



Week of 28th August 2017

Rules regarding e-way bills notified

A notification has been issued by CBEC to notify the CGST (Sixth Amendment) Rules, 2017 which amend the CGST Rules, 2017 so as to prescribe rules regarding e-way bills^[1]. These rules prescribe the persons required to furnish an e-way bill, the forms and the manner of furnishing such bills, the time period for which such bills will be considered valid, documents and devices to be carried by a person-in-charge of a mode of conveyance, modes of verification of such documents, inspection and verification of goods, facility for uploading information regarding detention of vehicle etc.

Extension of time period for furnishing returns

Two notifications have been issued by CBEC to extend the time limit for furnishing returns by the following categories of persons:

- The time limit for furnishing the returns by a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient for the month of July, 2017 has been extended to 15th September, 2017.
- The time limit for furnishing the return by an input service distributor for the month of July, 2017 has been extended to 8th September, 2017 and that for the month of August, 2017 has been extended to 23rd September, 2017.

Increase in rate of compensation cess for motor vehicles

The Union Cabinet has approved promulgation of an ordinance to amend the GST (Compensation to States) Act, 2017, so as to increase the maximum rate, at which the compensation cess can be levied on specified categories of motor vehicles from the present rate of 15% to 25%.

General FAQs

Different sets of FAQs have been released by CBEC in the last week which clarify, inter alia, the following:

- When free replacement is provided to the customers without consideration under warranty, no GST is chargeable on such replacement.
- The compensation to employees in the form of money is not a supply. However, fringe benefits (i.e. benefits given other than as part of compensation package to the employee) given to employees are supply of goods or services and liable to GST, if not otherwise exempted. These are transactions in furtherance of business and even if supplied without consideration, the same are a deemed supply.
- Goods sent for demonstration on returnable basis would not be a supply as there is no transfer of title involved. However, if some element of service is involved, the same will be a taxable supply.

- Where air tickets are booked in India but the place of boarding is outside India, it will be an inter-state supply (as place of supply is outside India but supplier is located in India) and subject to IGST. Such a supply will be considered as exports and therefore zero rated only if the consideration is received in convertible foreign exchange.
- A person engaged in selling goods (intra-state as well as interstate) which are taxable at the rate of 0% is not required obtain registration as he is dealing with products which are wholly exempt.

FAQs on GST on services

Various queries relating to levy of GST on services, received from various sectors have been scrutinised and developed into FAQs, available at the government's twitter handle @askGST_GOI. A disclaimer has been added to these FAQs that these are only for educational and guidance purposes and do not hold any legal validity. These FAQs clarify, inter alia, the following:

- Accommodation services have been subject to four different GST rates according to their declared tariff. It has been clarified that declared tariff is relevant only for the purpose of determining the tax slab. Tax is payable on the actual amount paid by the recipient and not on the declared tariff. For example, if the declared tariff of a room is Rs. 7,000 (thereby attracting tax slab of 18%) but the customer has paid Rs. 8,000 as he also used extra bed, GST will be payable on Rs. 8,000 at the rate of 18%.
- GST at the rate of 28% would apply on entry to casinos as well as the betting/gambling services provided by these casinos on the transaction value of betting i.e. total bet amount, in addition to levy of GST on other services being provided such as supply of food and drinks.

Classification and GST rate on lottery tickets

A circular has been issued by CBEC to clarify that lottery is goods and the classification for lottery in the respective CGST, IGST, UTGST and SGST rate notifications shall be 'any chapter' of the first schedule to the Customs Tariff Act, 1975 and tax on lottery should be paid accordingly at prescribed rates, 12% or 28%, as the case may be.

[1]An e-way bill contains information furnished in the prescribed format by specified category of persons in relation to movement (i.e. transportation) of goods for a supply, inward supply and other specified cases. An e-way bill contains information regarding the goods being moved (i.e. transported), place of delivery of goods, details of the transportation vehicle, etc.

Glossary

CBEC- Central Board of Excise and Customs	FAQs- Frequently asked questions
IGST- Integrated goods and service tax	UTGST- Union territory goods and service tax
SGST- State goods and service tax	

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