



Week of 9th October 2017

Exemption from GST registration

A person making inter-state supplies was required to compulsorily register for GST. A notification has now been issued by the CBEC exempting a person who is making inter-state supplies of taxable services from GST registration, provided that the aggregate turnover of such person, to be computed on all India basis, does not exceed Rs. 2,000,000 (Rs. 1,000,000 in specified special category states) in a financial year. It may be noted that this exemption is only in respect of suppliers of services and not for suppliers of goods. This exemption will also apply in case of exports as exports are treated as inter-state supplies under GST.

Suspension of reverse charge on supplies received from unregistered persons.

The CBEC has notified the suspension of the reverse charge in cases where supplies of goods or services are received by a taxable person from an unregistered supplier till 31st March, 2018. Thus, no tax will be payable on a reverse charge basis on supplies of goods or service or both received by a registered person from any or all suppliers, who are not registered.

Extension of time period of furnishing returns

Notifications have been issued by CBEC to extend the following time periods for furnishing the specified returns:

- The time limits for furnishing the return by a composition supplier in form GSTR-4 and the return by an input service distributor in form GSTR-6 have been extended till 15th November, 2017.
- Time limit for furnishing the return in form GSTR-5A for the month of July, 2017, August, 2017 and September, 2017 by a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient has been extended till 20th November, 2017.

Amendment in CGST Rules, 2017

The Central Goods and Services Tax Rules, 2017 have been amended for the ninth time to provide, inter alia, certain changes in the return formats. The rules also prescribe that where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single "invoice-cum-bill of supply" may be issued for all such supplies.

IGST refunds on export of goods

Under GST, a refund application in the prescribed format is required to be filed by a taxpayer in order for him to claim a refund of any tax paid. However, as per the rules prescribed in this regard, in case of a refund arising out of export of goods, a shipping bill[1] filed by the exporter is considered as the refund application provided that the export general manifest/export report[2] has been filed by the concerned person and the exporter has furnished the relevant monthly return (return in form GSTR-3/GSTR-3B). In

this regard, an instruction circular has been issued by CBEC to clarify certain procedural aspects for claiming such IGST refunds on export of goods:

- GST has envisaged a system where the details of export invoices generated by an exporter and uploaded in his outward supply return (return in form GSTR-1) will automatically be transmitted to the customs system and on the basis of these invoices, refunds will be granted to the exporter. Thus, to ensure timely and accurate grant of refunds, the Government has urged exporters to file a return in form GSTR-1 on time. Further, the exporters can verify their details as available with the customs system by logging in their ICEGATE portal.
- The exporters have been advised to follow-up with their vessel/conveyance carriers to ensure that these carriers file the export general manifest/export report in time so that the refunds are not held up.
- In case the details of the bank account furnished by the exporter at the time of GST registration are different from the details of the bank account registered with the customs authorities, the refund will be credit to the bank account registered with the customs authorities.

Budgetary support scheme under GST notified

Prior to GST, several industrial promotion schemes were run by the Government of India which allowed exemption from applicable indirect taxes to eligible manufacturing units located in specified areas/states. These schemes were discontinued under the GST regime. Consequently the exemption from tax available to such eligible units was also withdrawn which led to hardships being faced by such units. Now, the Department of Industrial Policy and Promotion under the Ministry of Commerce and Industry, has issued a notification which notifies the scheme of budgetary support under GST regime ('Scheme') for certain eligible units located in the states of Jammu & Kashmir, Uttarakhand, Himachal Pradesh and north eastern states including Sikkim. Under this Scheme, budgetary support will be provided by way of part reimbursement of the CGST/IGST paid by such units to the Central Government. The Scheme can be availed by all manufacturing units who satisfy the eligibility criteria. The procedural aspects of the Scheme have also been spelt out in the notification. The scheme will take effect retrospectively from 1st July, 2017 and will be valid up to 30th June, 2027.

GST rate structure for petroleum and oil sector

A press release has been issued by CBEC to indicate that in order to reduce the cascading effect of taxes arising on account of non-inclusion of petrol, diesel, air turbine fuel, natural gas and crude oil in the GST regime, the GST Council has recommended, inter alia, the following rate structure:

- Offshore works contract services and associated services relating to oil and gas exploration and production in the offshore areas beyond 12 nautical miles will attract GST of 12%;
- Transportation of natural gas through pipeline will attract GST of 5% without input tax credits or 12% with full input tax credit;
- Import of rigs and ancillary goods imported under lease will be exempted from IGST, subject to payment of appropriate IGST on the supply/import of such lease service and fulfilment of other specified conditions.

The requisite notifications to give effect to the above proposals will be issued shortly.

Leasing of vehicles purchased and leased prior to 1st July, 2017

In order to provide relief to old/existing leases of motor vehicles, the GST Council has taken the following decisions in respect of motor vehicles purchased and leased prior to 1st July, 2017:

- Leasing of vehicles purchased and leased prior to 1st July, 2017 would attract GST at a rate equal to 65% of the applicable GST rate including compensation cess.
- Such vehicles when sold will attract GST of 65% of the applicable GST rate including compensation cess.
- Sale of vehicles by a registered person, who had procured the vehicle prior to 1st July, 2017 and has not availed any input tax credit on such motor vehicles, would also be subject to 65% of applicable GST rate including compensation cess.

These rates would apply for a period of three years with effect from 1st July, 2017. The notifications to give

effect to the above decisions will be issued shortly.

Challenge to non-availability of transitional credit

The High Court of Gujarat has admitted a writ petition challenging a certain provision in the Central Goods and Services Tax Act, 2017 relating to transitional credit. The impugned provision disallows input tax credit in relation to such input stock which was purchased by a taxpayer earlier than one year immediately preceding appointed day i.e. stock purchased before 1st July, 2016. It is the petitioner's case that they have considerable stock of goods purchased prior to 30th June, 2016 and they would incur heavy losses if no credit would be available to them. The High Court has issued a notice to the Department of Revenue and has posted the matter for the next date.

Tweets FAQs

The CBEC has provided, inter alia, the following clarifications on its twitter handle askGST@Gol:

- Every registered person, irrespective of their turnover, will have to file a return in form GSTR-3B for the months of July-December 2017. The due dates of such filing have already been notified.
- A person with an annual turnover of up to Rs. 15,000,000 can file quarterly returns instead of filing monthly returns starting from the quarter of October-December, 2017. The prescribed forms will be notified shortly. Such persons will however have to file monthly return for the months of July, August and September, 2017 in the prescribed format.
- In case where a person filing returns on a monthly basis receives goods or services from a supplier eligible to file quarterly returns, the input tax credit on the supplies so received can be availed on a monthly basis by such recipient based on a self declaration. Such person will enter the details of purchase invoices of such suppliers in his monthly return of inward supply (form GSTR-2). These details will be reconciled with the quarterly return filed by the supplier at the end of each quarter.

It may be noted that the tweets are meant for educational purposes only and are not applicable to any legal proceedings.

No further extension in time period for GSTR-1

A press release has been issued by CBEC to state that no further extension will be given to taxpayers for filing their outward supply return (return in form GSTR-1) for the month of July. The last date for filing GSTR-1 for the month of July, 2017 was 10th October, 2017. Where a person has filed his GSTR-1 by 10th October, the corresponding entries in return GSTR-2A of all his buyers will get auto populated. The buyer has to finalize his inward supply return (return in form GSTR-2) after making any additions, corrections or deletions, if required, in GSTR-2A. The input tax credit can be availed by the buyer based on his GSTR-2. If a taxpayer has not filed GSTR-1 by 10th October, 2017 then his buyer may face difficulty in availing the credit of the tax paid on his supplies.

Union and state governments to be united in stand before High Courts

A departmental circular has been issued by CBEC to direct the appropriate central and state GST authorities to take a uniform stand in GST related petitions before various High Courts so as to obviate any contradictory orders or judgements. As GST is dual levy, simultaneously levied by both Central and State Governments, CBEC has urged that there should be a strong coordination between these governments to ensure smooth implementation of GST.

[1] Shipping bill is a legal document is filed by the exporter or his agent with the customs authorities to complete necessary export customs formalities to move goods out of a country.

[2] An export general manifest/export report is a declaration filed by the person in-charge of the vessel or conveyance carrying the goods meant for export containing the prescribed details of the goods being exported in such vessel/conveyance

Glossary

CBEC- Central board of excise and customs	CGST-Central goods and service tax
IGST- Integrated goods and services tax	

Please note that on account of Diwali, the festival of lights, we will not be circulating the GST update for the coming week. The next update will now be circulated on 27th October, 2017. Keep watching this space for more updates.....

Have a Happy Diwali!!!

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