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L&S Update

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23rd Meeting of GST Council – Highlights of certain proposed changes

23rd Meeting of the GST Council - Highlights

- GST Council in its 23rd Meeting at Guwahati, Assam, held on 10th of November, 2017 recommended several major reliefs including:
  - **Reducing GST rate on several goods by pruning list of goods subject to 28% GST**
  - **Rationalisation of rates of GST on many other goods and services**
  - **Exemptions from IGST/GST in specified cases**
  - **Simplification in filing various returns and postponement of last dates of certain returns**

It may be noted that these changes are yet to notified by CBEC

Reduction in GST rate - List of goods subject to 28% GST to be trimmed

- List of 28% GST rated goods is recommended to be pruned substantially, from 224 tariff headings to 50 tariff headings. Some of the major products that will attract reduced rate of 18% instead of 28% are:
  - **Chapters 01-24 -** Chewing gum/bubble gum and white chocolate, Chocolates and other food preparations containing cocoa; Malt extract; Protein concentrates, etc.

Reduction in GST rate - List of goods subject to 28% GST to be trimmed (contd.)

- **Chapters 25 - 30 –** Marble, travertine and granite, other than blocks;
- **Chapters 31 - 38 -** Perfumes & toilet waters; Beauty or make-up preparations; shaving & bath preparations; Shampoos; Hair cream; Hair dyes; Washing & cleaning preparations; Polishes & creams, for footwear, furniture, floors, coachwork, glass or metal; Fireworks; Hydraulic brake fluids;
- **Chapters 39 - 48 -** Baths, shower baths, sinks, wash basins, of plastic; Hard rubber in all forms; Trunks, suit-cases, vanity-cases, etc; leather, furskin apparel; Particle board, Oriented Strand Board; Plywood, veneered panels; Wall paper
- **Chapters 67 - 69 -** Artificial flowers, foliage and fruit; Wigs, false beards; goods of marble and granite (other than Statues, statuettes, pedestals); Articles of cement, of concrete or of artificial stone; Friction material ; Blocks, tiles and other ceramic goods;
- **Chapters 72 - 76 –** Stoves; air heaters and hot air distributors; Sanitary ware and parts; all goods of copper and aluminium, other than utensils

Reduction in GST rate - List of goods subject to 28% GST to be trimmed (contd.)

- **Chapters 82 - 83 -** Razors and razor blades ; Filing cabinets, card-index cabinets; Sign-plates, name-plates, etc.
- **Chapters 84 - 85 –** Concrete pumps; Storage water heaters, non-electric ; Cooling towers; Fire extinguishers; Fork-lift trucks; Other moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring machinery; copying machines; automatic banknote dispensers; Perforating or stapling machines; Gaskets and similar joints of metal sheeting ; Static converters ; Primary cells and batteries ; specified Electrical lighting or signalling equipment; Sound recording or reproducing apparatus; Radar apparatus; television cameras; Electrical signalling, safety or traffic control equipment; Multi-functional printers
- **Chapters 90 – 96 -** Goggles including goggles for corrective vision; photographic and cinematographic cameras; Microscopes other than optical microscopes; Liquid crystal devices; Wrist-watches, pocket-watches and other watches; Watch cases; specified musical instruments; Furniture, mattress, bedding and similar furnishing; equipment for general physical exercise, gymnastics, athletics

Rationalisation of rates of some goods and services

- GST rates on specified goods and services have also been proposed to be reduced, namely,
  - **From 18% to 12% -** Condensed milk; Pasta; Curry paste, mayonnaise and salad dressings; Medicinal grade oxygen; Hand bags and shopping bags of jute and cotton; Parts of specified agricultural, horticultural, forestry, harvesting or threshing machinery; Spectacles frames; Furniture wholly made of bamboo or cane
  - **From 18% to 5% -** Fly ash; Puffed rice chikki, peanut chikki, sesame chikki, revdi, tilrevdi, khaza, kazuali, groundnut sweets gatta, kuliya; Sulphur recovered as by-product in refining of crude oil
  - **From 12% to 5% -** Finished leather, chamois and composition leather; Fly ash brick; Narrow woven fabric including cotton newar; Idli, dosa batter; Coir, cordage and ropes;
  - **From 5%/3% to nil -** Guar meal; Khandsari sugar; Bangles of lac / shellac; Uranium Ore Concentrate; specified dried vegetables

Rationalisation of rates of certain goods and services (contd.)

- **From 12/18% to 5% -** Stand-alone restaurants irrespective of air conditioned or otherwise (without ITC)
- Restaurants in hotel premises having room tariff of less than Rs 7500 per unit per day - 5% GST (without ITC)
- Permanent transfer of Intellectual Property other than Information Technology software in goods – 12% GST
- Permanent transfer of Intellectual Property in respect of Information Technology software in the goods - 18% GST

Exemptions from GST

- Additionally certain exemptions have also been proposed to be provided to specified goods and services, from IGST/GST. Some of these exemptions are highlighted below:
  - Lifesaving medicines for personal use supplied free of cost by overseas supplier – IGST exemption on imports

Exemptions from GST (contd.)

- Goods, vessels, ships, rigs (other than motor vehicles) etc. imported under lease – *IGST exemption on imports if IGST is paid on lease amount*
- Skimmed milk powder or concentrated milk when supplied to distinct person for use in production of milk for distribution through companies registered under Companies Act – *IGST exemption*
- Temporary imports of professional equipment by accredited press persons, equipment for broadcasting of events, goods imported for sports purposes, and testing, measurement and calibration equipment, under ATA Carnet System – *IGST exemption subject to conditions*
- Imports of specified goods by a sports person of outstanding eminence – *IGST exemption*
- Services by way of admission to "protected monuments" to be exempted
- Export of services to Nepal and Bhutan – Exporters to be allowed to claim ITC on goods and services for effecting exempt supply of services
- Service provider supplying services through e-commerce operators will be exempt from GST registration if aggregate turnover does not exceed Rs. 20 lakh

Returns – Simplification and revision in last dates

- Along with changes in rates of GST and various exemptions, number of facilitative measures have been taken in respect of filing of various GST returns.
- FORM GSTR-3B along with payment of tax by 20th of the succeeding month will continue till March, 2018
- GSTR-1 will continue for entire period without requiring filing of GSTR-2 & GSTR-3
- Taxpayers with annual aggregate turnover up to Rs. 1.5 crore will file GSTR-1 on quarterly basis as per following frequency:

Period	Due Date
July – September, 2017	31st December, 2017
October – December, 2017	15th February, 2018
January – March, 2018	30th April, 2018

Returns – Simplification and revision in last dates

- Taxpayers with annual aggregate turnover above Rs. 1.5 crore will file GSTR-1 on monthly basis as follows:

Period	Due Date
July to October, 2017	31st December, 2017
November, 2017	10th January, 2018
December, 2017	10th February, 2018
January, 2018	10th March, 2018
February, 2018	10th April, 2018
March, 2018	10th May, 2018

Returns – Simplification and revision in last date

- Last date for furnishing forms specified below has also been postponed/extended as per table provided below.

Return	Revised due date
GST ITC-04 for quarter July-September, 2017	31st December, 2017
GSTR-4 for quarter July-September, 2017	24th December, 2017
GSTR-5 for July, 2017	11th December, 2017
GSTR-5A for July, 2017	15th December, 2017
GSTR-6 for July, 2017	31st December, 2017
GST TRAN-1 and option to revise	31st December, 2017

Changes as highlighted in this Update will come into effect from 15th of November, 2017, as stated in the Press Release. Relevant notifications are at present awaited.

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