



Week of 25th June, 2018

A. CHANGES IN THE GST REGIME

Competent authority to correct GST registration: Allahabad High Court

The applicant, a partnership firm, applied for registration under GST regime on 27th June, 2017 inadvertently providing Permanent Account Number (PAN) of one of its partners. When the mistake was realised, the applicant applied again for the GST registration on 14th August, 2017 by providing PAN of the partnership firm. The GST registration could not be activated as two registration applications were filed. The applicant prayed by way of a writ petition that its application for GST registration made on 27th June, 2017 be corrected and he may be allowed to give the PAN of the partnership firm. The competent authority was directed by the Allahabad High Court that in case the applicant surrendered registration application dated 14th August, 2017, his earlier registration application dated 27th June, 2017 be corrected and activated.

Date of the next GST Council meeting

The Ministry of Finance has declared that the 28th GST Council meeting will be held in New Delhi on 21st July, 2018. Prior to this meeting, a preparatory meeting of officers will be held on 20th July, 2018.

B. PROPOSED CHANGES AND INDUSTRY ISSUES

Deferment of RCM under GST

Earlier, the provision on liability to pay GST on reverse charge basis in case of supplies received by a registered person from unregistered suppliers was deferred till 31 March, 2018. In its 26th meeting, the GST Council had decided to further defer this provision till 30th June, 2018. As per the media reports, the GST Implementation Committee ("GIC"), has decided to keep in abeyance this provision of RCM by another three months i.e. until September end. A notification confirming the same is yet to be issued. This GIC decision has been circulated to the states in order to issue simultaneous notification.

Deferment of TDS and TCS under GST

In its 26th meeting, the GST Council had decided suspension of the provisions for deduction of tax at source (TDS) and collection of tax at source (TCS) under the CGST Act, 2017 till 30th June, 2018. These provisions were earlier suspended till 31st March, 2018. As per the media reports, the GIC has decided to keep in abeyance these provisions by another three months i.e. until September end. A notification confirming the same is yet to be issued. This GIC decision has been circulated to the states in order to issue simultaneous notification.

GST on items used in construction

As per the media reports, the GST Council is considering to reduce the GST rates on items used in construction from 28% to 18% as the government looks to create more jobs and boost the economy. Presently, items like cement and paint used in construction activities are in the top GST slab rate of 28%.

GST on transfer of land development rights

As per the media reports, the real estate developers have filed a writ petition challenging a notification that made the transfer of development rights from the land owner to the developer taxable. The GST notification seeks to levy tax on the landowner and the developers. Tax experts believe that this could increase the cost pressures as such transactions were exempt from tax under the previous tax regime. The Bombay High Court has issued notices to the union of India, state of Maharashtra and the GST Council and the next hearing date is fixed on 9th July, 2018.

Glossary

**CGST- Central Goods and Services Tax
RCM - Reverse Charge Mechanism**

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.

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.