

From	Karvy Data Management Services Ltd.
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With significant agenda on the table, The GST Council met for the 31st time on 22nd December 2018. Recommendations made by The GST Council in this meeting had coverage on the below mentioned areas:

- Amendment in policies related to Annual return, Reconciliation statement, Returns due date, Refund application and processing, Late fees and Migration process etc.
- Formation of Group of Ministers (GoM) to study the revenue trend
- In-Principle approval for GST Law Amendments
- Changes in GST Rate for certain goods & services
- Rationalization & Clarifications with respect to GST applicability on certain goods & services

Below mentioned is the synopsis of the recommendations made by the GST Council in its 31st meeting:

Clarificatory changes to be carried out in the format of Annual Return (Form GSTR-9 / 9A) & Reconciliation Statement (GSTR-9C)
→ There will be an amendment in headings of Form GSTR-9 / 9A - "as declared in returns filed during the year" will be substituted by "made during the year"
→ All returns in Form GSTR-1, Form GSTR-3B & Form GSTR-4 have to be filed before filing of Form GSTR-9 & Form GSTR-9C
→ HSN code may be declared only for those inward supplies whose value independently accounts for 10% or more of the total value of inward supplies
→ Input Tax Credit (ITC) cannot be availed through Form GSTR-9 & Form GSTR-9C
→ Additional payments, if any, required to be paid can be done through Form GST DRC-03 only in cash
→ All invoices pertaining to previous FY (irrespective of month in which such invoice is reported in Form GSTR-1) would be auto-populated in Table 8A of Annual Return Form GSTR-9
→ Value of "non-GST supply" shall also include the value of "no supply" and may be reported in Table 5D, 5E and 5F of Annual Return Form GSTR-9
→ Verification by taxpayer who is uploading reconciliation statement would be included in Form GSTR-9C

Extension in due date for filing of returns & availing ITC pertaining to the FY 2017-2018
→ The due date for furnishing Form GSTR-8 by e-commerce operators for the months of October, November and December, 2018 shall be extended till 31.01.2019
→ The due date for submitting Job Work Return in Form GST ITC-04 for the period July 2017 to December 2018 shall be extended till 31.03.2019
→ The due date for furnishing the Annual Returns in Form GSTR-9 / 9A and Reconciliation Statement in Form GSTR-9C for the Financial Year 2017 – 2018 shall be further extended till 30.06.2019.
→ ITC in relation to invoices issued by the supplier during FY 2017-18 may be availed by the recipient till the due date for furnishing of Form GSTR-3B for the month of March, 2019, subject to specified conditions

Recommendations made towards application and processing of Refund in Form GST RFD-01A

→ All the supporting documents / invoices in relation to a claim for refund in Form GST RFD-01A shall be uploaded electronically on the common portal at the time of filing of the refund application itself, thereby obviating the need for a taxpayer to physically visit a tax office for submission of a refund application. GSTN will enable this functionality on the common portal shortly.

→ Refund application in Form GST RFD-01A for the following types of refunds shall be made available:

(i) Refund on account of Assessment/Provisional Assessment/Appeal/Any Other Order;

(ii) Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice-versa;

(iii) Excess payment of Tax; and

(iv) Any other refund

→ Refund applications in Form GST RFD-01A generated on the common portal for the above scenarios till the date of roll-out of above functionality but not submitted with the jurisdiction tax office within 60 days from the date of generation of ARN, the claimants shall be sent communications on their registered email ids containing information on where to submit the said refund applications.

→ If the applications are not submitted within 15 days of the date of the email, the said refund applications shall be summarily rejected, and the debited amount, if any, shall be re-credited to the electronic credit ledger of the claimant.

→ Clarifications shall be issued on certain refund related matters like refund of ITC accumulated on account of inverted duty structure, disbursement of refunds within the stipulated time, time allowed for availment of ITC on invoices, refund of accumulated ITC of compensation cess etc.

→ A scheme of single authority for disbursement of the refund amount sanctioned by either the Centre or the State tax authorities would be implemented on pilot basis. The modalities for the same shall be finalized shortly.

Window for completing migration process

→ One more window for completion of migration process is being allowed.

→ The due date for the taxpayers who did not file the complete FORM GST REG-26 but received only a Provisional ID (PID) till 31.12.2017 for furnishing the requisite details to the jurisdictional nodal officer shall be extended till 31.01.2019.

→ Also, the due date for furnishing Form GSTR-3B and Form GSTR-1 for the period July, 2017 to February, 2019 / Quarters July, 2017 to December, 2018 by such taxpayers shall be extended till 31.03.2019.

In-Principle approval given by GST Council for GST Law Amendments

→ Creation of a Centralised Appellate Authority for Advance Ruling (AAAR) to deal with cases of conflicting decisions by two or more State Appellate Advance Ruling Authorities on the same issue.

→ Amendment of Section 50 of the CGST Act 2017 to provide that interest should be charged only on the net tax liability of the taxpayer, after taking into account the admissible input tax credit, i.e. interest would be leviable only on the amount payable through the electronic cash ledger.

→ The above recommendations of the Council will be made effective only after the necessary amendments in the GST Acts are carried out.

Other recommendations

- There would be a single cash ledger for each tax head. The modalities for implementation would be finalised in consultation with GSTN and the Accounting authorities.
- The new return filing system shall be introduced on a trial basis from 01.04.2019 and on mandatory basis from 01.07.2019.
- Late fee shall be completely waived for all taxpayers in case Form GSTR-1, Form GSTR-3B & Form GSTR-4 for the Months / Quarters July, 2017 to September, 2018, are furnished after 22.12.2018 but on or before 31.03.2019
- Taxpayers who have not filed the returns for two consecutive tax periods shall be restricted from generating e-way bills. This provision shall be made effective once GSTN/NIC make available the required functionality.
- Changes made by CGST (Amendment) Act, 2018, IGST (Amendment) Act, 2018, UTGST (Amendment) Act, 2018 and GST (Compensation to States) Amendment Act, 2018 and the corresponding changes in SGST Acts would be notified w.e.f. 01.02.2019.

Formation of Group of Ministers to study revenue trend in some of the States

- Proposal to form a 7 Member Group of Ministers (GoM) to study the revenue trend, including analysing the reasons for structural patterns affecting the revenue collection in some of the States has been approved by the GST Council.
- The study would include the underlying reasons for deviation from the revenue collection targets vis a vis original assumptions discussed during the design of GST system, its implementation and related structural issues.
- The Group of Ministers will be assisted by the committee of experts from Central Government, State Governments and the NIPFP (National Institute of Public Finance and Planning), who would study and share the findings with GoM.
- The GoM in turn would give its recommendation to the GST Council.

Changes in GST Rate & Clarifications

Reduction in GST Rate: 28% to 18%

- Pulleys, transmission shafts and cranks, gear boxes etc., falling under HS Code 8483
- Monitors and TVs of upto screen size of 32 inches
- Re-treaded or used pneumatic tyres of rubber
- Power banks of lithium ion batteries. Lithium ion batteries are already at 18%. This will bring parity in GST rate of power bank and lithium ion battery
- Digital cameras and video camera recorders
- Video game consoles and other games and sports requisites falling under HS code 9504
- Cinema tickets above Rs. 100

Reduction in GST Rate: 28% to 5%

- Parts and accessories for the carriages for disabled persons

Reduction in GST Rate: 18% to 12%

- Cork roughly squared or debagged
- Articles of natural cork
- Agglomerated cork
- Third party insurance premium of goods carrying vehicles
- Cinema tickets upto Rs. 100

Reduction in GST Rate: 18% to 5%

- Marble rubble

Reduction in GST Rate: 12% to 5%

- Natural cork
- Walking Stick
- Fly ash Blocks

Reduction in GST Rate: 12% to NIL

Music Books

Reduction in GST Rate: 5% to NIL

Vegetables, (uncooked or cooked by steaming or boiling in water), frozen, branded and put in a unit container

Vegetable provisionally preserved (for example by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption

Services supplied by banks to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY) shall be exempted.

Services supplied by rehabilitation professionals recognised under Rehabilitation Council of India Act, 1992 at medical establishments, educational institutions, rehabilitation centres established by Central Government / State Government or Union Territories or entity registered under section 12AA of the Income-tax Act shall be exempted

Services provided by GTA to Government departments/local authorities which have taken registration only for the purpose of deducting tax under Section 51 shall be excluded from payment of tax under RCM and the same shall be exempted

Exemption on services provided by Central or State Government or Union Territory Government to their undertakings or PSUs by way of guaranteeing loans taken by them from financial institutions is being extended to guaranteeing of such loans taken from banks.

Exemption from GST on supply of gold by Nominated Agencies to exporters of article of gold Jewellery.

Exemption from GST on proceeds received by Government from auction of gifts received by President, Prime Minister, Governor or Chief Minister of a State and public servants, the proceeds of which is used for public or charitable cause

Exemption from IGST/Compensation cess on vehicles imported for temporary purposes under the Customs Convention on the Temporary importation of Private Road Vehicles (carnet de passages-en-douane).

Other recommendations made on GST Rate applicability on certain goods & services

GST rate of 5% rate has been prescribed on renewable energy devices & parts for their manufacture (bio gas plant/solar power based devices, solar power generating system (SGPS) etc.) [falling under chapter 84, 85 or 94 of the Tariff]. Other goods or services used in these plants attract applicable GST.

Certain disputes have arisen regarding GST rates where specified goods attracting 5% GST are supplied along with services of construction etc. and other goods for solar power plant.

To resolve the dispute the Council has recommended that in all such cases, the 70% of the gross value shall be deemed as the value of supply of said goods attracting 5% rate and the remaining portion (30%) of the aggregate value of such EPC contract shall be deemed as the value of supply of taxable service attracting standard GST rate.

Air travel of pilgrims by non-scheduled/charter operations, for religious pilgrimage facilitated by the Government of India under bilateral arrangements shall attract the same rate of GST as applicable to similar flights in Economy class (i.e. 5% with ITC of input services).

Rationalization of GST Rate

Parliament and State legislatures shall be extended the same tax treatment with regard to payment of tax under RCM (reverse charge mechanism) as available to Central and State Governments.

Security services (supply of security personnel) provided to a registered person, except Government Departments which have taken registration for TDS and entities registered under composition scheme, shall be put under RCM.

Services provided by unregistered Business Facilitator (BF) to a bank and agent of Business correspondent (BC) to a BC shall be put under RCM.

Certain clarifications with respect to GST Rate applicability

To clarify that with effect from 31.01.18 degrees/ diploma awarded by IIMs under IIM Act, 2017 will be exempt from GST.
To clarify that the services provided by IFC and ADB are exempt from GST in terms of provisions of IFC Act, 1958 and ADB Act, 1966.
To clarify to West Bengal that services provided by Council/ Board of Primary/ Secondary/ Higher Secondary Education for conduct of examination to its students are exempt
To clarify that "printing of pictures" falls under service code "998386: Photographic and video graphic processing services" of the scheme of classification of services and attract GST @18% and not under "998912: Printing and reproduction services of recorded media, on a fee or contract basis "which attracts GST @12%.
To clarify that leasing of pumps and reservoirs by the OMCs to petrol pump dealers is a mixed supply and the Licence Fee Recovery (LFR) charged for the same shall be leviable to GST @ 28%, the rate applicable to pumps.
Leasing of land and buildings along with equipment shall fall under heading 9972 (real estate services) and attract GST rate of 18%.
To clarify that the incentives paid by RBI to Banks under "Currency Distribution and Exchange Scheme" (CDES) are taxable.
To clarify under section 11(3) of the CGST Act, 2017 that scope of entry for multi-modal transport with GST rate of 12% inserted w.e.f. date 26.07.2018, covers only transport of goods from a place in India to another place in India, that is, only domestic multi-modal transport.
To clarify that the nature of business establishment making supply of food, drinks and other articles for human consumption will not determine whether the supply by such establishments is a supply of goods or services. It will rather depend on the constituents of each individual supply and whether same satisfies the conditions / ingredients of a 'composite supply' or 'mixed supply'.
To clarify that GST is exempt on supply of food and drinks by an educational institution when provided by the institution itself to its students, faculty and staff and is leviable to GST of 5% when provided by any other person based on a contractual arrangement with such institutions.
To clarify that the banking company is liable to pay GST on the entire value of service charge or fee charged to customers whether or not received via business facilitator or the business correspondent.
To issue a clarification to FCI that the service provided by godown owner in case of lease with services, where the godown owner, besides leasing the warehouse, undertakes to carry out activities of storage and preservation of stored food grains, is the service of storage and warehousing of agricultural produce and the same is exempt.
Sprinkler system consisting of nozzles, lateral and other components would attract 12% GST rate under S.No. 195B of notification No. 1/2017-Central Tax (Rate) dated 28.6.2018
Movement of Rigs, Tools & Spares and all goods on wheels on own account where such movement is not intended for further supply of such goods but for the provision of service does not involve a supply (e.g., movement of testing equipment etc.) and is not be liable to GST.
The goods with description Bagasse Board [whether plain or laminated] falling under Chapter 44 attract GST at the rate of 12%.
Concessional GST rate of 5% applies to the LPG supplied in bulk to an OMC by refiners/fractioners for bottling for further supply to household domestic consumers
While animal/cattle/aquatic/poultry feed are exempt vide S. No. 102 of notification No. 2/2017-Central Tax (Rate), this exemption would not apply to their inputs such as fish meal, meat bone meal, bran, sharps, oil cakes of various oil seeds.
Manure of determination of classification of vitamins, provitamins etc. as animal feed supplements
Sattu or Chattua falling under HS code 1106 and attracts the applicable GST rate
Polypropylene Woven and Non-Woven Bags and PP Woven and Non-Woven Bags laminated with BOPP falls under HS code 3923 and attract 18% GST rate
18% GST is applicable on wood logs including the wood in rough / log used for pulping
Turbo charger is classified under heading 8414 and attracts 18% GST and not 5% GST.
Fabric even if embroidered or has stitching of lace and tikki etc., and even if sold in three piece fabric as ladies suit set, will be classifiable as fabric and would attract 5% GST.
Scope of concessional rate of 5% GST rate for specified equipment for waste to energy plant.
Rate of 5%/18% to be applied based on transaction value of footwear
Uniform GST rate of 12% on Flexible Intermediate Bulk Container (FIBC) from existing 5% / 12% (depending on the value)

The requisite Notifications / Circulars for implementing the above recommendations of the GST Council shall be issued shortly.

Link to access press release document: <http://pib.nic.in/PressReleaseDetail.aspx?PRID=1557059>

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

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