



Lakshmikumaran
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L&S Update

an e-update to clients from
Lakshmikumaran & Sridharan

GST Update No. 10 of 2020
27th March, 2020

Recent Notifications specifying,

- **Change in rate of GST**
- **Place of supply of MRO services**

Changes in GST rates on supply of goods (NN.3/2020-ITR & 3/2020-CTR)

S.No.	Description	HSN	Rate upto 31.03.2020	Rate w.e.f. 01.04.2020
1.	All goods (safety matches)	3605 00 10	Handmade safety matches- 5% (S.No. 187 under S. I of NN. 1/2017-CTR omitted)	12% (S.No. 75A inserted under S. II of NN. 1/2017-CTR)
			Matches (other than handmade safety matches 3605 00 10)- 18% (S.No. 73 under S. III of NN. 1/2017-CTR omitted)	
2.	All goods	8517	Telephones- 12% (S.No. 202 under S. II of NN. 1/2017-CTR omitted)	18% (S.No. 379 amended under S. III of NN. 1/2017 CTR)
			Parts for manufacture of Telephones- 12% (S.No. 203 under S. II of NN. 1/2017-CTR omitted)	

Changes in relation to MRO services : Rate Change (NN. 2/2020 ITR & NN.2/2020 CTR)

Description	HSN	Rate upto 31.03.2020	Rate w.e.f. 01.04.2020
Maintenance, repair or overhaul services in respect of aircrafts, aircraft engines and other aircraft components or parts.	9987	18%	5% (Clause (ia) inserted under S.No. 25 of the Table under NN. 11/2017 CTR)

Changes in relation to MRO services

Place of supply of service where location of supplier or recipient is outside India -NN. 2/2020-IT

Description	Current Provision upto 31.03.2020	New Provision w.e.f. 01.04.2020
Supply of maintenance, repair or overhaul service in respect of aircrafts, aircraft engines and other aircraft components or parts supplied to a person for use in the course or furtherance of business	Location where the services are actually performed- Section 13(3)(a) of IGST Act.	Location of recipient (as notified under NN. 2/2020 IT)

Changes in relation to MRO services

L&S Comments:

1. Impact on Domestic airlines receiving services from Foreign MROs

Double taxation disputes may arise due to payment of IGST under Section 3(7) of CTA on import of repaired goods and payment of IGST as import of service under this notification.

2. Impact on Domestic MROs

- Domestic MROs are given level playing field with Foreign MROs
- Benefit of concessional rate of 5% with ITC benefit
- Services to Foreign airlines would amount to export of services even if being put to any use in India

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