



Week of 4th March, 2019

A. CHANGES IN THE GST REGIME

Clarification on treatment of sales promotion schemes under GST

The CBIC has vide circular no. 92/11/2019 – GST dated 7th March, 2019 issued clarification on various doubts relating to treatment of sales promotion schemes. The clarification deals with free samples and gifts, buy one get one free offer, discounts including buy more save more offer and secondary discounts. The circular clarifies that goods or services which are supplied free of cost, without any consideration, do not qualify as ‘supply’ under GST, except where the activity falls within the ambit of Schedule I of the said CGST Act.

Extension of threshold of composition scheme

The CBIC vide notification no. 14/2019 – Central tax dated 7th March 2019 extended the threshold limit on composition scheme by notifying that the composition scheme under section 10 of the CGST Act shall apply to an eligible registered person whose aggregate turnover in the preceding financial year does not exceed one crore fifty lakh rupees. This notification shall come into force on the 1st April, 2019. Presently, the threshold limit for applicability of composition scheme is one crore rupees.

Due date for furnishing of FORM GSTR-1

The CBIC has vide notification no. 11/2019 – Central tax dated 7th March 2019 notified that registered persons having aggregate turnover of up to one crore fifty lakh rupees in the preceding financial year or the current financial year shall furnish the details of outward supply of goods or services or both in FORM GSTR-1 for the quarter April –June, 2019 up to 31st July, 2019.

The CBIC has vide notification no. 12/2019 – Central tax dated 7th March 2019 notified that registered persons having an aggregate turnover of more than one crore fifty lakh rupees in the preceding financial year or the current financial year shall furnish the details of outward supply of goods or services or both in FORM GSTR-1 for each of the months from April, 2019 to June, 2019 till the eleventh day of the month succeeding such month.

Due date for furnishing of FORM GSTR-3B

The CBIC has vide notification no. 13/2019 – Central tax dated 7th March 2019 notified that the return in FORM GSTR-3B for each of the months from April, 2019 to June, 2019, shall be furnished electronically through the common portal on or before the twentieth day of the month succeeding such month.

Exemption from registration

The CBIC has vide notification no. 10/2019 – Central tax dated 7th March 2019 notified exemption from registration for any person engaged in exclusive supply of goods and whose aggregate turnover in the financial year does not exceed Rs 40 lakhs subject to certain exceptions specified in the notification. This notification shall come into force on the 1st day of April, 2019.

B. PROPOSED CHANGES AND INDUSTRY ISSUES

GST on promotional schemes

As per media reports, after the recent clarification by the CBIC on treatment of promotional schemes under GST relating to the taxability and claim of input tax credit, it has brought huge relief to fast moving consumer goods (FMCG), food, retail and pharmaceutical companies. However, the media reports state that the government should clarify the issue of subsidy as well which is given by companies to dealers or retailers.

Glossary

CBIC – Central Board of Indirect Taxes and Customs
CGST – Central Goods and Services Tax
GST – Goods and Services Tax
GSTR - Goods and Services Tax Return

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