

Week of 16<sup>th</sup> April, 2018

## A. CHANGES IN THE GST REGIME

### CGST (Fourth Amendment) Rules, 2018

The government has notified the CGST (Fourth Amendment) Rules, 2018 wherein amendment in the principal CGST Rules, 2017 has been made. In particular, the rules prescribing the calculation of maximum refund amount for services and rules relating to consumer welfare fund have been amended. Further, the format of final return in form GSTR-10 has also been introduced.

### Intra-state e way bill

The e-way bill system for intra-state movement of goods was earlier notified to be mandatory in the states of Andhra Pradesh, Gujarat, Karnataka, Kerala, Telangana and Uttar Pradesh (Please refer to our GST Update Volume 42 for details). Now, the states of Bihar, Jharkhand, Haryana, Himachal Pradesh, Tripura and Uttarakhand have also been notified and the e-way bill system for these newly notified states will be effective from 20<sup>th</sup> April, 2018. Intra-state e-way bill in the state of Maharashtra will be effective from 1<sup>st</sup> May, 2018.

### GST on intermediary services

An application had been made before the West Bengal Advance Ruling Authority (AAR) by an applicant engaged in overseas education advisory service. The applicant sought a ruling on whether the services provided by him to the foreign universities qualify as an intermediary service<sup>1</sup> under GST. It was the applicant's submission that it was promoting the courses of the foreign universities among prospective students and was rendering these services as an independent service provider and not as an agent of the universities. On perusal of the service agreement entered into between the applicant and the universities, the AAR ruled that the applicant is facilitating recruitment/enrolment of students to foreign universities for which he is paid consideration in the form of commission. This commission is calculated as a percentage of the tuition fee collected from the students enrolled through the Applicant. The applicant, therefore, represents the university in the territory of India and acts as its recruitment agent and not as an independent service provider.

<sup>1</sup> Intermediary means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account;

## **B. PROPOSED CHANGES AND INDUSTRY ISSUES**

### **GST on aviation sector**

Currently, GST on maintenance, repair and overhaul (MRO) services of aircrafts attract a GST of 18% which is much higher than the tax rates in other countries. This compels the airlines to avail the MRO services from outside India, making the domestic MRO industry highly uncompetitive. Earlier, the industry association had made a representation to the government against such high levy of GST on MRO services (Please refer to our GST Update Volume 17 for details). As per media reports, the Civil Aviation Ministry is now considering to make a representation to the GST Council to reduce the GST rate on MRO services from the existing 18% to 5%. The final decision in this regard would be taken by the GST Council.

### **Simplification of returns under GST**

A group of ministers (GOM), specially constituted to monitor and resolve issues surrounding the returns under GST, is in talks with tax experts and industry representatives to consider their suggestions on the simplification of returns under GST. As per media reports, the GOM is considering two alternate models for returns simplification under GST. Under one of the possible return structure being considered under GST, businesses with zero tax liability for six consecutive months may have to file returns only twice a year. Also, businesses having annual turnover of up to INR 15 million may have to file monthly return by 10<sup>th</sup> of next month, while others can file the monthly return by the 20<sup>th</sup> of the month. The experts and industry representatives have been given a time period of 15 days to submit their written recommendations to the proposed return structures. Thereafter, the proposals will be put forth to the GST Council for final decision. It is also expected that till simplified return filing process is finalised, furnishing of provisional return in the existing form GSTR-3B will continue.

### **Glossary**

**CGST- Central goods and services tax**

**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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