

Week of 25<sup>th</sup> February, 2019

## A. CHANGES IN THE GST REGIME

### Clarification for mentioning details of inter-state supplies made to unregistered persons

A registered supplier is required to mention the details of inter-state supplies made to unregistered persons, composition taxable persons and UIN holders in Table 3.2 of FORM GSTR-3B. Further, the details of all inter-state supplies made to unregistered persons where the invoice value is up to INR 2.5 lakhs are required to be reported in Table 7B of FORM GSTR-1. It was noticed by the CBIC that a number of registered persons have not reported the details of inter-state supplies made to unregistered persons in Table 3.2 of FORM GSTR-3B. However, the said details have been mentioned in Table 7B of FORM GSTR-1. The CBIC has vide circular no. 89/08/2019 dated 18th February, 2019 instructed that registered persons making inter-state supplies to unregistered persons shall report the details of such supplies along with the place of supply in Table 3.2 of FORM GSTR-3B and Table 7B of FORM GSTR-1 as mandated by the law. Contravention of any of the provisions of GST or the rules made there under attracts penal action under the provisions of section 125 of the CGST Act.

### Clarification for issuing tax invoices in case of inter- state supply

A registered person supplying taxable goods or services or both is required to issue a tax invoice. Rule 46 of the CGST rules specifies the particulars which are required to be mentioned in a tax invoice. The CBIC has noticed that a number of registered persons are not mentioning the place of supply along with the name of the state in case of a supply made in the course of inter-state trade or commerce in contravention of rule 46(n) of the CGST Rules. In view of the above, the CBIC has vide circular no. 90/09/2019 dated 18th February, 2019 instructed that all registered persons making supply of goods or services or both in the course of inter-State trade or commerce shall specify the place of supply along with the name of the state in the tax invoice. The provisions of sections 10 and 12 of the IGST Act, 2017 may be referred to in order to determine the place of supply in case of supply of goods and services respectively. Contravention of any of the provisions of the CGST Act or the rules made there under attracts penal action under the provisions of sections 122 or 125 of the CGST Act.

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

### **GST on real estate sector**

Presently, for payments on under-construction property (where completion certificate has not been issued at the time of sale), GST is levied at an effective rate of 12% on normal housing and at an effective rate of 8% on affordable housing with ITC benefit. The GST Council in its 33<sup>rd</sup> Meeting recommends reduction of GST rate on under-construction property such that the effective rate of GST on residential properties outside affordable segment will be 5% without ITC and the effective rate of GST on affordable housing properties will be 1% without ITC. These new rates will apply from April 1, 2019.

### **NAA issues notices to Patanjali distributors**

As per media reports, the NAA has issued notices to about 10 of Patanjali's biggest distributors for not passing on lower GST rate benefits to customers.

### **GST evasion worth INR 20,000 crore**

The government has detected GST evasion worth INR 20,000 crore from April 2018 to February 2019 of which INR 10,000 crore was recovered so far. The government will take more steps to check frauds and increase compliance.

### **Integration of e-way bills with GSTR**

Under the GST law, a GST registered person cannot transport goods in a vehicle whose value exceeds prescribed limit without an e-way bill that is generated on [ewaybillgst.gov.in](http://ewaybillgst.gov.in) or SMS or Android App. As per media reports, the government is preparing for a second phase of GST compliance. Therefore, the GST Council along with GSTN have proposed GST 2.0 - GSTR filing system which will integrate e-way bills with GSTR. The pilot run of this new system is proposed to begin from April 2019 and will be fully implemented on 1st July, 2019.

### **Glossary**

**CBIC- Central Board of Indirect Taxes and Customs**

**CGST- Central Goods and Services Tax**

**GSTN – Goods and Services Tax Network**

**GSTR - Goods and Services Tax Return**

**IGST – Integrated Goods and Services Tax**

**ITC – Input Tax Credit**

**NAA - National Anti-profiteering Authority**

**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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