



Week of 29th April, 2019

A. CHANGES IN THE GST REGIME

GST on seed certification tags

The government of India has vide circular no. 100/19/2019-GST dated 30th April, 2019 stated that seed testing and certification is a multi-stage process whereby charges are collected by the seed certification agency of states from the seed producers at different stages. Supply of seed tags by the seed certification agency of states to the seed producer is nothing but an element of the one integrated supply of seed testing and certification. The government clarified that all these charges, including those for issue of seed certificates/tags by the seed certification agency of states to the seed producing organization/ companies are collected for the composite supply of seed testing and certification, which is exempt under notification no. 12/2017 - central tax (rate) No. 47 relating to the services by Central / State Governments by way of testing/certification relating to safety of consumers and public at large, required under any law. However, if the seed certification agencies get the tags used in seed certification printed from other departments, the supply of seed tags by such other departments to the seed certification agencies is a supply of goods liable to tax. Such tags may be classified as tags made of paper or as tags made of textile depending upon the predominant material used in the tags.

GST exemption on upfront amount payable in instalments for long-term lease of plots

Entry no. 41 of notification no. 12/ 2017 provides exemption to the following service: - *“upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease (of thirty years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 50 per cent or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area.”* A clarification was required regarding the admissibility of the above exemption in case of upfront amount which is determined upfront but is paid or payable in instalments. The government of India has vide circular no. 101/20/2019-GST dated 30th April, 2019 clarified that GST exemption under entry no. 41 of exemption notification 12/2017 – central tax (rate) dated 28th June, 2017 is admissible irrespective of whether such upfront amount is payable or paid in one or more instalments.

B. PROPOSED CHANGES AND INDUSTRY ISSUES

E-invoicing under GST

As per media reports, the GST department is considering the possibility of introducing electronic invoicing under GST. This system is proposed to be placed in such a way that the businesses will be required to issue invoices directly on the GSTN portal. Therefore, this system will enable the tax authorities to access the data at the first instance, which will reduce tax evasion. This system would also ease the compliance burden on businesses.

Income tax department to share data with GSTN

Before introduction of GST, the tax department could not reconcile the data filed by the taxpayers in his sales tax return/service tax return and the income tax return (ITR). This was because sales tax return was filed at the various state levels and service tax return was filed at the national level. As per media reports, the income tax department will now be sharing the ITR data with the GSTN officer. As per the order issued by the Central Board of Direct Taxes (CBDT) dated 30th April, 2019, important financial fields such as status of filing of ITR, turnover, gross total income, turnover ratio, gross total income range, turnover range and any other field which will be decided by the concerned authorities themselves will be shared by the income tax department with the GSTN officers. Any person sharply in variance will be scrutinized.

Highest GST collections made in April 2019

The GST collections by the government in April 2019 has reached to its highest level of Rs. 1,13,865 crore (Rs. 1138 billion) since the roll out of the GST regime in 2017.

Glossary

GST – Goods and Services Tax

GSTN – Goods and Services Tax Network

ITR – Income Tax Return

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