

From	Karvy Data Management Services Ltd.
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Subject	Outcome of the 27th GST Council Meeting
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Based on the major recommendations made by the Group of Ministers on IT simplifications and with other significant agendas placed on the table, The 27th GST Council meeting was held on dated 4th May 2018. The outcome of the meeting can be summarized into three areas:

1. Return simplification
2. Changes in rate of tax
3. Change in shareholding pattern of GSTN

Below mentioned are the gist of major decisions taken by The GST Council in the 27th meet:

Return Simplification		
Sl. No.	27th GST Council Meeting - Decision Heading	Description of the Outcome
1	One monthly return	Apart from few exceptions, all taxpayers shall file one monthly return
		Return filing due dates shall be decided based on the turnover of the taxpayers to manage load on the IT system
		Taxpayers registered composition scheme and taxpayers having Nil transaction shall have facility to file quarterly return
2	Unidirectional flow of invoices	The registered seller on anytime basis during the month shall upload unidirectional flow of outward supply invoices
		Buyer would be able to continuously see the uploaded invoices during the month and such invoices upload by the registered seller would be the valid document to avail input tax credit by the buyer
		There shall not be any need to upload the purchase invoices by the buyer
		Invoices for B2B transaction shall need to use HSN at four digit level or more to achieve uniformity in the reporting system
3	Simple Return design and easy IT interface	The registered suppliers will have to upload invoice wise details of outward supplies made by them in a particular tax period
		Calculation of tax liability at the suppliers end and input tax credit at the registered recipients end shall be done by the system based on the invoices upload by the supplier
		Taxpayer shall be provided with user friendly IT interface and offline IT tool to upload the invoices
4	No automatic reversal of credit	There shall not be any automatic reversal of input tax credit from buyer on non-payment of tax by the seller
		In case of default in payment of tax by the seller, recovery shall be made from the seller however, reversal of credit from buyer shall also be an option available with the revenue authorities to address exceptional situations like missing dealer, closure of business by supplier or supplier not having adequate assets etc

Sl. No.	27th GST Council Meeting - Decision Heading	Description of the Outcome
5	Due process for recovery and reversal	Recovery of tax or reversal of input tax credit shall be through a due process of issuing notice and order
		The process would be online and automated to reduce the human interface
6	Supplier side control	Mechanism will be set where uploading of invoices by the seller to pass input tax credit who has defaulted in payment of tax above a threshold amount shall be blocked to control misuse of input tax credit facility
		Similar safeguards would be built with regard to newly registered dealers also
		Analytical tools would be used to identify such transactions at the earliest and prevent loss of revenue
7	Transition	There will be a three stage transition to the new system:
		Stage I - The present system of filing of return in Form GSTR 3B and GSTR 1. Form GSTR 2 and GSTR 3 shall continue to remain suspended.
		Stage I will continue for a period not exceeding 6 months by which time new return software would be ready
		Stage II - The new return will have facility for invoice-wise data upload at the suppliers end and also facility for claiming input tax credit on self-declaration basis, as in case of GSTR 3B now at the recipients end
		During this stage 2, the registered recipients will be informed with the mismatches between credit available to them as per invoices uploaded by their registered suppliers and the provisional credit being claimed by them
		Stage III - After 6 months of this phase 2, the facility of provisional credit will get withdrawn and input tax credit will only be limited to the invoices uploaded by the sellers from whom the dealer has purchased goods
8	Content of the return and implementation	Return shall be simplified also by reducing the content and information required to be filled in the return
		The details of the design of the return form, business process and legal changes would be worked out by the law committee based on these principles
		Government is keen to introduce the simplified return design at the earliest to reduce the compliance burden on the trade in keeping with the philosophy of ease of doing business

Changes in rate of tax		
1	Incentive to promote Digital Transactions	In order to incentivise promotion of digital payment, the GST Council discussed on the below mentioned proposal:
		Concession of 2% in GST rate [where the GST rate is 3% or more, 1% each from applicable CGST and SGST rates] on B2C supplies, for which payment is made through cheque or digital mode, subject to a ceiling of Rs. 100 per transaction
		The council has recommended for setting up of a Group of Ministers from State Governments to look into the proposal and make recommendations, before the next Council meeting, keeping in mind the views expressed in GST Council
2	Imposition of Sugar Cess over and above 5% GST and reduction in GST rate on ethanol	Keeping in view the record production of sugar in the current sugar season, and consequent depressed sugar prices and build-up of sugarcane arrears,
		The GST Council discussed the issue of imposition of sugar cess and reduction in GST rate on ethanol in great detail keeping in view the record production of sugar in the current sugar season, and consequent depressed sugar prices and build-up of sugarcane arrears
		The council has recommended for setting up of a Group of Ministers from State Governments to look into the proposal and make recommendations, within two weeks, keeping in mind the views expressed in GST Council in this regard

Change in the Shareholding Pattern of GSTN	
→ Acquisition of entire 51% of equity held by the Non-Governmental Institutions in GSTN amounting to Rs. 5.1 crore, equally by the Centre and the States governments and allow GSTN Board to initiate process for acquisition of equity held by the private Companies	
→ GSTN Board shall be allowed to continue the existing staff at existing terms and conditions for the a period upto five years, and shall have the flexibility of hiring people through contract on the terms and conditions similar to those used by GSTN till now while hiring regular employees	
→ The existing financial commitments given by Centre and States to GSTN to share the capital and O&M cost of the IT Systems shall continue	

Link to access press release note dated 4th May 2018:

<http://www.cbec.gov.in/resources//htdocs-cbec/press-release/CBIC%20Press%20Release%20dt%2004.05.2018%20on%20Return%20Simplification.pdf>

<http://www.cbec.gov.in/resources//htdocs-cbec/press-release/CBIC%20Press%20Release%20dt%2004.05.2018%20on%20Changes%20in%20GST%20Rates.pdf>

<http://www.cbec.gov.in/resources//htdocs-cbec/press-release/CBIC%20Press%20Release%20dt%2004.05.2018%20on%20GSTN.pdf>

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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, Chennai, Pune and Kolkata. For more information about KDMSL service offerings, visit www.karvygst.com

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