



Week of 4th September 2017

### Increase in rate of compensation cess for motor vehicles

The GST (Compensation to States) Amendment Ordinance, 2017 dated 2nd September, 2017 has been promulgated to increase the rate of compensation cess on specified motor vehicles to 25%. This higher rate of cess will apply to motor vehicles designed to transport not more than thirteen persons including the driver i.e. special utility vehicles, mid-size cars, large cars and luxury cars. Though the said ordinance comes into force immediately, the revised rates will apply only after a notification in this regard is issued.

### Extension of time period of furnishing of GST returns

A notification has been issued by CBEC to extend the time period of furnishing the GST returns relating to the months of July, 2017 and August, 2017 as follows:

S.No	Period	Return	Date
1	July 2017	GSTR-1 (return related to outward supplies)	Upto 10th September, 2017
		GSTR-2 (return related to inward supplies)	11 - 25th September, 2017
		GSTR-3 (monthly return)	Upto 30th September, 2017
2	August 2017	GSTR-1 (return related to outward supplies)	Upto 5th October, 2017
		GSTR-2 (return related to inward supplies)	6 - 10th October, 2017
		GSTR-3 (monthly return)	Upto 15th October, 2017

## FAQs on services by co-operative housing society

A set of FAQs clarifying the levy of GST on supply of services by a co-operative housing society (CHS) to its members has been issued. The FAQs are available on the CBEC website [www.cbec.gov.in](http://www.cbec.gov.in) and clarify, inter alia, the following:

- GST is not payable on the amounts collected by the CHS or the resident welfare association (RWA) from individual flat owners on behalf of the municipality such as property tax, water tax, non-agricultural tax, and electricity charges etc.
- If some charges are collected by the CHS for generation of electricity by the CHS's generator or to provide drinking water facility or any other service, then such charges collected by the CHS are liable to GST.
- Sinking fund, repair and maintenance fund, car parking charges, non-occupancy charges or simple interest for late payment are taxable under GST as these charges are collected by the RWA /CHS for supply of services meant for its members. However, reimbursements of charges of up to Rs.5,000 per month per member for sourcing of goods or services from a third person for the common use of its members is exempt from GST. It is clarified that such charges only include the individual contributions made by members of the society to avail services or goods by the society from a third party for common use.
- If the CHS/ RWA provides specific services on its own to its members or to any third party (e.g. use of community hall for social function by a non-member), then GST is payable on such supply of services.

## Tweet FAQs

A set of tweet FAQs has been released on the government twitter handle @askGST\_GoI. A disclaimer has been added to the FAQs that the replies quoted therein are only for educational and guidance purposes and do not hold any legal validity. The FAQs clarify, inter alia, the following:

- Service charge applied by restaurants and food joints is subject to GST. It is also clarified that service charge is not a statutory levy. It is not levied by the Government.
- If a credit card is used to pay utility bills, GST is payable only on the fee/commission charged by the credit card company and not on the entire credit card bill.
- Registration under GST is not necessary if a person is engaged in making only supplies attracting nil rate of tax, irrespective of whether such a supply is made inter-state or intra-state.
- A composition dealer, being a registered person, is liable to pay tax on reverse charge basis on supplies received from an unregistered supplier. However, credit of such tax paid cannot be availed by the dealer.

## E-mail FAQs

A set of e-mail FAQs has been prepared by CBEC on the basis of the emails received by the GST policy wing from various sources. A disclaimer has been to the FAQs that these are only for educational and guidance purposes and do not hold any legal validity. The FAQs clarify, inter alia, the following:

- Where a head office provides centralized human resource, finance and information technology support to its branch offices, it will be a supply of services by the head office to the branch offices as these are distinct persons under GST. Accordingly, invoices are to be raised for such services by the head office and GST will be payable on the same.
- In case of services by way of renting, where the rental income from a single property is less than Rs. 2,000,000 but the aggregate rental income from various properties exceeds Rs. 2,000,000, the landlord is required to obtain registration and pay GST on the rental income received from all the properties.
- Where cross border services are provided by an Indian branch office to an offshore branch/head office, it will not be treated as exports of services as the supplier and the recipient are establishment of distinct persons. In such a scenario, IGST will be payable by the Indian branch office at the rate applicable to the services so provided.

- Traders engaged in selling goods through electronic commerce operators will not be eligible to avail the composition scheme (i.e. paying a fixed amount in lieu of tax) irrespective of their turnover.

### **Glossary**

<b>CBEC- Central Board of Excise and Customs</b>	<b>FAQs- Frequently asked questions</b>
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