



Week of 24th September, 2018

A. CHANGES IN THE GST REGIME

GST on residential programmes or camps by religious and charitable trusts

Certain representations were received seeking clarification on the applicability of GST on residential programmes or camps meant for advancement of religion, spirituality or yoga where the fee charged includes the cost of boarding and lodging. The department of revenue has vide Circular No. 66/40/2018-GST dated 26th September, 2018 clarified that this issue has already been noted in chapter 39 "GST on Charitable and Religious Trusts" of compilation of 51 GST Flyers updated as on 1st January 2018 available on CBIC website at the link <https://goo.gl/EgAJtA>. This chapter provides that the services provided by entity registered under section 12AA of the Income Tax Act, 1961 by way of advancement of religion, spirituality or yoga are exempt. Fee or consideration charged in any other form from the participants for participating in a religious, yoga or meditation programme or camp meant for advancement of religion, spirituality or yoga shall be exempt. Residential programmes or camps where the fee charged includes cost of lodging and boarding shall also be exempt as long as the primary and predominant activity, objective and purpose of such residential programmes or camps is advancement of religion, spirituality or yoga. However, if charitable or religious trusts merely or primarily provide accommodation or serve food and drinks against consideration in any form including donation, such activities will be taxable. Similarly, activities such as holding of fitness camps or classes such as those in aerobics, dance, music etc. will be taxable.

B. PROPOSED CHANGES AND INDUSTRY ISSUES

20% cashback on GST

As per the media reports, the government is working on a proposal whereby citizens will be allowed 20% cashback on GST payments made through RuPay cards and BHIM app if they make the transactions using QR codes. The proposal is to automatically capture all transaction details including GST rate and cashback. It is also proposed that if someone is not comfortable to scan QR codes for digital transactions, the alternative will be to compile all the receipts and then claim GST refund from the government in the same way as income-tax returns and refunds are filed. Once implemented, customers making payments using RuPay card or BHIM app will get a 20% cashback subject to a maximum of Rs. 100.

GST on fan manufacturers

As per the media reports, representations have been submitted to the GST Council by Indian Fan Manufacturers Association (IFMA) seeking a reduction in GST rate from 18% to 12% on fan. The GST Council has forwarded the representation to the Fitment Committee for their views and reconsideration.

Easier GST refund for exporters

The CBIC has over the past few months taken several steps to ease the process of refund for exporters, but some issues still persist. As per the media reports, the CBIC had a detailed discussion with industry representatives on the issues faced by them in getting refunds. The government is examining the tax refund mechanism for exporters under GST and may announce some measures over the next few days to streamline the process and speed up repayments.

Glossary

CBIC – Central Board of Indirect taxes and Customs

GST Council- Goods and Services Tax Council, a constitutional body comprising of members of the Central and the State Governments to recommend changes under the existing GST regime.

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