



Week of 7th August 2017

Extension of dates for furnishing of returns

The CBEC has issued notifications to extend the prescribed time limit of furnishing various returns i.e. related to outward supplies (details in form GSTR-1), related to inward supplies (details in form GSTR-2) and the monthly return (details in form GSTR-3). The revised time limit is being given below:

| S.No | Return | Revised time limit |
|------|---|-------------------------------|
| 1. | Form GSTR-1 for the month of July, 2017 | 1st to 5th September, 2017 |
| 2. | Form GSTR-1 for the month of August, 2017 | 16th to 20th September, 2017. |
| 3. | Form GSTR-2 for the month of July, 2017 | 6th to 10th September, 2017 |
| 4. | Form GSTR-2 for the month of August, 2017 | 21st to 25th September, 2017. |
| 5. | Form GSTR-3 for the month of July, 2017 | 11th to 15th September, 2017 |
| 6. | Form GSTR-3 for the month of August, 2017 | 26th to 30th September, 2017. |

Further, the time limit for furnishing form GSTR-3B (return to be furnished in lieu of the monthly return in form GSTR-3B when time limit of furnishing the returns related to outward and inward supplies has been extended) has been notified as 20th August, 2017 for the month of July, 2017 and 20th September, 2017 for the month of August, 2017.

Decisions of the GST council meeting

The 20th GST council meeting was held on 5th August, 2017 wherein following decisions and recommendations, *inter alia*, were made:

- It was recommended that all job works in the textile sector, from embroidery to weaving, be taxed at 5%. Presently, some job works are taxed at 5% and others at 18%.
- It was recommended that the GST rate of certain supplies e.g. printing of newspapers, books (including Braille books), journals and periodicals, rent-a-cab scheme, admission to planetarium, job work services in respect of the textiles and textile products, goods transport agency service be changed as per the recommendations.
- It was recommended that in case of small house-keeping service providers (e.g.: plumbers/carpenters) providing services through electronic commerce operator, the liability to pay GST be placed on the electronic commerce operator.
- It was decided that a partnership firm or a firm will include limited liability partnership for the purposes of levy (including exemption there from) of GST on legal services.
- It was clarified that legal services (including representational services) provided by an individual advocate or a senior advocate or a firm of advocates (including limited liability partnership) provided to a business entity in taxable territory are covered under reverse charge mechanism.
- It was recommended that goods required by FIFA and services provided by and to FIFA and its subsidiaries in connection with FIFA U-17 World Cup to be hosted in India in 2017 be exempted from GST.
- It was proposed that legislative amendments be made for increasing the maximum ceiling of compensation cess leviable under the GST (Compensation to States) Act, 2017 on specified motor vehicles including SUVs, to 25% instead of present 15% in light of the fact that after introduction of GST, the total tax incidence on motor vehicles (GST + compensation cess) has come down vis-a-vis the total tax incidence in the pre-GST regime.
- The draft of the e-way bill that mandates pre-registration of all goods worth over Rs 50,000 before they are moved for sale beyond 10 km has been finalised.
- The Council also gave in-principle approval to anti-profiteering measures and to setting-up of a screening committee within 15 days to ensure that tax reductions after implementation of GST have been passed on to consumers.

These recommendations and decisions of the GST Council are yet to be notified and are subject to further vetting during which they may undergo some changes.

GST FAQs

The CBEC has issued FAQs on handicrafts on its twitter handle @CBEC_India which clarify, *inter alia*, the following:

- Duty credit scrips are goods and thus sale of duty credit scrips will be treated as supply of goods. It has also been clarified these scrips fall under chapter heading 4907 and attract 12% GST.
- Duty credit scrips received as incentives by exporters under export incentives schemes such as Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS) cannot be utilised for payment of IGST at the time of imports. These scrips can only be used for the payment of basic customs duty.
- GST is not integrated in the exemption schemes such as Export Promotion Capital Goods, Advance Licence etc. Exemption under such schemes is available only in respect of basic customs duty. Therefore, IGST is payable on imports received under such schemes. However, the importer can avail and utilise the input tax credit of the IGST paid on such imports or claim refund of the same.

Cancellation of provisional registration

Taxpayers, who have been provisionally registered under GST and wish to seek cancellation of registration, may do so now on GST portal www.gst.gov.in. Such taxpayers have to log in at the portal with username linked with the activated provisional identification number and opt for cancellation.

Utility for GSTR-3B active

Creation and saving of return form GSTR-3B is available on GST portal now. This return to be furnished in lieu of the monthly return (i.e. GSTR-3) for those month(s) whose time limit of furnishing the returns related to outward and inward supplies has been extended.

Concept of aggregate turnover and margin scheme explained

As a part of the initiative taken by the CBEC to promote GST awareness, brochures have been issued to explain the concept of aggregate turnover, reverse charge mechanism and margin scheme under GST.

- The brochure on aggregate turnover clarifies, inter alia, that aggregate turnover is different from turnover in a state. The former is used for determining the threshold limit for registration (which is Rs. 2,000,000/-) as well as for composition scheme (which is Rs. 7,500,000/-). However, the amount to be paid under the composition scheme at a fixed prescribed percentage is to be calculated on the basis of turnover in the state for which registration is obtained.
- The brochure on margin scheme clarifies, inter alia, the meaning, scope and valuation in case of margin scheme by way of an example. A company dealing in buying and selling of second hand cars, purchases a second hand car (original price Rs. 500,000/-) for Rs. 300,000/- from an unregistered person and sells the same after minor refurbishing in July, 2017 for Rs. 350,000/-. The supply of the car to the company for Rs. 300,000/- shall be exempted and the supply of the same by the company to its customer for Rs. 350,000/- shall be taxed and GST shall be levied. The value for GST purpose shall be Rs. 50,000/-, i.e. the difference between the selling and the purchase price of the company. In case any other value is added by way of repair, refurbishing, reconditioning etc., the same shall also be added to the value of goods and be part of the margin.

Glossary

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| CBEC- Central Board of Excise and Customs | CGST- Central goods and service tax |
| IGST- Integrated goods and service tax | FAQs- frequently asked questions |
| GSTR- Goods and service tax return | PAN- Permanent account number |

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