Lakshmikumaran & Sridharan attorneys

L&S Update

an e-update to clients from
Lakshmikumaran & Sridharan

L&S GST Update
No. 3 of 2018

Notifications issued to implement certain decisions of GST Council

Notifications to implement certain recommendations of the GST Council

CBEC has on 23rd of January, 2018 issued notifications to implement certain recommendations of the GST Council taken in its 25th meeting held on 18-1-2018.

- **Late Fee:**
  - Late fee payable for failure to furnish Form GSTR-1 (outward supply details), Form GSTR-5 (non-resident taxable person) and Form GSTR-5A (supplies of OIDAR services) and Form GSTR-6 (input service distributor) has been reduced to Rs. 25 per day. This fees however would be Rs.10 per day for NIL filing of GSTR-1, 5 and 5A.
  - Notification Nos. 4 to 7/2018-Central Tax, all dated 23-1-2018 have been issued for this purpose.

- **Last date for filing GSTR-6 extended:** Input Service Distributors can file GSTR-6 for the months of July, 2017 to February 2018, till 31st of March, 2018.
  - Notification No. 8/2018-Central Tax, dated 23-1-2018 has been issued for this purpose.

- **Cancellation of registration:**
  - Taxable persons who have obtained voluntary registration have been permitted to apply for cancellation of registration even before expiry of one year from the effective date of registration.
  - Proviso to Rule 20 of CGST Rules, 2017 has been omitted in this regard by Notification No. 3/2018-Central Tax, dated 23-1-2018.
  - Last date for filing Form GST REG-29 for cancellation of registration by migrated taxpayers has been extended till 31st March, 2018 (from 31st December, 2017 earlier).
  - Amendment in this regard has been made in Rule 24(4) of the CGST Rules, 2017 by Notification No. 3/2018-Central Tax, dated 23-1-2018

Other changes in CGST Rules:

- **Invoice or Bill of supply to accompany goods:** Tax Invoice or bill of supply has to accompany transport of goods when e-way Bill is not required by the person-in-charge of the conveyance, under CGST Rules.
- New Rule 55A has been inserted in CGST Rules, 2017 for this purpose.
- **Refund of ITC in case of exports:** Rule 89(4B) of CGST Rules has been amended with effect from 23-10-2017 to include reference to Notification Nos. 78 and 79/2017-Cus., both dated 13-10-2017.
- Consequently, refund of ITC availed in respect of inputs received under said notifications for export of goods, would also be allowed.
- **Refund of IGST in case of exports:** Rule 96 dealing with refund of integrated tax paid on goods or services exported out of India, will now be applicable broadly for refund in case of export of goods.
- According to new provisions, effective 23-10-2017, application for refund of Integrated Tax paid on services exported out of India will be dealt with in accordance with the provisions of Rule 89.
- Sub-rule (1), (2), (3) and (9) of Rule 96 have been amended in this regard.
- New sub-rule (10) bars IGST refund when supplier had availed benefit of Notification Nos. 78 and 79/2017-Cus., both dated 13-10-2017.

➢ Other changes in CGST Rules:

- **Lottery valuation:** New Rule 31A has been inserted in CGST Rules, 2017 for valuation of supply in case of lottery, betting, gambling and horse racing.
- **Input service distributor:** Registered person, having the same PAN and State code as an Input Service Distributor, can issue an invoice or credit/debit note to transfer credit of common input services to the Input Service Distributor.
- The taxable value on such invoice will be same as the value of the common services.
- Amendment in Rule 54 of the CGST Rules also prescribes certain details required on such invoices.
- **Input Tax Credit (ITC)** : Explanation in Rule 43 of the CGST Rules has been amended to exclude certain supplies from the purview of 'aggregate value of exempt supplies' under Rule 42 (relating to inputs and input services) and Rule 43 (relating to capital goods). These supplies now include:
  - Value of services by way of deposits, loans or advances on which interest or discount is earned. This exclusion however will not be applicable for banking company or a financial institution including a non-banking financial company.
  - Value of supply of services by way of transportation of goods by a vessel from the customs station of clearance in India to a place outside India.

E-way bills:

- Rules 138 of CGST Rules dealing with information to be furnished prior to commencement of movement of goods and generation of e-way bill, will be amended with effect from 1st of February, 2018 to implement e-way bill provisions.
- Annexure containing list of goods for transport of which e-way bill is not required, has been pruned by shifting exempted goods from the Annexure to the sub-rule (14) itself by giving reference to Notification No. 2/2017-Central Tax (Rate) (except de-oiled cake).
- E-way Bill will not be required for transportation of alcoholic liquor for human consumption, petroleum crude, HSD, petrol, natural gas or ATF, and where the goods are treated as not a supply under Schedule III of the CGST Act.
- www.ewaybill.gst.gov.in has been notified as the Common Goods and Services Tax Electronic Portal for furnishing electronic way bill with effect from 16-1-2018.

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