



Week of 17th July 2017

Compensation cess on cigarettes increased

Increased rates in respect of compensation cess on cigarettes have been notified and are effective from 18th July, 2017 as follows:

Tariff Item	Type	New compensation cess rates
	Non-Filter	
2402 20 10	Not exceeding 65 mm	5% + Rs.2076 per thousand
2402 20 20	Exceeding 65 mm but not70 mm	5% + Rs.3668per thousand
	Filter	
2402 20 30	Not exceeding 65 mm	5% + Rs.2076per thousand
2402 20 40	Exceeding 65 mm but not70 mm	5% + Rs.2747per thousand
2402 20 50	Exceeding 70 mm but not75 mm	5% + Rs.3668per thousand
2402 20 90	Others	36% + Rs.4170per thousand

GST on legal services

- A writ petition was filed before the Hon'ble Delhi High Court to challenge the constitutional validity of the notifications prescribing reverse charge under CGST Act, Delhi GST Act and IGST Act and to seek clarity regarding applicability of GST on legal services provided by individual advocates including senior advocates and a firm of advocates.
- In this regard, the Hon'ble High Court passed an interim order to, inter alia, seek an appropriate clarification by the government. Thereafter, a press release was issued by the Finance Ministry to clarify that there has been no change in taxation of legal services in the GST era viz-a-viz the earlier tax regime. Legal services, which include representational services, provided by advocates to business entities continue to be under reverse charge. Thus, onus of paying GST (if any) on legal services lies with the recipient of such services.
- Post this press release, the Hon'ble High Court again passed an interim order dated 19th July, 2017 wherein it questioned the legal sanctity of such press release and asked the government to file a paragraph-wise reply to the writ petition. The High Court has also instructed that until further orders, all

legal services provided by the aforementioned categories will be continued to be governed by reverse charge mechanism and no coercive action for non-compliance should be taken against such service providers. The next date of hearing in the matter is 18th September, 2017.

IGST (Amendment) Bill, 2017

The Union Cabinet has approved the IGST (Amendment) Bill, 2017 to replace the IGST (Extension to Jammu and Kashmir) Ordinance, 2017. The ordinance was promulgated on 8th July, 2017 to extend provisions of IGST Act to the state of Jammu and Kashmir. The said IGST (Amendment) Bill, 2017 will be tabled in current session (monsoon session) of Parliament.

Registration for Jammu and Kashmir

The Finance Minister of Jammu and Kashmir has set mid-August as the operational target for traders in the state to migrate to GST. GST is applicable to the state of Jammu and Kashmir with effect from 8th July, 2017.

Exemption from compensation cess on intra-state suppliers engaged in margin scheme

A notification has been issued to exempt compensation cess on intra-state supplies of second hand goods received by a registered person, who deals in buying and selling of second hand goods and who pays the GST compensation cess on the value of outward supply of such second hand goods (such value being determined under the relevant rules), from any unregistered supplier.

Clarification on margin scheme

A press release has been issued to clarify that margin scheme (as contained in the CGST Rules, 2017) can also be availed of by any registered person dealing in old and used empty bottles, subject to prescribed conditions.

Corrigendum to the rate notifications under CGST Act and UTGST Act

A corrigendum has been issued to the rate notifications under CGST Act and UTGST Act respectively, to rectify the description and HSN code of certain specified goods. Further, rates for the following goods have been prescribed:

- Bran, sharps and other residues, whether or not in the form of pellets, derived from the sifting, milling or other working of cereals or of leguminous plants [other than aquatic feed including shrimp feed and prawn feed, poultry feed and cattle feed, including grass, hay and straw, supplement and husk of pulses, concentrates and additives, wheat bran and de-oiled cake].
- Citrus fruits as specified in the corrigendum.
- Road tractors for semi-trailers of engine capacity more than 1800 cc.

Corrigendum to the exemption notifications under CGST Act and UTGST Act

A corrigendum has been issued to the exemption notifications under CGST Act and UTGST Act respectively, to clarify that exemption from CGST and UTGST is available for 'dried leguminous vegetables, shelled, whether or not skinned or split [other than put up in unit container and bearing a registered brand name]' instead of 'dried leguminous vegetables, shelled, whether or not skinned or split'.

GST on hotel accommodation services

A press release has been issued to clarify that accommodation in any hotel, including 5-star hotels, having a declared tariff of less than Rs. 7,500 per unit per day will attract GST at the rate of 18%. Star rating of hotels is, therefore, irrelevant for determining the applicable rate of GST.

GSTN invoice upload utility

- A registered taxpayer can start uploading their sale and purchase invoices generated post 1st July, 2017 on a daily or weekly basis on the GSTN portal from 24th July, 2017.
- An offline excel format which was launched earlier by GSTN for businesses to keep their invoice records (refer to our Volume 2) can also be uploaded on the portal from 24th July, 2017.
- While uploading invoice on the GSTN portal, a registered taxpayer would need to mention the invoice number and date, customer name, shipping and billing address, customer and taxpayer's GSTIN, place of supply and HSN code. Also, the taxable value and discounts and rates of CGST, SGST and IGST would have to be filled, along with item wise details like description, quantity and price.

No TDS on GST component under the Income Tax Act, 1961

The CBDT has issued a circular to clarify that where the recipient of a service is required to deduct tax at source (TDS) under the relevant provisions of the Income Tax Act, 1961 at the time of making payment to the supplier, the amount of TDS shall not be computed on the GST component, which is separately mentioned on the invoice.

Glossary

CGST- Central goods and service tax	SGST- State goods and service tax
IGST- Integrated goods and service tax	UTGST- Union territory goods and service tax
GSTN- Goods and service tax network	CBDT- Central Board of Direct Taxes

DISCLAIMER

This update has been written for the general interest of our clients and professional colleagues by the **GSTUpdateTeam@ALMT** and is subject to change. This update is not to be construed as any form of solicitation. It is not intended to be exhaustive or a substitute for legal advice. We cannot assume legal liability for any errors or omissions. Specific advice must be sought before taking any action pursuant to this update. For further clarification and details on the above, you may write to the GSTUpdateTeam@almtlegal.com If you would like to unsubscribe from this weekly update please send an e-mail to us at the above address with the subject unsubscribe.