



Week of 17th September, 2018

A. CHANGES IN THE GST REGIME

Extension of time limit for filing TRAN-1

The CBIC had vide notification no. 48/2018 – central tax dated 10th September, 2018 given powers to the Commissioner to extend the date for submitting the declaration in FORM TRAN-1 not beyond 31st March, 2019 in line with the recommendations of the GST Council. By the order no. 4/2018 – GST dated 17th September, 2018, the Commissioner extends the period for submitting the declaration in FORM GST TRAN-1 till 31st January, 2019, for the class of registered persons who could not submit the said declaration by the due date on account of technical difficulties on the common portal and whose cases have been recommended by the GST Council.

Rate of Tax Collected at Source (TCS)

The CBIC has vide notification no. 52/2018 – central tax dated 20th September, 2018 notified that every electronic commerce operator, not being an agent, shall collect an amount calculated at a rate of half percent of the net value of intra-state taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the said operator.

The CBIC has vide notification no. 02/2018 – integrated tax dated 20th September, 2018 notified that every electronic commerce operator, not being an agent, shall collect an amount calculated at a rate of one percent of the net value of inter-state taxable supplies made through it by other suppliers where consideration with respect to such supplies is to be collected by the said operator.

Condition for claim of exemption from supply of certain service

The CBIC had vide notification no. 12/2017 – central tax (rate) and notification no. 09/2017 – integrated tax (rate) notified exempted supply of services. Entry no. 41 and 43 in such notification respectively covers “*One time upfront amount (called as premium, salami, cost, price, development charges or by any other name) leviable in respect of the service, by way of granting long term (thirty years, or more) lease of industrial plots, provided by*

the State Government Industrial Development Corporations or Undertakings to industrial units.” An explanation has been added to the above exemption vide notification no. 23/2018 – central tax (rate) for intrastate supply and notification no. 24/2018 – integrated tax rate for interstate supply dated 20th September, 2018 as follows “Explanation.- For the purpose of this exemption, the Central Government, State Government or Union territory shall have 50 per cent. or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.”

Service recipient cannot file application before AAR unless under RCM mechanism: Maharashtra AAR

The applicant was a recipient of service and not a service provider. The services were not covered under reverse charge mechanism. The applicant filed an application before AAR seeking advance ruling in respect of the following question: whether rate of tax on pure services (excluding works contract services or other composite supplies involving supply of any goods) received by it from service providers is NIL as per Entry No. 3 of Notification No. 12/2017-Central Tax (Rate), dated 28-6-2017.

The AAR noted that the Notification No. 12/2017-Central Tax (Rate), dated 28-6-2017 is applicable to provider of service and not recipient of service which relates to exemption on supply of intrastate services. The instant applicant being recipient of service and not service provider is not the proper person to make the instant advance ruling application. In view of above facts, the AAR ruled that the applicant's application is liable for rejection as per proviso to section 98(2) and, therefore, cannot be entertained by the authority and is accordingly rejected as it is not maintainable.

B. PROPOSED CHANGES AND INDUSTRY ISSUES

E-commerce companies rush for GST registration

As the CBIC has notified the applicability of TCS provision from 1st October, 2018, e-commerce companies will have to collect tax. As per the media reports, Amazon, Google, Apple and other foreign companies operating in the ecommerce space will have to register themselves for GST in all the states in the next 10-12 days. The e-commerce industry has asked the government for the option of single registration in place of multiple state registrations as it would increase their compliance costs, but the government has so far maintained that the e-commerce companies need to register in all states. The industry is pinning hopes on government permitting single registration.

Glossary

AAR – Authority for Advance Ruling

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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