hired by the hospitals, whether employees or not, are healthcare services which is exempt
6	Hospitals providing healthcare services	The entire amount charged by them from the patients including the retention money and the fee/payments made to the doctors etc. is towards the healthcare services provided by the hospitals to the patients and is exempt
7	Food supplied to the in-patients	Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable. Note: Other supplies of food by a hospital to patients (not admitted) or their attendants or visitors is taxable
8	Services by way of admission to entertainment events or access to amusement facilities including casinos, race-course	Taxable at 28%.
9	Services by way of ancillary services provided by casinos and race-course in relation to such admission	Taxable at 28%.
10	Services by way of services given by race-course by way of totalisator (if given through some other person or charged separately as fees for using totalisator for purpose of betting	Taxable at 28%.
11	Services given by race-course by way of license	Services given by race-course by way of license to bookmaker which is not a service by way of betting and gambling, is taxable at 18%.

Recommendation on changes in rate of tax

Sl. No.	Chapter/ Heading/ Subheading/ Tariff item	Description	Existing Rate of Tax	Recommended Rate of Tax by the GST Council
1	87	Old and used motor vehicles [medium and large cars and SUVs] on the margin of the supplier. Note: No input tax credit of central excise duty/value added tax or GST paid on such vehicles has been availed by him.	28%	18%
2	8702	Buses, for use in public transport, which exclusively run on bio-fuels.	28%	18%
3	87	All types of old and used motors vehicles [other than medium and large cars and SUVs] on the margin of the supplier. Note: no input tax credit of central excise duty /value added tax or GST paid on such vehicles has been availed by him	28%	12%
4	1704	Sugar boiled confectionary	18%	12%
5	2201	Drinking water packed in 20 litters bottles	18%	12%
6	2809	Fertilizer grade Phosphoric acid	18%	12%
7	29 or 38	Bio-diesel	18%	12%
8	38	Bacillus thuringiensis var. israelensis / Bacillus thuringiensis var. kurstaki /Bacillus thuringiensis var. galleriae / Bacillus sphaericus / Trichoderma viride / Trichoderma harzianum / Pseudomonas fluorescens / Beauveriabassiana / NPV of Helicoverpaarmigera / NPV of Spodopteralitura / Neem based pesticides / Cymbopogan	18%	12%
9	4418	Bamboo wood building joinery	18%	12%
10	8424	Drip irrigation system including laterals, sprinklers	18%	12%
11	8424	Mechanical Sprayer	18%	12%
12	13	Tamarind Kernel Powder	18%	5%
13	1404/3305	Mehendi paste in cones	18%	5%

14	2711	LPG supplied for supply to household domestic consumers by private LPG distributors	18%	5%
15	88 or any other chapter	Scientific and technical instruments, apparatus, equipment, accessories, parts, components, spares, tools, mock ups and modules, raw material and consumables required for launch vehicles and satellites and payloads	18%	5%
16	4601, 4602	Articles of straw, of esparto or of other plaiting materials; basketware and wickerwork	12%	5%
17	5601 22 00	Cigarette filter rods	12%	18%
18	5801 37 20	Velvet fabric. Note: NO REFUND OF UNUTILISED INPUT TAX CREDIT	12%	5%
19	7102	Diamonds and precious stones	3%	0%
20	9021	Parts and accessories for manufacture of hearing aids	12%	0%
21	Any chapter	Vibhuti	0%	0%
22	Any chapter	De-oiled rice bran	0%	0%
23	2302	Rice bran (other than de-oiled rice bran)	0%	5%
24	88 or any other chapter	Satellites and payloads and Scientific and technical instruments, apparatus, equipment, accessories, parts, components, spares, tools, mock ups and modules, raw material and consumables required for launch vehicles and satellites and payloads	18%	5%

Clarification recommended on definitions / changes in rate of tax for few goods

SL NO	Chapter/ Heading/ Subheading / Tariff item	Description	Existing Rate of Tax	Recommendation by the GST Council
1	27	Poly Butylene Feed Stock & Liquefied Petroleum Gas	18%	The GST to apply only on the net quantity of Poly Butylene Feed Stock or Liquefied Petroleum Gases retained for the manufacture of Poly Iso Butylene or Propylene or di-butyl para cresol respectively, subject to specified conditions
2	Any chapter	Rail coach industry	Applicable GST rate	Only the goods falling under chapter 86 attract 5% GST rate with no refund of unutilised ITC. Goods falling in any other chapter will attract applicable GST rate under the respective chapters, even if supplied to the Indian railways
3	2701	Coal rejects	5% + Rs.400 PMT Compensation Cess	Coal rejects fall under heading 2701 and attract 5% GST and Rs.400 PMT Compensation Cess

Recommendation on changes in rate of compensation cess

Sl. No.	Chapter/ Heading/ Subheading/ Tariff item	Description	Existing Rate of Compensation Cess	Recommended Rate of Compensation Cess
1	8702	Motor vehicles [falling under heading 8702, as it was in excise regime] cleared as ambulances, duly fitted with all fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such vehicles 10-13 seater buses and ambulances, subject to specified conditions	15%	NIL
2	87	Old and used motor vehicles [medium and large cars and SUVs], on the margin of the supplier, subject to the condition that no input tax credit of central excise duty/value added tax or GST paid on such vehicles has been availed by him	Applicable rate	NIL
3	87	All types of old and used motor vehicles [other than medium and large cars and SUVs] on the margin of the supplier of subject to the conditions that no input tax credit of central excise duty /value added tax or GST paid on such vehicles has been availed by him.	Applicable rate	NIL

The information will be subject to further scrutinizing during which the list may undergo some changes. The decisions of the GST Council are being communicated for general information and will be given effect to through Gazette notifications / circulars which shall have force of law.

Copy of Press release note can be accessed following the link provided below:

<http://www.cbec.gov.in/resources//htdocs-cbec/press-release/press-release-policy-changes.pdf;jsessionid=B27B33D7C9EB0F3003FF7F4967CA770C>

http://www.cbec.gov.in/resources//htdocs-cbec/press-release/20180119_Press%20Release_25rd%20GSTC%20Meeting.pdf

<http://www.cbec.gov.in/resources//htdocs-cbec/press-release/press-release-rate-good2.pdf>

About KARVY DATA MANAGEMENT SERVICES LTD.

Karvy Data Management Services Limited (KDMSL), a GST Suvidha Provider which has developed ASP Solution for easing GST compliance for tax payers. Easy to use interfaces are made available at the disposal of the tax payers to simplify their compliances in terms of dashboards, MIS, returns, payments, refunds and other compliance process. So, 'HELP US HELP YOU' we offer following services for GST - GSP & ASP Services (on cloud or on premises) with ERP Integration and Vendor Management Solution. We also offer managed services for Outsourced GST Compliance which will take care of end to end compliances.

In India, GST Team of KDMSL are located in following cities: Hyderabad, Mumbai, Bangalore, New Delhi and Kolkata. For more information about KDMSL service offerings, visit www.karvygst.com

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