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Category	Press Note
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With the agenda of (i) giving nod to the return simplification process (ii) certain amendments in the GST Law and (iii) reduction in GST rates for certain category of goods and services placed on the table, GST Council met for the 28<sup>th</sup> time on 21<sup>st</sup> July 2018 in New Delhi.

The recommendations made by GST Council on these proposals is indeed going to be bring relief among the taxpayers while complying to the GST Law and shall also ease in doing business.

Below mentioned is the gist of announcements made by the GST Council categorised into three sections:

1. Amendments in the GST Law
2. Return Simplification
3. Reduction in GST Rate – Goods
4. Reduction in GST Rate – Services
5. Opening of migration window for taxpayers

Amendments in the GST Law		
Sl. No.	Proposal Category	Gist of the recommendations made by the GST Council
1	Increase in the turnover limit for composition scheme	→ Upper limit of turnover for opting composition scheme increased from Rs. 1 Crore to Rs. 1.5 Crore in the GST Law
2	Supply of services (other than restaurant services) to be allowed to Composition Scheme Dealers	→ Composition dealers to be allowed to supply services (other than restaurant services), for upto a value not exceeding 10% of turnover in the preceding financial year or Rs. 5 lakhs, whichever is higher.
3	Levy of GST under RCM on account of inward supplies from URD to be restricted	→ Levy of GST under RCM on account of inward supplies from URD, to be applicable to only specified goods in case of certain notified classes of registered persons.
4	Threshold limit for registration under GST raised for few notified states	→ Threshold limit for registration under GST raised from Rs. 10 lacs to Rs. 20 lacs in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand.
5	Option to take multiple registration for multiple place of business within the same State	→ Taxpayers may opt for multiple registrations within a State/Union territory in respect of multiple places of business located within the same State/Union territory.
6	Registration status to remain suspended during the process of cancellation of registration	→ Registration to remain temporarily suspended while cancellation of registration is under process, so that the taxpayer is relieved of continued compliance under the GST Law.
7	Mandatory registration provision restricted for E-commerce operators	→ Mandatory registration is required for only those e-commerce operators who are required to collect tax at source
8	Inclusion of Non-GST Supply transaction in Schedule III of CGST Act 2017	→ Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India; → Supply of warehoused goods to any person before clearance for home consumption; and → Supply of goods in case of high sea sales

Sl. No.	Proposal Category	Gist of the recommendations made by the GST Council
9	Input Tax Credit scope widened and shall be now be made available for transactions:	<ul style="list-style-type: none"> <li>→ Most of the activities or transactions specified in Schedule III</li> <li>→ Motor vehicles for transportation of persons having seating capacity of more than thirteen (including driver), vessels and aircraft</li> <li>→ Motor vehicles for transportation of money for or by a banking company or financial institution;</li> <li>→ Services of general insurance, repair and maintenance in respect of motor vehicles, vessels and aircraft on which credit is available; and</li> <li>→ Goods or services which are obligatory for an employer to provide to its employees, under any law for the time being in force.</li> </ul>
10	No interest liability on account of reversal of ITC for non-payment to suppliers within 180 days from date of invoice	→ The recipient shall no longer be required to pay interest liability in case he fails to pay the due amount to the supplier within 180 days from the date of issue of invoice. Only input tax credit availed by the recipient will have to be reversed.
11	Consolidated Credit Note / Debit Note against multiple invoices	→ Registered persons may issue consolidated credit/debit notes in respect of multiple invoices issued in a Financial Year
12	Capping of pre-deposit for filing appeal before the Appellate Authority & the Appellate Tribunal	→ Amount of pre-deposit payable for filing of appeal before the Appellate Authority and the Appellate Tribunal to be capped at Rs. 25 Crores and Rs. 50 Crores, respectively
13	Commissioner to be empowered to extend the time limit for return of goods sent for job work	→ Commissioner to be empowered to extend the time limit for return of inputs and capital sent on job work, upto a period of one year and two years, respectively.
14	Payment received in INR shall also qualify as export of services	→ Supply of services to qualify as exports, even if payment is received in Indian Rupees, where permitted by the RBI
15	POS for goods temporarily imported for job work & exported without putting them to any use in India	→ Place of supply in case of job work of any treatment or process done on goods temporarily imported into India and then exported without putting them to any other use in India, to be outside India
16	Recovery from distinct person	→ Recovery can be made from distinct persons, even if present in different State/Union territories.
17	Cross utilisation of ITC to be rationalised	→ The order of cross-utilization of input tax credit is being rationalized

**Note:** These amendments will now be placed before the Parliament and the legislature of State and Union territories with legislatures for carrying out the amendments in the respective GST Acts.

## Return Simplification

Sl. No	Proposal Category	Gist of the recommendations made by the GST Council
1	Approval of business process and formats	→ The formats and business process were approved in line with the basic principles of GST return design
2	Return tables	The return format shall comprise of two main tables: → One for reporting outward supplies and → One for availing input tax credit based on invoices uploaded by the supplier.
3	Return process flow	→ Invoices can be uploaded continuously by the seller and can be continuously viewed and locked by the buyer for availing input tax credit. → This process would ensure that very large part of the return is automatically filled based on the invoices uploaded by the buyer and the seller → The process would be "UPLOAD – LOCK – PAY" for most tax payers
4	Facility to create profile by the taxpayer	→ Taxpayers would have facility to create his profile based on nature of supplies made and received → The fields of information which a taxpayer would be shown and would be required to fill in the return would depend on his profile
5	Quarterly return for taxpayers with turnover upto Rs. 5 Crore	→ Option of filing quarterly return with monthly payment of tax in a simplified return format by the small tax payers with turnover upto Rs. 5 crores. This shall cover 93% taxpayers → Quarterly return shall be similar to main return with monthly payment facility but for two kinds of registered persons – small traders making only B2C supply or making B2B + B2C supply → Simplified returns have been designed called Sahaj and Sugam. In these returns details of information required to be filled is lesser than that in the regular return
6	Facility for filing NIL Return by sending SMS	→ NIL return filers (no purchase and no sale) shall be given facility to file return by sending SMS
7	Amendment of Invoices in the new facility - Amendment Return	→ Facility for amendment of invoice and also other details filed shall be done in the new return design "Amendment Return". → Payment would be allowed to be made through the amendment return as it will help save interest liability for the taxpayers.

### Opening of Migration Window

Sl. No	Proposal Category	Gist of the recommendations made by the GST Council
1	Proposal to open the migration window for taxpayers	→ Proposal to open the migration window for taxpayers, who received provisional IDs but could not complete the migration process has been approved
2	Process for completion of migration	→ The taxpayers who filed Part A of FORM GST REG-26, but not Part B of the said FORM are requested to approach the jurisdictional Central Tax/State Tax nodal officers with the necessary details on or before 31 August, 2018. → Officer to forward the details to GSTN to enable migration of such tax payers
4	Waiver of late fees	→ Late fee payable for delayed filing of return for such pending cases will be waived.  → Such taxpayers are required to first file the returns on payment of late fees, and the waiver will be effected by way of reversal of the amount paid as late fees in the cash ledger under the tax head

### Refund of accumulated credit on account of inverted duty structure to fabric manufacturers

1	→ Fabrics attract GST at the rate of 5% subject to the condition that refund of accumulated ITC on account of inversion will not be allowed.  → The GST Council has recommended for allowing refund to fabrics on account of inverted duty structure only with the prospective effect on the purchases made after the notification is issued.
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### Miscellaneous Change relating to valuation of a supply

1	→ IGST @5% on Pool Issue Price (PIP) of Urea imported on Govt. account for direct agriculture use, instead of assessable value plus custom duty.
2	→ Exemption from Compensation cess to Coal rejects from washery [arising out of cess paid coal on which ITC has not been taken]

### Clarifications/ Amendments as regards applicability of GST rate in respect of certain goods recommended by GST Council which inter-alia includes

1	Milk enriched with vitamins or minerals salt (fortified milk) is classifiable under HS code 0401 as milk and exempt from GST
2	5% GST on both treated (modified) tamarind kernel powder and plain (unmodified) tamarind kernel powder
3	Beet and cane sugar, including refined beet and cane sugar, (falling under heading 1701) attracts 5% GST rate
4	Water supplied for public purposes (other than in sealed containers) does not attract GST.
5	Marine engine (falling under sub-heading 8408 10 93) attracts 5% GST rate
6	Kota stone and similar stones [ other than marble and granite] other than polished will attracts 5% GST, while ready to use polished Kota stone and similar stones will attracts 18%.

**Reduction in GST Rate - Goods - From 28% to 18%**

Sl. No	Description of Goods
1	Paints and varnishes (including enamels and lacquers)
2	Glaziers' putty, grafting putty, resin cements
3	Refrigerators, freezers and other refrigerating or freezing equipment including water cooler, milk coolers, refrigerating equipment for leather industry, ice cream freezer etc.
4	Washing machines
5	Lithium-ion batteries
6	Vacuum cleaners
7	Domestic electrical appliances such as food grinders and mixers & food or vegetable juice extractor, shaver, hair clippers etc
8	Storage water heaters and immersion heaters, hair dryers, hand dryers, electric smoothing irons etc
9	Televisions upto the size of 68 cm
10	Special purpose motor vehicles. e.g., crane lorries, fire fighting vehicle, concrete mixer lorries, spraying lorries
11	Works trucks [self-propelled, not fitted with lifting or handling equipment] of the type used in factories, warehouses, dock areas or airports for short transport of goods
12	Trailers and semi-trailers
13	Miscellaneous articles such as scent sprays and similar toilet sprays, powder-puffs and pads for the application of cosmetics or toilet preparations

**Reduction in GST Rate - Goods - From 28% to 12%**

Sl. No	Description of Goods
14	Fuel Cell Vehicle. Further, Compensation cess shall also be exempted on fuel cell vehicle

**Reduction in GST Rate - Goods - From 18%, 12% & 5% to NIL**

Sl. No	Description of Goods
15	Stone/Marble/Wood Deities
16	Rakhi [other than that of precious or semi-precious material of chapter 71]
17	Sanitary Napkins
18	Coir pith compost
19	Sal Leaves siali leaves and their products and Sabai Rope
20	PhoolBhariJhadoo [Raw material for Jhadoo]
21	Khali dona
22	Circulation and commemorative coins, sold by Security Printing and Minting Corporation of India Ltd [SPMCIL] to Ministry of Finance

**Reduction in GST Rate - Goods - From 12% to 5%**

Sl. No	Description of Goods
23	Chenille fabrics and other fabrics under heading 5801
24	Handloom dari
25	Phosphoric acid (fertilizer grade only)
26	Knitted cap/topi having retail sale value not exceeding Rs 1000
27	Handmade carpets and other handmade textile floor coverings (including namda/gabba)
28	Handmade lace
29	Hand-woven tapestries
30	Hand-made braids and ornamental trimming in the piece
31	Toran

**Reduction in GST Rate - Goods - From 18% to 12%**

Sl. No	Description of Goods
32	Bamboo flooring
33	Brass Kerosene Pressure Stove
34	Hand Operated Rubber Roller
35	Zip and Slide Fasteners
36	Handbags including pouches and purses; jewellery box
37	Wooden frames for painting, photographs, mirrors etc
38	Art ware of cork [including articles of sholapith]
39	Stone art ware, stone inlay work
40	Ornamental framed mirrors
41	Glass statues [other than those of crystal]
42	Glass art ware [ incl. pots, jars, votive, cask, cake cover, tulip bottle, vase ]
43	Art ware of iron
44	Art ware of brass, copper/ copper alloys, electro plated with nickel/silver
45	Aluminium art ware
46	Handcrafted lamps (including panchloga lamp)
47	Worked vegetable or mineral carving, articles thereof, articles of wax, of stearin, of natural gums or natural resins or of modelling pastes etc., (including articles of lac, shellac)
48	Ganjifa card

**Reduction in GST Rate - Goods - From 18% to 5%**

Sl. No	Description of Goods
49	Ethanol for sale to Oil Marketing Companies for blending with fuel
50	Solid bio fuel pellets

**Reduction in GST Rate - Goods - Rate change made in respect of footwear**

Sl. No	Description of Goods
51	5% GST is being extended to footwear having a retail sale price up to Rs. 1000 per pair
52	Footwear having a retail sale price exceeding Rs. 1000 per pair will continue to attract 18%

## Reduction in GST Rate - Services

Sl. No	Service Category	Decision taken by the GST Council
1	Farmers/ Agriculture/ Food Processing	→ Exempt services by way of artificial insemination of livestock (other than horses)
2		→ Exempt warehousing of minor forest produce in line with exemptions provided to the agricultural produce
3		→ Exempt the works of installation and commissioning undertaken by DISCOMS/ electricity distribution companies for extending electricity distribution network upto the tube well of the farmer/ agriculturalist for agricultural use
4		→ Exempt services provided by FSSAI to food business operators
5	Education/ Training/ Skill Development	→ Reduce rate of GST from 18% to 5% on supply only of e-books for which print version exist
6	Social Security/ Pension Security/ Senior Citizens	→ Exempt services provided by Coal Mines Provident Fund Organisation to the PF subscribers from the applicability of GST on the lines of EPFO.
7		→ Exempt supply of services by an old age home run by State / Central Government or by a body registered under 12AA of Income Tax Act) to its residents (aged 60 years or more) against consideration upto Rupees Twenty Five Thousand per month per member provided consideration is inclusive of charges for boarding, lodging and maintenance
8		→ Exempt GST on the administrative fee collected by National Pension System Trust
9		→ Exempt services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in activities relating to the welfare of industrial or agricultural labour or farmer; or for the promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to own members against consideration in the form of membership fee up to an amount of one thousand rupees per member per year
10	Banking/ Finance/ Insurance	→ Exempt Reinsurance Services provided to specified Insurance Schemessuch as Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) (Ayushman Bharat), funded by Government.
11	Government Services	→ Exempt services provided by Government to ERCC by way of assigning the right to collect royalty, DMFT etc. from the mining lease holders
12		→ Exempt the guarantees given by Central/State Government/UT administration to their undertakings/PSUs

Sl. No	Service Category	Decision taken by the GST Council
13	Miscellaneous	→ Exempt GST on import of services by Foreign Diplomatic Missions/ UN & other International Organizations based on reciprocity
14		→ Exempt services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in accordance with Explanation I in section 8 of the IGST Act provided the place of supply is outside the taxable territory of India in accordance with section 13 of IGST Act
15		→ Prescribe GST rate slabs on accommodation service based on transaction value instead of declared tariff which is likely to provide major relief to the hotel industry
16		→ Prescribe GST rate of 12% with full ITC under forward charge for composite supply of multimodal transportation
17		→ Rationalize the notification entry prescribing reduced GST rate on composite supply of works contract received by the Government or a local authority in the course of their sovereign functions
18		→ Rationalize entry relating to composite supply of food and drinks in restaurant, mess, canteen, eating joints and such supplies to institutions (educational, office, factory, hospital) on contractual basis at GST rate of 5%; and making it clear that the scope of outdoor catering under 7(v) is restricted to supplies in case of outdoor / indoor functions that are event based and occasional in nature

### Clarifications related to services

19	→ Supply of services provided by State and Central educational boards to students for conduct of examination will be clarified to be exempt
20	→ To clarify that the courses run by private ITIs for designated trades are exempt under GST whereas non-designated courses are taxable
21	→ To clarify that GST on premium paid by the Governments for implementing Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) (Ayushman Bharat) is exempt from GST.
22	→ To provide clarification on applicability of Service Tax / GST on services rendered by an Indian Architect- Consultant in relation to immovable property located outside India to Indian Diplomatic Missions/Posts abroad
23	→ To clarify to Auroville foundation that 'maintenance' paid by it to Aurovilians is not liable to GST.
24	→ To insert an explanation in notification No. 13/2017-Central Tax(Rate) to define the term renting of immovable property
25	→ To clarify that certain services such as "deposit works(expenses for providing electric line/plant)" related to distribution of electricity provided by DISCOM, attract GST



## Export / other trade facilitation measures

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|---|--|
| 1 | → Extend the exemption granted on outward transportation of all goods by air and sea by another one year i.e. upto 30th September, 2019 as relief to the exporter of goods   |
| 2 | → Place liability to pay GST on services provided by individual DSAs to banks/NBFCs under reverse charge on the buying banks/NBFCs. However, services by non-individual NBFCs (corporate, partnership firms) to banks/NBFCs would continue under forward charge, as at present |

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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](http://www.karvygst.com)

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