



Week of 23rd July, 2018

A. CHANGES IN THE GST REGIME

The central government, on recommendations of the GST Council in its 28th meeting held on 21st July, 2018, has made various amendments by way of notifications in the GST law. These amendments are in force from today i.e. 27th July, 2018. Following is a brief of the notifications issued by the department.

- **Amendment in GST rates**

The central government vide notification no. 18/2018 – central tax (rate) dated 26th July 2018 has amended the GST rates on various goods based on the recommendations of the GST Council. By this notification, goods such as refrigerators, vacuum cleaners, household washing machines, television sets of screen size not exceeding 68 cms, paints and varnishes, etc will be subject to GST rate of 18% instead of 28%. Further, similarly, the central government vide notification no. 19/2018 – integrated tax (rate) dated 26th July 2018 has amended the IGST rates on these goods for inter-state supplies. The central government vide notification no. 13/2018 – central tax (rate) dated 26th July 2018 has substituted certain entries with respect to GST rates on supply of services by amending notification no. 11/2017 – central tax (rate). By this notification, entries substituted include entry relating to service of supply of goods being food or any other article for human consumption provided by restaurant, eating joint etc, outdoor catering service, etc. Further, the central government has vide notification no. 14/2018 – integrated tax (rate) substituted these entries for inter-state supply of services.

- **Exemption for certain goods**

The central government vide notification no. 19/2018 – central tax (rate) dated 26th July 2018 has amended notification no. 2/2017- central tax (rate) so as to exempt certain goods under GST. By this notification, goods such as sanitary towels, sanitary napkins, certain type of rakhi, deities made of stone, marble or wood, etc are now exempt. Further, the central government vide notification no. 20/2018 – integrated tax (rate) has amended IGST rates on these goods for inter-state supplies.

- **Exemption for certain services**

The central government vide notification no. 14/2018 - central tax (rate) dated 26th July 2018 has amended notification no. 12/2017 - central tax (rate) so as to exempt certain services under GST. By this notification, services by an old age home run by central government, state government or by an entity registered under

section 12AA of the Income Tax Act, 1961 to its residents (aged 60 years or more) subject to conditions; services supplied by electricity distribution utilities; etc are now exempt under GST. Further, the central government vide notification no. 15/2018 – integrated tax (rate) exempts these services for inter-state supplies.

- **Concessional GST rate**

The central government vide notification no. 21/2018 – central tax (rate) dated 26th July 2018 provides for concessional GST rate on supplies of handicraft goods. By this notification, handicraft goods such as articles made of paper mache, coir articles, etc will be subject to 5% GST and handicraft goods such as handcrafted candles, carved wood products, carved stone products, etc will be subject to 12% GST. Similarly, the central government vide notification no. 22/2018– integrated tax (rate) provides for concessional rates to these products for inter-state supplies.

- **Reverse charge mechanism**

The central government vide notification no. 15/2018 – central tax (rate) dated 26th July 2018 has amended the reverse charge mechanism notification no. 13/2017 – central tax (rate) to add supply made by individual direct selling agents to banks/ non-banking financial company (NBFCs) located in the taxable territory under the reverse charge mechanism. Similarly, the central government vide notification no. 16/2018 – integrated tax (rate) inserts the supplies made by individual direct selling agents to banks and NBFCs under the reverse charge mechanism.

Other recommendations by the GST Council

Several recommendations made by the GST Council in its 28th meeting are yet to be notified. We have listed below other important recommendations made by the GST Council:-

- The threshold turnover for opting for composition scheme be raised from INR 1 crore (10 million) to INR 1.5 crore (15 million).
- The reverse charge mechanism provision, which applies to all registered persons on procurements from unregistered persons, be restricted to a class of registered persons as notified by the government.
- A person having multiple places of business in a state or union territory be granted a separate registration for each such place of business.
- Mandatory registration be required for only those e-commerce operators who are required to collect tax at source.
- Registration be temporarily suspended while cancellation of registration is under process so that the tax payer is relieved of continued compliance under GST.
- Certain transactions to be treated as no supply under schedule III such as supply of goods in case of high sea sales, supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India and supply of warehoused goods to any person before clearance for home consumption.
- Supply of services to be qualified as exports even if payment is received in Indian rupees where permitted by Reserve Bank of India.
- The scope of input tax credit be widened and the order for cross-utilization of input tax credit be rationalised.
- Amount of pre-deposit payable for filing of appeal before the appellate authority and the appellate tribunal be capped at INR 25 crores (250 million) and INR 50 crores (500 million) respectively.

Glossary

CGST – Central Goods and Services Tax
IGST – Integrated Goods and Services 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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