



Week of 11th September 2017

### Further extension in time period of furnishing returns for July 2017

Owing to the difficulty faced by the taxpayers in furnishing the returns under GST, notifications have been issued by CBEC to further extend the time period for furnishing the following returns for the month of July 2017:

S. No	Return	Class of taxpayers	Date
1	GSTR-1 (return related to outward supplies)	Taxpayers with turnover of more than Rs. 1,000,000,000	Upto 3rd October, 2017
		Taxpayers with turnover of upto Rs. 1,000,000,000	Upto 10th October, 2017
2	GSTR-2 (return related to inward supplies)	ALL	Upto 31st October, 2017
3	GSTR-3 (monthly return)	ALL	Upto 10th November, 2017
4	GSTR-6 (return to be furnished by an input service distributor)	An Input service distributor	Upto 13th October, 2017

The extension of the time limit for furnishing these returns for the month of August 2017 will be subsequently notified in the Official Gazette.

### Changes in the rate of compensation cess on motor vehicles

A notification has been issued to make further amendments to the rate of compensation cess applicable to specified categories of motor vehicles. The revised rates, inter alia, are as follows:

- The rate will be nil for ambulances duly fitted with all the fitments from the factory, three wheeled vehicles and motor vehicles of engine capacity not exceeding 1200cc and of length not exceeding 4000 mm.
- The rate will be 17% for motor vehicles of engine capacity not exceeding 1500 cc.
- The rate will be 20% for motor vehicles of engine capacity exceeding 1500 cc other than sports utility vehicles (SUVs).
- The rate will be 22% for SUVs (motor vehicles of engine capacity exceeding 1500 cc, length exceeding 4000 mm and having ground clearance of 170 mm. and above).

### Exemption from registration

Two notifications have been issued by CBEC to exempt the following categories of persons from obtaining registration:

- Persons making inter-state supplies of handcraft goods are exempt from obtaining registration under GST, provided that the aggregate value of such supplies made by them, on all India basis, does not exceed Rs. 2,000,000 in a financial year. However, such persons will be required to obtain a PAN and generate an e-way bill.
- Job workers engaged in making inter-state supply of services to a registered person are exempt from obtaining registration under GST, provided that the aggregate value of such supplies, on all India basis, does not exceed Rs. 2,000,000 in a financial year. However, such job-workers can still take registration on voluntarily basis. This exemption is not available for job-workers involved in making supply of services in relation to jewellery and goldsmiths' and silversmiths' wares.

## Recommendations of the 21st GST Council meeting

The 21st GST Council meeting was held at Hyderabad on 9th September, 2017 wherein the following recommendations or decisions (which are not notified till date) were made:

- Unbranded food items sold loose attract a nil GST rate, whereas branded food items are taxable at 5%. To deal with situation of brands applying for de-registration post GST to avoid paying GST at the rate of 5% , it has been now recommended that a registered brand attracting GST rate of 5% will also include a brand registered as on 15th May, 2017 under the Trade Marks Act, 1999 (irrespective of whether or not such brand is subsequently deregistered), a brand registered as on 15th May, 2017 under the Copyright Act, 1957 and a brand registered as on 15th May, 2017 under any law in force in any other country. It has also been proposed that a mark against which exclusivity of use or actionable claim may be maintained by the supplier/manufacturer will also attract GST at the rate of 5%. This may include those products which are recognised by the customers by their mark/brand name but such mark/brand name itself is not registered. This move may bring in-house unregistered brands of large retailers in the 5% tax bracket. Eg: 'India Gate' rice brand is not a registered brand and therefore was subject to GST at nil rate. After this amendment, it may attract GST rate of 5%.
- GSTR-3B will continue to be filed for the months of August to December, 2017.
- It has been proposed to extend the time limit for opting the composition scheme by a registered person (whether migrated or new registrant) to 30th September, 2017.
- It has been decided to commence the registration for persons liable to deduct tax at source (TDS) and collect tax at source (TCS) from 18th September, 2017. However, the date from which TDS and TCS will be deducted or collected will be notified by the Council later.
- The rate of tax applicable on supply of certain goods has been proposed to be revised. Some of these goods are:

S.No	Description	Present Rate	Proposed rate
1.	Duty credit scrips	12%	5%
2.	Idols made of clay	28%	Nil
3.	Idols made of wood, stone and metals	28%	12%
4.	Rough industrial diamond including unsorted rough diamond	3%	0.25%

## GST on charitable and religious trusts

An e-flier has been issued by CBEC to clarify the levy of GST on services by entities which registered under section 12AA of the Income Tax Act, 1961. It has been clarified, *inter alia*, that:

- Only services in the nature of defined charitable activities by such entities are exempt from GST. Services such as renting of premises, grant of sponsorship and advertising rights during conduct of events by these entities are not charitable activities and therefore not exempt.
- Organisation of yoga camps by receiving donation or other charges from the participants by such entities will not be considered charitable activities. Since donations are received for participation in such camps, it appears that such donations will be considered as consideration for a supply and subject to GST, irrespective of the terminology chosen to categorise them.
- There is no exemption for supply of goods by such entities. Thus, sale of goods by these entities is chargeable to GST.

## GST on resident welfare associations/co-operative housing society

A press release has been issued to clarify the taxability of services provided by a resident welfare association (RWA) or a co-operative housing society (CHS). The press release clarifies, *inter alia*, the following:

- A RWA/CHS will be required to pay GST on monthly subscription/contribution charged from its members if such subscription is more than Rs. 5,000 per member per month and the annual turnover of RWA/CHS by way of supplying of services and goods is more than Rs.2,000,000.
- If the aggregate turnover of any RWA/CHS (unincorporated body or a registered non-profit entity) is upto Rs.2,000,000 in a financial year, then GST will not be payable on supply of service by the RWA/CHS to its own members by way of reimbursement of charges or share of contribution even if such charges are more than Rs. 5,000 per member per month.
- Under GST, the tax burden on RWA/CHS will be lower for the reason that they would now be entitled to input tax credit in respect of taxes paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fillings etc.) and input services such as repair and maintenance services.

## Guidance note on filing of GSTR-1

A guidance note is available on the government's webpage [www.cbec.gov.in](http://www.cbec.gov.in) to provide information regarding

filing of GSTR-1<sup>[1]</sup> including the step-by-step method to furnish the said return. The note clarifies, inter alia, that

- GSTR-1 is to be filed mandatorily by all normal and casual registered tax payers. Further, GSTR-1 needs to be filed even if there is no business activity (Nil Return) during a given tax period.
- A taxpayer who has opted for composition scheme, an input service distributor a non-resident taxable person, a tax deductor at source, a tax collector at source and an OIDAR service provider are NOT required to file GSTR-1.
- In order to file GSTR-1, the supplier should have a valid and non-expired/unrevoked digital signature certificate (in case of companies, limited liability partnerships and foreign limited liability partnerships etc.) or electronic verification code ( for remaining taxpayers)

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[1] GSTR-1 is the return in the prescribed format containing details of all the outward supplies made by a registered person during a tax period (i.e. a month)

### Glossary

<b>CBEC- Central Board of Excise and Customs</b>	<b>FAQs- Frequently asked questions</b>
<b>OIDAR-Online information &amp; database access retrieval</b>	<b>PAN- permanent account number</b>

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