L&S Update

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Lakshmikumaran & **Sridharan**

L&S GST Update No. 52
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Update on GST rates, Composition levy, RCM, FTP changes, and others

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GST Returns – Due date for filing specified returns extended

Notifications have been issued on 13-10-2017 to implement the decisions taken in the GST Council in its meeting held on 6th October, 2017. This Update seeks to highlight major changes brought by various notifications.

- Due date for filing certain GST Returns has been extended and Notification Nos. 41 to 44/2017-Central Tax have been issued.

Return	Last date for filing
GSTR-4 for quarter July-Sept., 2017 to be filed by Composition supplier	15-11-2017
GSTR-5A for July, August and September, 2017, to be filed by person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient	20-11-2017
GSTR-6 for July, August and September, 2017 to be filed by Input Service Distributor (ISD)	15-11-2017
GST ITC-01 by registered persons, who became eligible for ITC under CGST Section 18(1), during months of July, August and September, 2017	31-10-2017

RCM liability for procurement from unregistered dealers, deferred

- Liability under Reverse Charge Mechanism (RCM) under CGST Section 9(4), IGST Section 5(4) and UTGST Section 7(4), has been deferred till 31-3-2018.
- Such liability arises when a registered person procures taxable goods or services from unregistered person.
- Exemption till 31-3-2018 now granted by amending Notification No. 8/2017-Central Tax (Rate) in respect of CGST and Notification No. 8/2017-Union Territory Tax (Rate) for UTGST.
- Exemption earlier available to supplies not exceeding Rs. 5000/- per day only.
- Exemption from IGST also provided – Notification No. 32/2017-Integrated Tax (Rate) dated 13-10-2017 refers.

RCM liability – Additional entries

- Scope of reverse charge mechanism under CGST Section 9(3) has been widened by inclusion of following entries.

  - Any registered person procuring used vehicles, seized and confiscated goods, old and used goods, waste and scrap from Central Government, State Government, Union territory or a local authority, is now liable to GST.

  - Reserve Bank of India has been made liable for GST on supply of services by the members of Overseeing Committee to the RBI

- Notification Nos. 36/2017-Central Tax (Rate) and 33/2017-Central Tax (Rate) dated 13-10-2017 have been issued for this purpose.

- Similar Notifications issued under IGST and UTGST provisions also.

Composition Levy – Aggregate turnover limit and last date for option

- Aggregate turnover limit for eligibility of Composition levy scheme has been revised to Rs. One crore, except in case of registered persons in specified States.

- Registered person in States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Himachal Pradesh shall be eligible for Composition levy if the aggregate turnover is not above Rs. 75 lakh.

- Notification No. 46/2017-Central Tax and 16/2017-Union Territory Tax have been issued for this purpose.

- Further, Composition levy can be opted by eligible persons till 31-3-2018. CGST Rule 3(3A) has been substituted for this purpose.

- Statement in FORM GST ITC-03 in accordance with provisions of CGST Rule 44(4) to be furnished within ninety days from day on which such person commences to pay tax under Section 10.

Foreign Trade Policy amended to incorporate IGST exemptions

- Foreign Trade Policy has been amended on 13th of October to enable certain GST related exemptions for imports under specified schemes provided under FTP.
- Exemption from IGST and Compensation Cess levied under Sections 3(7) and 3(9) of Customs Tariff Act is now available in case of imports under Advance Authorisation and EPCG scheme, subject to condition of physical exports.
- IGST and Compensation Cess exemption also available to imports by EOUs.
- Exemption available till 31-3-2018.
- Changes made in Chapters 4, 5 and 6 of FTP by DGFT Notification No. 33/2015-20, dated 13-10-2017.
- Consequential changes also made by CBEC in Notification Nos. 52/2003-Cus., 16/2015-Cus., 18/2015-Cus., 20/2015-Cus., 22/2015-Cus. and 45/2016-Cus.

Motor vehicles – Lease or sale of vehicles purchased before 1-7-2017

- Effective rate of GST on motor vehicles purchased before 1-7-2017 and leased before 1-7-2017 would now be 65% of CGST/IGST/UTGST plus Compensation Cess specified under Notification Nos. 1/2017 (Rate) of CGST, IGST or UTGST law.
- Tax rate would be 65% of GST + Compensation Cess in case of sale of motor vehicles by registered person when the vehicle was purchased by him prior to 1-7-2017 and no ITC of Central Excise duty or VAT or any other taxes was taken.
- Such rate of tax would be applicable till 30-6-2020.
- Notification Nos. 37/2017-Central Tax (Rate), 38/2017-Integrated Tax (Rate) and 37/2017-Union Territory Tax (Rate) dated 13-10-2017 have been issued for this purpose.

GST rate for specified goods revised

- Rate of GST on specified goods have been revised. While Notification Nos. 34 and 35/2017-Central Tax (Rate), both dated 13-10-2017 have been issued under CGST, similar notifications also issued under IGST and UTGST laws. Some of the important goods on which GST rate has been revised are:
- **Nil rate of GST** has been prescribed for,
  - Duty Credit Scrips
- **2.5% CGST or 5% IGST** is now leviable on:
  - Mangoes sliced, dried.
  - Khakhra, plain chapatti or roti.
  - Unbranded Namkeens, bhujia, mixture, chabena and similar edible preparations, not packed in unit containers.
  - Medicaments (including those used in Ayurvedic, Unani, Siddha, Homeopathic or Bio-chemic systems), manufactured exclusively in accordance with the formulae described in the authoritative books and sold under name as given in such books.
  - Waste, parings or scrap, of plastics and rubber (other than hard rubber); waste and scrap of hard rubber; recovered waste or scrap of paper or paperboard; cullet or other waste or scrap of glass, and e-waste.
  - Real zari thread (gold) and silver thread, combined with textile thread.

GST rate for specified goods revised (Contd.)

- **6% CGST or 12% IGST** payable on:
  - Sewing thread of manmade filaments and manmade staple fibres.
  - Synthetic or artificial filament yarns.
  - Yarn of manmade staple fibres.

- **9% CGST or 18% IGST** is now leviable on:
  - Poster colour.
  - Modelling pastes for children's amusement
  - Fittings for loose-leaf binders or files, letter clips, letter corners, paper clips, indexing tags and similar office articles, of base metal; staples in strips, of base metal.
  - Parts suitable for use solely or principally with fixed speed diesel engines of power not exceeding 15HP
  - Parts suitable for use solely or principally with power driven pumps primarily designed for handling water.
  - Plain shaft bearings.

GST rate for specified services revised

- Rate of GST on specified services revised by Notification Nos. 31 and 32/2017-Central Tax (Rate), both dated 13-10-2017. Similar notifications also issued under IGST and UTGST laws. Some of the important services covered in this round of amendments are:

  - Services provided by a Goods Transport Agency (GTA) to an unregistered person, including an unregistered casual taxable person would be liable to Nil GST.

    - Exemption however not available to service provided by GTA to any factory registered under Factories Act; Society registered under the Societies Registration Act; Co-operative Society established by or under any law; body corporate established, by or under any law; partnership firm; or casual taxable person registered under CGST, IGST, SGST or UTGST laws.

  - Service by way of access to a road or a bridge on payment of annuity exempted from GST.

GST rate for specified services revised (contd.)

- **Job work services:** Important job work services on which GST rates have been revised are:
  - Job work services in relation to all products falling in Chapter 71 – New rate is 2.5% CGST. Earlier this rate did not cover imitation jewellery.
  - Job work services in relation to food and food products falling under Chapters 1 to 22 – 2.5% CGST
  - Job work in relation to printing of all goods falling under Chapter 48 or 49 which attract CGST @ nil, 2.5% or 6% – New CGST @ 2.5% / 6%
  - Job work in relation to all products falling under Chapter 23, except specified dog and cat food – 2.5% CGST or 5% IGST
  - Job work in relation to manufacture of clay bricks falling under TI 69010010 – 2.5% CGST or 5% IGST
- **Works Contract services:**
  - Works contract services involving predominantly earth works (i.e. constituting more than 75% of the value of the works contract) supplied to Central/ State Government, Union Territory, Local Authority, Governmental Authority/ Entity – 2.5% CGST.
  - Works contract services in respect of offshore works contract relating to oil and gas exploration and production (E&P) in the offshore area beyond 12 nautical miles – 6% CGST.

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