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L&S Update

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Lakshmikumaran & **Sridharan**

L&S GST Update
No. 46 of 2017

21st GST Council meeting held on 9th of September – Major recommendations / decisions

21st GST Council Meeting on 9th of September, 2017

- GST Council in its 21st meeting held in Hyderabad on 9th of September has taken the following important decisions:
  - Due date for filing of GST Returns for July, 2017 further extended
  - Compensation Cess on certain motor vehicles increased
  - GST rate for around 40 goods reduced
  - Option of Composition Scheme to be available again
  - Non-registration of job worker and handicraft supplier in case of inter-state supplies
  - Due date for filing of GST TRAN-1 extended

It may be noted that notifications to bring these changes into effect are yet to be issued.

GST Returns for July 2017

- Due date for filing of 3 monthly GST Returns for the month of July 2017 has been further extended. The new dates for GSTR-1, GSTR-2 and GSTR-3 are:

Month	Last date for furnishing the following Returns		
	Form GSTR-1	Form GSTR-2	Form GSTR-3
July, 2017	10th October, 2017*	31st October, 2017	10th November, 2017

** For registered persons with aggregate turnover of more than Rs. 100 crores, the due date shall be 3rd October 2017*

- Last date for filing GSTR-6 (Return for Input Service Distributor) for July is now 13th of October, 2017.
- Due dates for filing GSTR-1, GSTR-2 & GSTR-3 for August 2017 to be decided / notified later.
- GSTR-3B (Monthly Summary Return) is also required to be filed for months of August, September, October, November and December, 2017 (by 20th of the following month).

GST Rate for certain goods reduced

- Reduction in GST rate on certain goods has been recommended. Important goods covered under this reduction are:
  - Cotton seed oil cakes – Nil rate, irrespective of end use.
  - Computer monitors upto 20” – New rate will be 18%. At present this rate is for monitors upto 17”.
  - Duty credit scrips – Rate will be 5%, down from 12%.
  - Idols – While the new rate will be ‘Nil’ for idols made of clay, it will be 12% in case of idols of wood, stone and metals (excluding precious metals).
  - Kitchen gas lighters – New rate is 18%.
  - Medical grade sterile disposable gloves of plastics, and plastic raincoats – New rate is 18%.
  - Statues, statuettes, etc. – Rate reduced to 12%.
  - Table and Kitchenware etc. of wood – Proposed rate is 12%.
  - Tableware, kitchenware, other household articles and toilet articles covered under Heading 6911 and 6912 – New rate is 12%.

GST Rate on branded food items

- At present GST of 5% is levied on pulses, cereals and flours, put up in unit container and bearing a registered brand name. However such goods supplied without registered brand name are exempted.
- Exemption notification is proposed to be amended to consider a brand registered as on 15-5-2017 as a 'registered brand' for the purposes of levy of 5% GST, even if such brand is subsequently deregistered.
- Registration of brand under Copyright Act, 1957 or under any law in any other country will also qualify as 'registered brand'.
- According to the recommendations of GST Council, a mark or name in respect of which actionable claim is available shall also be deemed to be a registered brand name.

Compensation Cess increased for certain motor vehicles

- Rate of Compensation Cess on certain specified motor vehicles has been recommended to be increased. Some of these changes are:
  - Mid segment cars (with engine capacity less than 1500cc) – Proposed Cess is 17%, instead of present 15%.
  - Large cars (with engine capacity above 1500cc) – Cess proposed is 20%, from present 15%.
  - Sports Utility Vehicles (with length > 4m ; engine > 1500 cc; ground clearance > 170 mm) – Proposed Cess is 22%, up from present 15% Cess.

- No increase in Compensation Cess has been recommended on small cars (both petrol and diesel), and on hybrid mid-segment cars, hybrid large cars and hybrid SUVs.

➢ Exemption from registration - Inter-State supplies by job- workers and by handicraft suppliers

- Job workers undertaking inter-State supplies, and covered under Rs. 20 lakh threshold (Rs. 10 lakh for certain States), granted exemption from registration, if goods move under E-way Bill.
- Exemption however not available to job work in relation to jewellery, goldsmiths and silversmiths wares, which do not require e-way bill.
- Exemption from registration depending upon above mentioned threshold has also been provided to persons making inter-State supplies of handicrafts. Such person should have a Permanent Account Number (PAN) and goods should move under cover of e-way bill.

➢ Transition to GST regime

- Due date for submission of Form GST TRAN-1 has been extended by one month. The last date for submission will be 31st of October, 2017.
- Provisions also being made to enable revision of GST TRAN-1 form once.

➢ Composition Scheme

- Option for Composition Scheme can now be excercised till 30th of September, 2017.
- Table-4 in GSTR-4 (Quarterly return for those opting for composition levy), pertaining to details of inward supplies including supplies on which tax is to be paid on reverse charge, is not required to be filled for the quarter July-September, 2017.
- Filing of Form GSTR-4A which is auto-drafted from GSTR-1, 5 and 7 filed by suppliers, has been dispensed with for the quarter July-September, 2017.

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