



Week of 15th April, 2019

PROPOSED CHANGES AND INDUSTRY ISSUES

Notice on Samsung

In the last year, the government had reduced the GST rates from 28% to 18% on monitors and television sets up to 32 inches. According to section 171 of the CGST Act, any reduction in the tax rate on goods or services or the benefit of input tax credit shall be passed on to customers through commensurate reduction in prices. As per media reports, the Directorate General of Anti-Profitteering has issued notice to Samsung India for not passing on the benefit of reduction of GST rates to the customers.

GST on renewable energy certificates

Power companies buy Renewable Energy Certificates (RECs) from renewable energy exchanges to comply with the government norms that mandate that a certain percentage of power generated should be through renewable sources. In the last year, the government issued a circular clarifying that the Renewable Energy Certificates (RECs) and Priority Sector Lending Certificates (PSLCs) are classifiable under the head 4907 and attracts a GST rate of 12%. GST on these certificates increases the cost of electricity for the power consumers. As it is a question of law whether these certificates are classifiable as goods or service in the first instance to be taxed under the GST provisions, the power companies have filed a writ petition at the Delhi High Court to challenge the levy of GST on such certificates.

GST issues faced by businesses

As per media reports, businessmen and traders have described their woes about GST to the former chief minister of Maharashtra stating that GST implementation has been cumbersome on their business, the cost to business has increased due to the requirement to hire additional resource in accounts and the difficulty on the businesses to tackle with hundreds of notifications providing updates on the GST law issued on a regular basis.

Glossary

CGST – Central Goods and Services Tax

GST – Goods and Services Tax

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