



Week of 24th July 2017

### **Refund of compensation cess paid in case of exports**

A circular has been issued to clarify that provisions relating to zero rated supply (i.e. exports) will apply *mutatis mutandis* for the purpose of compensation cess<sup>[1]</sup> The compensation cess is levied on certain specific goods and services (for e.g. tobacco, pan masala, aerated waters, transfer of right in goods or of undivided share in goods without the transfer of title thereof etc.) in addition to GST.

(wherever applicable) as well. Hence, for example, if this cess is paid on purchase of inputs and the output is then exported, then:

- a) an exporter will be eligible for refund of compensation cess paid on goods exported by him, on similar lines as refund of IGST paid on goods exported by him; or
- b) no compensation cess will be charged on goods exported by an exporter under bond and he will be eligible for refund of input tax credit of compensation cess relating to the input used for the goods exported.

### **Composition levy**

The time period for filing of intimation to opt for composition scheme for persons who have been granted registration on a provisional basis (i.e. existing taxpayers who have migrated to GST) has been extended from 22nd July, 2017 to 16th August, 2017. Such intimation has to be filed in the prescribed form.

### **Goods and Services Tax Settlement of Funds Rules, 2017**

The Finance Ministry has notified the "Goods and Services Tax Settlement of Funds Rules, 2017" to regulate apportionment of taxes between Centre, States and Union Territories. The rules prescribe the information that the GSTN has to report to the state tax nodal authority, principal chief controller of accounts, CBEC and state accounting authorities. Thereafter, the said authorities will calculate, apportion and make necessary fund settlement between the Consolidated Fund of India and the Consolidated Fund of States of the respective State as per the mechanism prescribed in these rules.

### **Amendments in CGST Rules, 2017**

A notification has been issued to notify inter alia the following amendments in CGST Rules, 2017:

- Cancellation of GST registration of migrated tax-payers has been extended to 30th September, 2017;
- The rate of exchange for determination of value of taxable goods is prescribed to be such as notified by CBEC under section 14 of Customs Act, 1962 while the rate of exchange for taxable services shall be determined as per generally accepted accounting principles;
- The amount for reversal of input tax credit shall be calculated separately for central tax, state tax, union territory tax and integrated tax in respect of inputs or capital goods in stock where persons opt for the composition scheme or supply exempt goods or services or whose registration has been cancelled w.e.f. 1st July, 2017.

### **Services active on GST portal**

Following services/utilities are now available for registered taxpayers on the GST common portal [www.gst.gov.in](http://www.gst.gov.in):

- Offline utility for outward supplies return (form GSTR-1) for upload of invoice data/other records is available under the 'download' section. This utility is to be used to import data from the excel template which is bundled with offline tool.
- Creation and saving of outward supplies return (form GSTR-1) is available. The data which is uploaded by suppliers in the above form can be viewed by the recipient in form GSTR-2A.

## National Anti-profiteering Authority

The GST Council has formed a selection committee under the chairmanship of cabinet secretary to identify and recommend eligible persons for appointment as the chairman and members of the National Anti-profiteering Authority under GST. The National Anti-profiteering Authority is tasked with ensuring the full benefits of a reduction in tax on supply of goods or services flow to the consumers. The National Anti-profiteering Authority shall be headed by a senior officer of the level of a secretary to the Government of India and shall have four technical members from the centre and/or the states. The rules regarding anti-profiteering measures have already been notified.

## Audits under GST

The CBEC has approved the proposal of the Directorate General of Audit, Central Taxes to create GST audit plan for the year 2017-18 covering taxpayers who were registered with central excise and service tax. As per the approved plan, the Directorate General will identify taxpayers for audit and calculate the risk scores. The list of taxpayers with their credit scores will be shared with the chief commissioner in charge of each state. The chief commissioner will allocate the taxpayers to the jurisdictional audit commissioners. The financial records/books of accounts pertaining to 2016-17 and for the past periods can be taken up for verification in the year 2017-18 by the audit commissioners. The directorate general has already conducted the risk assessment programme and created list of assesses in large, medium and small categories for each of the erstwhile 45 audit commissionerates.

## Proposal to refund CGST on goods made in earlier excise-free zones

The Expenditure Finance Committee (EFC) has approved the scheme to refund CGST on items made in formerly excise-free zones in Himachal Pradesh, Uttarakhand and the North-East. The scheme will now be presented to cabinet. It may be noted that there are no area based exemptions in GST at present. Such exemptions have largely been scrapped under GST as part of efforts to create a common market across India with as few interstate variations as possible.

## Sector-wise FAQs

The CBEC has started a series of sector-wise Frequently Asked Questions (FAQs) on its home page [www.cbec.gov.in](http://www.cbec.gov.in). Till date, FAQs for exports, textiles and micro, small and medium enterprises have been published.

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[1]The compensation cess is levied on certain specific goods and services (for e.g. tobacco, pan masala, aerated waters, transfer of right in goods or of undivided share in goods without the transfer of title thereof etc.) in addition to GST.

## Glossary

<b>CGST- Central goods and service tax</b>	<b>CBEC- Central Board of Excise and Customs</b>
<b>IGST- Integrated goods and service tax</b>	<b>GSTN- Goods and service tax network</b>

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