L&S Update

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Lakshmikumaran & **Sridharan**

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Exemption and effective rate of GST on services & Reverse Charge on services – Latest amendments

GST rate on services – Amendments to Notification No. 11/2017-Central Tax (Rate) by Notification No. 27/2018-Central Tax (Rate)

✓ CBIC has notified CGST rates of various services as recommended by Goods and Services Tax Council in its 31st meeting:

Services	Rate	Condition
Transportation of passengers, with or without accompanied baggage, by air, by non-scheduled air transport service or charter operations, **engaged by specified organisations in respect of religious pilgrimage facilitated by the Government of India, under bilateral arrangement**. **[S.No. 8(iva)]**	2.5%	Provided that credit of input tax charged on goods used in supplying the service has not been taken [Please refer to clause (iv) of paragraph 4 relating to Explanation]
Service of third party insurance of "goods carriage"	6%	

GST rate on services – Amendments to Notification No. 11/2017-Central Tax (Rate) by Notification No. 27/2018-Central Tax (Rate)

Services	Rate
Leasing or renting of goods **[S.No. 17(viia)]** **Note: This entry is newly inserted in the rate notification.**	Same rate of central tax as applicable on supply of like goods involving transfer of title in goods
Leasing or rental services, with or without operator, other than (i), (ii), (iii), (iv), (v), (vi), (vii) and (viia) of S. No. 17. **[S.No. 17(viii)]** **Note: This entry earlier prescribed the rate to be the rate as applicable on supply of like goods. Now the entry has amended to prescribe 9% rate (CGST).**	9%
Services by way of admission to exhibition of cinematograph films where price of admission ticket is above one hundred rupees. .**[S.No. 34(iia)]**	9%

GST rate on services – Amendments to Notification No. 11/2017-Central Tax (Rate) by Notification No. 27/2018-Central Tax (Rate)

Serial No. 38 has been inserted to cover the following entry:

HSN	Services	Rate	Condition
9954 or 9983 or 9987	Service by way of construction or engineering or installation or other technical services, provided in relation of setting up of following, - (a) Bio-gas plant (b) Solar power based devices (c) Solar power generating system (d) Wind mills, Wind Operated Electricity Generator (WOEG) (e) Waste to energy plants / devices (f) Ocean waves/tidal waves energy devices/plants **Explanation:- This entry shall be read in conjunction with serial number 234 of Schedule I of the notification No. 1/2017- Central Tax (Rate), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated 28th June, 2017 vide GSR number 673(E) dated 28th June, 2017.**	9%	

Exemption to services – Amendments to Notification No. 12/2017-Central Tax (Rate) by Notification No. 28/2018 Central Tax (Rate)

✓ CBIC has exempted certain services as recommended by GST Council in its 31st meeting:

S. No.	Heading	Services
21B	Heading 9965 or Heading 9967	Services provided by a goods transport agency, by way of transport of goods in a goods carriage, to, - (a) a Department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies, which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under Section 51 and not for making a taxable supply of goods or services

By the aforesaid entry, service provided by GTA to entities mentioned above has been exempted.

Exemption to services – Amendments to Notification No. 12/2017-Central Tax (Rate) by Notification No. 28/2018 Central Tax (Rate)

S. No.	Heading	Services
27A	Heading 9971	Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).
74A	Heading 9993	Services provided by rehabilitation professionals recognised under the Rehabilitation Council of India Act, 1992 (34 of 1992) by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by Central Government, State Government or Union territory or an entity registered under section 12AA of the Income Tax Act, 1961 (43 of 1961).

Reverse Charge – Amendments to Notification No. 13/2017-Central Tax (Rate) by Notification No. 29/2018-Central Tax (Rate)

✓ CBIC has excluded certain recipients from RCM liability for GTA services. The specified recipients are as follows:

(a) a Department or Establishment of the Central Government or State Government or Union territory; or
(b) local authority; or
(c) Governmental agencies,

which has taken registration under the CGST Act, 2017 only for the purpose of deducting tax under Section 51 and not for making a taxable supply of goods or services.

Reverse Charge – Amendments to Notification No. 13/2017-Central Tax (Rate) by Notification No. 29/2018-Central Tax (Rate)

Certain new services have been added under reverse charge which are as follows:

Services	Supplier	Recipient
Services provided by business facilitator (BF) to a banking company	BF	A banking company, located in the taxable Territory
Services provided by an agent of business correspondent (BC) to BC.	An agent of BC	A BC located in the taxable territory
Security services (services provided by way of supply of security personnel) provided to a registered person. Provided that nothing contained in this entry shall apply in case of certain specified recipients	Any person other than a body corporate	A registered person, located in the taxable territory

Amendment to Notification No. 11/2017-Central Tax (Rate) by Notification No. 30/2018-Central Tax (Rate)

- ✓ This notification has clarified the scope of services of transportation of goods by multiple modes of transportation by insertion of explanation against S. No. 9(iv) as follows:

  "Nothing contained in this item shall apply to supply of a service other than by way of transport of goods from a place in India to another place in India".

- ✓ S. No. 9(iv) prescribes CGST Rate of 6% (effectively, 12% GST rate) in case of multimodal transportation of goods.

- ✓ Effectively, the 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.

Lakshmikumaran & Sridharan attorneys

NEW DELHI
5 Link Road, Jangpura Extension,
Opp. Jangpura Metro Station,
New Delhi 110014
Phone : +91-11-4129 9800

B-6/10, Safdarjung Enclave
New Delhi - 110 029
Phone : +91-11-4129 9900
E-mail : lsdel@lakshmisri.com

MUMBAI
2nd floor, B&C Wing,
Cnergy IT Park,
Appa Saheb Marathe Marg, (Near Century Bazar)
Prabhadevi, Mumbai - 400025.
Phone : +91-22-2439 2500
E-mail : lsbom@lakshmisri.com

CHENNAI
2, Wallace Garden, 2nd Street
Chennai - 600 006
Phone : +91-44-2833 4700
E-mail : lsmds@lakshmisri.com

BENGALURU
4th floor, World Trade Center
Brigade Gateway Campus
26/1, Dr. Rajkumar Road,
Malleswaram West,
Bangalore-560 055.
Ph: +91-80-4933 1800
E-mail : lsblr@lakshmisri.com

HYDERABAD
'Hastigiri', 5-9-163, Chapel Road
Opp. Methodist Church, Nampally
Hyderabad - 500 001
Phone : +91-40-2323 4924
E-mail : lshyd@lakshmisri.com

AHMEDABAD
B-334, SAKAR-VII,
Nehru Bridge Corner,
Ashram Road,
Ahmedabad - 380 009
Phone : +91-79-4001 4500
E-mail : lsahd@lakshmisri.com

PUNE
607-609, Nucleus, 1 Church Road,
Camp, Pune – 411 001
Phone : +91-20-6680 1900
E-mail : lspune@lakshmisri.com

KOLKATA
2ND Floor, Kanak Building
41, Chowringhee Road,
Kolkatta-700071
Phone : +91-33-4005 5570
E-mail : lskolkata@lakshmisri.com

CHANDIGARH
1st Floor, SCO No. 59,
Sector 26,
Chandigarh - 160026
Phone : +91-172-492 1700
E-mail : lschd@lakshmisri.com

GURGAON
OS2 & OS3, 5th Floor, Corporate Office Tower, AMBIENCE Island, Sector 25-A,
Gurgaon - 122001
Phone : +91-124-477 1300
E-mail :lsgurgaon@lakshmisri.com

ALLAHABAD
3/1A/3, (opposite Auto Sales), Colvin Road, (Lohia Marg),
Allahabad -211001 (U.P.)
Phone no. : (0532) – 2421037, 2420359
Email: lsallahabad@lakshmisri.com

 www.lakshmisri.com www.gst.lakshmisri.com