



Week of 18th June, 2018

A. CHANGES IN THE GST REGIME

Clarification on certain issues

The GST policy wing addressed circular no. 49/23/2018 to the Principal Chief Commissioners / Chief Commissioners / Principal Commissioners and others in order to clarify that only such goods and/or conveyances should be detained/confiscated in respect of which there is a violation of the provisions of the GST acts or the rules made there under.

GST on services between government authorities: Uttarakhand AAR ruling

The applicant, a project co-ordinator of Information Technology Development Agency (ITDA), government of Uttarakhand, sought an advance ruling on the question whether the 'services' or 'material' procured by ITDA, a local authority under the control of Uttarakhand government, from the Indian Institute of Technology (IITs) which is also a government/government authority, is exempt from GST. The AAR observed that serial no. B of part 3 of GST tariff - services (chapter 99) provides the list of nil rated/fully exempted services wherein government/government authority providing 'services' to other government/government authority is exempted from GST. The AAR therefore ruled that government/government authority providing 'services' to other government/government authority is exempt from GST whereas supply of 'goods' by one government/government authority to other government/government authority is not exempt from GST.

B. PROPOSED CHANGES AND INDUSTRY ISSUES

GST on petrol and diesel

As per the media reports, the next GST Council meeting may bring in the petroleum products under the GST ambit. As there is no pure GST on petrol and diesel anywhere in the world, it is anticipated that once these products are brought under the GST ambit, they will likely attract GST of 28% plus state levy like VAT which may be equal to the present tax incidence of excise and VAT.

Glossary

AAR- Authority for Advanced Rulings
VAT – Value Added Tax

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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