



Week of 21st August 2017

Further extension of time limit for furnishing GSTR-3B

The time limit for furnishing the return in form GSTR- 3B for the month of July, 2017 for those taxpayers, who opted to use the opening balance of transitional credit^[1] in the current month by filing form GST TRAN-1 was extended last week from 20th August, 2017 to 28th August, 2017. Now, the last date for furnishing the return in form GSTR-3B for the month of July, 2017 for those taxpayers who do not have any transitional credit or who do not want to avail of the opening balance of transitional credit in the current month has also been extended from 20th August, 2017 to 25th August, 2017^[2]. The government has also clarified that the return in form GSTR-3B cannot be revised once filed.

Amendment in the GST rate of certain services

A notification has been issued by the Ministry of Finance to amend the GST rates applicable to, inter alia, the following services:

- The GST rate for certain specified composite supplies of works contract such as construction of roads, bridge, railways, civil structure under housing for all scheme etc. has been brought down from 18% to 12%.
- Transportation of passengers by motor cab or renting of motor cab will be taxable at the rate of 12% instead of 18% where the cost of fuel is included in the consideration charged from the service recipient and on which input tax credit has been taken. Both of these services will continue to be taxed at the rate of 5% where input tax credit is not taken in respect of these services.
- Services of goods transport agency (GTA) in relation to transportation of goods (including used household goods for personal use) will be taxable at the rate of 12% subject to certain prescribed conditions. Reverse charge mechanism in respect of such services is now restricted only to cases where the GTA is not discharging the tax liability at the rate of 12%, due to non-fulfilment of the prescribed conditions.
- The GST rate for job work services in relation to all textiles and textiles products has been fixed at 5%.
- Services by way of printing of newspapers, books including braille books, journals and periodicals, where only the content is supplied by the publisher and the physical inputs used for printing belong to the printer, will be taxable at the rate of 12% instead of 18%.
- The GST rate for admission to planetarium will be 18%.

Exemptions

A notification has been issued by the Ministry of Finance to prescribe the following services as exempt from payment of GST:

- Services provided by and to Fédération Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA under-17 world cup, 2017

to be hosted in India, subject to prescribed conditions.

- Service provided by fair price shops to central government by way of sale of wheat, rice and coarse grains under the public distribution system (PDS) against commission or margin.
- Service provided by fair price shops to state governments or union territories by way of sale of kerosene, sugar, edible oil, etc. under PDS against commission or margin.

In this notification, it has also been clarified that a limited liability partnership (LLP) formed and registered under the provisions of the Limited Liability Partnership Act, 2008 shall also be considered as a partnership firm or a firm^[3].

Housekeeping services provided through e-commerce operator

The government is empowered under GST to notify certain services in respect of which the electronic commerce operator is liable to pay GST if such services are supplied through such operator except where the person supplying such service through the operator is itself liable for registration under GST. In exercise of this power, the government had earlier notified two such services namely, services by way of transportation of passengers by a radio-taxi, etc. and services by way of providing accommodation in hotels, inn etc. It has now been notified that in case of services by way of house-keeping, such as plumbing, carpentering etc. supplied through an electronic commerce operator, GST will be paid by the electronic commerce operator.

FAQs on gems and jewellery

In continuation of the series of sectoral FAQs, CBEC has released FAQs on gems and jewellery on its home page www.cbec.gov.in . The FAQs clarify, inter alia, the following:

- When precious metal(s) in the form of a jewellery piece is sold to the end consumer, GST is payable at the rates applicable to the supply of the said precious metal on the entire transaction value, including the making charges.
- As a trade practice, banks import gold or silver on consignment basis wherein the ownership of the metal is with the supplier of the bullion which maybe an overseas entity. This amounts to an import of goods by the bank in accordance with the IGST Act. The ownership is not material for determining whether an import has taken place. Banks, being registered entities, would be liable to pay IGST the rate of 3% on such imports in addition to the basic customs duty as the banks are effecting the import. The IGST so paid can be taken as input tax credit by the banks.

FAQs on IT and ITES

In continuation of the series of sectoral FAQs, CBEC has released FAQs on information technology (IT) and information technology enabled services (ITES) on its home page www.cbec.gov.in . The FAQs clarify, inter alia, the following:

- As an industry practice, a contract for IT services is entered into by one of the branches (the “Main Branch”) with the recipient while the contracted services are delivered from various locations and integrated price for the contract as a whole is charged. In such cases, the supply of services could be visualized as consisting of two distinct supplies. Firstly, the different branches of the supplier located across different states are making the supply to the Main Branch. Secondly, the Main Branch is making a supply to the customer. GST is payable on both the supplies. However, the Main branch would get input tax credit of GST paid by the other branches on supplies made by them to the Main Branch.
- Temporary transfer or permitting the use or enjoyment of any intellectual property right is a supply under GST. To find out as to whether there is an element of supply involved when software is delivered to its customer; the terms and conditions of the end user licence agreement (EULA) are material.
- There is no tax liability on replacement of parts under a warranty, as such parts are provided to the customer without a consideration. The value of supply made earlier includes the charges to be incurred during the warranty period.

FAQs on government services

- Statutory bodies, corporation or authorities created by the Parliament or a State Legislature

including regulatory bodies and other autonomous entities would not be regarded as government or local authority for the purposes of GST. Examples of such statutory bodies include Competition Commission of India, Press Council of India, Directorate General of Civil Aviation, Central Pollution Control Board, Securities and Exchange Board of India.

- Services provided by the department of police or government security agencies to public sector undertakings or private business entities are not exempt from GST.
- Fines and penalty imposed by government or a local authority for violation of a statute, byelaws, rules or regulations are not taxable, being covered under the exemption by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the government or the local authority.
- Online information and database access or retrieval services received by government or local authorities from non taxable territory for any purpose including furtherance of business or commerce are liable to tax.
- The government provides license to various companies for exploration of natural resources like oil, hydrocarbons, iron ore, etc. The activity of assignment of rights to use such natural resources is treated as supply of services and the licensee is required to pay tax on the amount of consideration paid in the form of royalty or any other form under reverse charge mechanism.

Selling of space for advertisement in print media

A press release has been issued by CBEC to clarify that selling of space for advertisement in print media is liable to GST at the rate of 5%. If the advertisement agency works on principal to principal basis, that is, buys space from the newspaper and sells such space for advertisement to clients on its own account as a principal, it would be liable to pay GST at the rate of 5% on the full amount charged by advertisement agency from the client.

E-Fliers

As a part of the government's initiative to increase awareness about GST, e-fliers are being issued to explain various concepts under GST. In continuation thereof, e-fliers on special audit, provisional assessment, debit and credit notes, casual taxable person, national anti-profiteering authority and input service distributor have been issued.

[1] Transitional credit refers to the eligible credit accumulated under any of the earlier laws in force upto 30th June, 2017 and allowed to be brought forward in the GST regime.

[2] It may be noted that the opening balance of transitional credit can be availed only by filing form GST TRAN-I. As the last dates for filing form GST TRAN-I is 30th September, 2017, transitional credit can be availed in subsequent months also i.e post filing of GSTR-3B for this month.

[3] In view of this, the exemption from payment of GST available in case of service provided by a partnership firm of advocates, inter alia, to another partnership firm of advocates will also be available to LLPs.

Glossary

CBEC- Central Board of Excise and Customs	FAQs- Frequently asked questions
IGST- Integrated goods and service tax	

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