



Week of 31st December, 2018

PROPOSED CHANGES AND INDUSTRY ISSUES

Waiver of late fee of GST returns for non-filers

The government has decided to waive the late fee to be paid on non-filing of GST returns. After the GST Council meeting held on 22nd December, 2018, the CBIC has notified waiver of late fees for non-filing of GSTR – 3B (summary sales return), GSTR – 1 (final sales return), GSTR – 4 (to be filed by businessman who have opted for composition scheme under GST law) and non-payment of taxes between July 2017 and September 2018. As per GST laws, the late fee for filing of the returns is Rs. 25 per day for CGST and the same amount under SGST. The benefit of waiver of late fee is available only to that businessman who files the said returns between the period from 22nd December, 2018 to 31st March, 2019.

Cars priced over Rs. 10 Lakhs to cost extra tax

According to latest directive issued by CBIC, GST is payable on the invoice value plus tax collected at source under income tax and not just on the value of the goods. TCS is applicable on automobiles above Rs 10 Lakhs at 1% and is levied on the ex-showroom prices, which includes the GST. This directive will also impact the telecom sector, especially the towers segment that faces GST and TCS both.

GST ITC benefit for FY 2018 to be claimed till March 2019

The CBIC through a gazette notification issued an order stating that the ITC claims for the maiden year of GST roll out (July 2017 to March 2018) will be allowed till 31st March, 2019. The last date to claim GST ITC was 25th October, 2018. Apart from this, the CBIC has also allowed businesses to correct any error or omission in filing of GSTR – 1 (final sales return) for the period July 2017 to March 2018. As per GST law, the ITC claims were allowed to businesses earlier provided businesses had generated invoice, paid taxes and filed returns. However, in the recent order the CBIC has mandated that ITC claims would have to be matched with GSTR – 2A (It is auto generated by the system based on the sales returns filed by the suppliers).

GST rate on lotteries to be reduced

According to latest media reports, the GST council is considering lowering and rationalizing the GST rate on lotteries in its next council meeting which is set to be held on 10th January, 2019. Currently, state run lotteries are charged a 12% tax on the face value of lottery tickets, while lotteries operated through private distributors are subject to a 28% levy.

Reduction in GST rate on under-construction flats

According to various media reports, the GST council in its next meeting on 10th January, 2019 is planning to reduce the GST rate on under-construction flats. Currently, the GST rate on under-construction flats is 12%. In order to revive the real estate sector, the finance ministry is considering a proposal to reduce the GST rate of 12% to 5% to attract more investors.

Bonanza for MSME sector

According to latest media reports, the GST Council in its next meeting scheduled on 10th December, 2019, is planning to hike the threshold limit of GST to Rs. 75 lakhs for MSMEs only. Currently, businesses with a turnover of up to Rs. 20 lakhs are exempted from GST. This move, if implemented, will be seen as a great relief to MSMEs.

Glossary

CBIC – Central Board of Indirect Taxes and Custom
CGST – Central Goods and Service Tax
GST – Goods and Services Tax
GSTR – Goods and Service Tax Return
ITC – Input Tax Credit
SGST – State Goods and Service Tax
TCS- Tax Collected at Sources

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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