

THE RECENT CHANGES IN GST RATES



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Recent Changes in GST

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Recent Notifications issued on 29th January 2019

S. No.	Title	Notification No.
1	CGST Registration provision amended to align Special Category States	Notification No. 06/2019 – Central Tax
2	CBIC aligns rates for Composition Scheme with CGST Rules, 2017	Notification No. 05/2019 – Central Tax
3	CBIC defines jurisdiction of Joint Commissioner (Appeals) under GST	Notification No. 04/2019 – Central Tax
4	Central Goods and Services Tax (Amendment) Rules, 2019	Notification No. 03/2019 – Central Tax
5	CGST (Amendment) Act, 2018 applicable from 1st February, 2019	Notification No. 02/2019 – Central Tax
6	IGST Registration provision amended to align Special Category States	Notification No. 03/2019 – Integrated Tax
7	GST Registration of Jewellery, goldsmiths & silversmiths- Reg.	Notification No. 02/2019 – Integrated Tax
8	IGST (Amendment) Act, 2018 applicable from 1st February, 2019	Notification No. 01/2019 – Integrated Tax
9	GST (Compensation to States) Amendment Act, 2018 we.f. 01.02.2019	Notification No. 1/2019 — Goods and Services Tax Compensation
10	UTGST (Amendment) Act, 2018 applicable from 1st February, 2019	Notification No. 1/2019 – Union Territory Tax
11	RCM under CGST on procurement from unregistered dealer's withdrawn	Notification No. 01/2019 – Central Tax (Rate)
12	RCM under UTGST on procurement from unregistered dealer's withdrawn	Notification No. 01/2019 – Union Territory Tax (Rate)
13	RCM under IGST on procurement from unregistered dealer's withdrawn	Notification No. 01/2019 – Integrated Tax (Rate)

Notification No. 06/2019 – Central Tax

- CGST Registration provision amended to align Special Category States

In the said notification, in the proviso, for the words, brackets, letters and figures “sub-clause (g) of clause (4) of article 279A of the Constitution, other than the State of Jammu and Kashmir”, words, brackets and figures “the first proviso to sub-section (1) of section 22 of the said Act, read with clause (iii) of the Explanation to the said section” shall be substituted.

Effect: Jammu and Kashmir state is now under special category states for the purpose of GST registration for the supply of services in respect of registration provisions for intra state supplies.

Note: Not applicable on 9(5) and TCS persons as per section 52

Notification No. 05/2019 – Central Tax

- CBIC aligns rates for Composition Scheme with CGST Rules, 2017

In the said notification, for the portion beginning with the words “an amount calculated at the rate of” and ending with the words “half per cent. of the turnover of taxable supplies of goods in State in case of other suppliers”, the words and figures, “an amount of tax calculated at the rate specified in rule 7 of the Central Goods and Services Tax Rules, 2017:” shall be substituted.

Effect: The rate specified in the rules issued on 18.04.2018 has been aligned to composition scheme rates

Manufacturer: 0.5%, Restaurant: 2.5% and others: 0.5% of turnover of taxable supplies of goods

Notification No. 04/2019 – Central Tax

- CBIC defines jurisdiction of Joint Commissioner (Appeals) under GST No.2/2017- Central Tax, dated the 19th June, 2017,

In the said notification, -

in the opening paragraph, after serial number (k) and the entries relating thereto, the following serial number and entries shall be inserted, namely: -

- “(l) Joint Commissioner of Central Tax (Appeals),”;
- (ii) in paragraph 2, in serial number (c), after the words, “Additional Commissioners”, the words “or Joint Commissioners” shall be inserted;
- (iii) in paragraph 4, for the words and brackets “Additional Commissioners of Central Tax (Appeals)”, the words and brackets “any officer not below the rank of Joint Commissioner (Appeals)” shall be **substituted**;
- (iv) in Table I and Table III, after the words, “Additional Commissioner”, wherever they appear, the words “or Joint Commissioner” shall be inserted.

Effect: Joint Commissioner (Appeals) has been added in the judications of central tax officers

Notification No. 03/2019 – Central Tax

- Central Goods and Services Tax (Amendment) Rules, No. 10/2017-Integrated Tax, dated the 13th October, 2017

In the said notification, in the proviso, for the words, brackets, letters and figures “sub-clause (g) of clause (4) of article 279A of the Constitution, other than the State of Jammu and Kashmir”, words, brackets and figures “the first proviso to sub-section (1) of section 22 of the said Act, read with clause (iii) of the Explanation to the said section” shall be substituted.

Effect: Jammu and Kashmir state is now under special category states for the purpose of GST registration for the supply of services in respect of registration provisions for inter state supplies.

Note: Not applicable on 9(5) and TCS persons as per section 52

Notification No. 02/2019 – Central Tax

- CGST (Amendment) Act, 2018 applicable from 1st February, 2019

the Central Government hereby appoints the 1st day of February, 2019, as the date on which the provisions of the Central Goods and Services Tax (Amendment) Act, 2018 (31 of 2018), except clause (b) of section 8, section 17, section 18, clause (a) of section 20, sub-clause (i) of clause (b) and sub-clause (i) of clause (c) of section 28, shall come into force.

Effect: New Amendment Act shall come into force from 01.02.2019.

Not notified provisions due to new return filing procedure not in place.

Notification No. 03/2019 – Integrated Tax

- IGST Registration provision amended to align Special Category States

In the said notification, in the proviso, for the words, brackets, letters and figures “sub-clause (g) of clause (4) of article 279A of the Constitution, other than the State of Jammu and Kashmir”, words, brackets and figures “the first proviso to sub-section (1) of section 22 of the said Act, read with clause (iii) of the Explanation to the said section” shall be substituted.

Effect: Jammu and Kashmir state is now under special category states for the purpose of GST registration for the supply of services in respect of registration provisions for inter state supplies.

Note: Not applicable on 9(5) and TCS persons as per section 52

Notification No. 02/2019 – Integrated Tax

- GST Registration of Jewellery, goldsmiths & silversmiths- Reg.

No.7/2017-Integrated Tax, dated the 14th September, 2017, published in the Gazette of India, Extraordinary, vide number G.S.R. 1155 (E), dated the 14th September, 2017, namely: -

In the said notification, in the proviso, in clause (b), for the figures, “151”, the figure “5” shall be substituted..

Effect: Now as per new annexure the item is edited.

Jewellery, Goldsmith, Silversmith wares and other articles supplier of service jobworker needs to compulsory take registration.

Notification No. 01/2019 – Integrated Tax

- IGST (Amendment) Act, 2018 applicable from 1st February, 2019

The Central Government hereby appoints the 1st day of February, 2019 as the date on which the provisions of the Integrated Goods and Services Tax (Amendment) Act, 2018 (32 of 2018) shall come into force.

Effect: New Amendment Act shall come into force from 01.02.2019.

Notification No. 1/2019 — Goods and Services Tax Compensation

- GST (Compensation to States) Amendment Act, 2018 we.f. 01.02.2019

The Central Government hereby appoints the 1st day of February, 2019 as the date on which the provisions of the Goods and Services Tax (Compensation to States) Amendment Act, 2018 (34 of 2018) shall come into force

Effect: GST (Compensation to States) Amendment Act, 2018 shall come into force from 01.02.2019.

Notification No. 1/2019 – Union Territory Tax

- UTGST (Amendment) Act, 2018 applicable from 1st February, 2019

The Central Government hereby appoints the 1st day of February, 2019 as the date on which the provisions of the Union Territory Goods and Services Tax (Amendment) Act, 2018 (33 of 2018) shall come into force.

Effect: Union Territory Goods and Services Tax (Amendment) Act, 2018 shall come into force from 01.02.2019.

Notification No. 01/2019 – Central Tax (Rate)

- RCM under CGST on procurement from unregistered dealer's withdrawn

The Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby rescinds the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 8/2017-Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, vide number G.S.R. 680 (E), dated the 28th June, 2017, except as respects things done or omitted to be done before such rescission.

Effect: Section 9 (4) is withdrawn.

Notification No. 01/2019 – Union Territory Tax (Rate)

- RCM under UTGST on procurement from unregistered dealer's withdrawn

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The Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby rescinds the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. Union Territory Tax (Rate),, dated the 28th June, 2017, published in the Gazette of India, Extraordinary, vide number G.S.R. 680 (E), dated the 28th June, 2017, except as respects things done or omitted to be done before such rescission.

Effect: Section 9 (4) is withdrawn.

Notification No. 01/2019 – Integrated Tax (Rate)

- RCM under IGST on procurement from unregistered dealer's withdrawn

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The Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby rescinds the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 8/2017-Integrated Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, vide number G.S.R. 680 (E), dated the 28th June, 2017, except as respects things done or omitted to be done before such rescission.

Effect: Section 5 (4) is withdrawn.

GST AMENDMENT ACT – HIGHLIGHTS AT A GLANCE

<u>SL NO.</u>	<u>PARTICULARS</u>
1	Definition of adjudicating authority to exclude National Anti– Profiteering Authority.
2	Modification in the clause relating to race club in the definition of Business
3	Modification in the definition of Cost Accountant.
4	Insertion of Article 371 J in the definition of local authority
5	Omission of the definition of business vertical
6	Definition of services modified to cover facilitation or arranging transactions and securities
7	Retrospective amendment in the definition of supply as regards Schedule II
8	Entities not registered under GST are liable to pay tax on Import of services
9	Merchant trade transactions, high sea sales and supply of warehoused goods before clearance for home consumptions not to be treated as supplies
10	Restrictive applicability of Section 9 (4)

11	Increase in composition threshold limit, rationalization of reverse charge provisions and allowance of provision of services for composition dealers
12	Rationalization of time of supply provisions for goods and services
13	ITC on services provided to any person on direction of / on account of another person
14	Entitlement of ITC upon payment by the supplier subject to the new return filing procedure
15	ITC availability on Schedule III items.
16	Expansion of Scope of availability of ITC on motor vehicles
17	Expansion of Scope of ITC for Section 17(5) clause(b)
18	Insertion of Entry 92A in the exclusions from turnover for distribution of credit
19	Threshold exemption limit for registration increased for certain states
20	Compulsory registration only for e-commerce operator required to collect TCS
21	Multiple registrations for each place of business and separate registration for SEZ
22	Suspension allowed upon cancellation of registration
23	Issue of consolidated credit note in a financial year.
24	Issue of consolidated debit note in a financial year.

25	Accounts to be audited for specified class of registered person.
26	Empowerment of time limit and periodicity for filing of return through rules
27	Payment of tax on a monthly frequency for quarterly taxpayers
28	Correction of mistake through an alternate mechanism including amendment return
29	Procedure for furnishing return and availing ITC in the new return filing Mechanism
30	Expanding the working area of GST Practitioner
31	Utilization of IGST first against payment of any tax
32	Concept of matching extended to GSTR 3B for e-com transactions (not just GSTR1)
33	Modification of relevant date in case of refund of unutilised credit
34	Unjust enrichment applicable in case of refund on supplies to SEZ developer/unit
35	Relevant date for Export of services to include cases where payment received in INR if permitted by RBI
36	Person to include distinct person for recovery and definition of collector specified
37	Ceiling limit for pre deposit for filing appeal before Appellate Authority.
38	Ceiling limit for filing appeal before Appellate Tribunal
39	Time limit for payment of tax or penalty for goods detained or seized increased to 14 days
40	Retrospective amendment in the transitional credit.

41	Time limit for receipt of goods sent on job-work basis extended
42	Retrospective insertion of the term 'Transactions' in the heading of Schedule II
43	Definition of export of services to allow receipt in INR if permitted by RBI
44	Modification in the definition of Governmental Authority
45	Restrictive applicability of Section 5(4)
46	Omission of term business vertical in the deeming fiction for distinct persons
47	Place of supply in case of goods transported outside India where the supplier and recipient are in India
48	Place of supply outside India where goods temporarily imported into India & then exported without being put to use after any treatment or process carried out on it
49	Apportionment of IGST
50	Ceiling limit introduced for filing appeal before Appellate Authority and Appellate Tribunal.
51	Modification in the name of CBEC to CBIT
52	Distribution of Unutilised Cess in the fund
53	Manner and order of utilisation of UTGST credit

1. Definition of adjudicating authority to exclude National Anti-Profiteering authority

Source

Clause 2(a)(ii) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 2(4) of the CGST Act, 2017.

Provision before amendment

2(4) “adjudicating authority” means any authority, appointed or authorised to pass any order or decision under this Act, but does not include the Central Board of ~~Excise~~ and Customs, the Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority ~~and~~ the Appellate Tribunal;

Provision after Amendment

“adjudicating authority” means any authority, appointed or authorised to pass any order or decision under this Act, but does not include the Central Board of **Indirect Taxes** and Customs, the Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority, the Appellate Tribunal **and the Authority referred to in subsection (2) of section 171;**

Effect of the Amendment

1. Definition of adjudicating authority has been amended in pursuance of change in the name of Central Board of Excise and Custom to Central Board of Indirect Taxes and Customs (CBEC to CBIC).
2. Further, the National Anti-Profiteering Authority constituted under Section 171 of the CGST Act has been excluded from the definition of adjudicating authority.

2. Modification in the clause relating to race club in the definition of Business

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Source

Clause 2(b) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 2(17) (h) of the CGST Act, 2017.

Provision before amendment

2 (17) (h) ~~services provided~~ by a race club by way of totalisator or a licence to book maker in such club; and

Provision after amendment

2 (17) (h) activities of a race club including by way of totalisator or a license to book maker **or activities of a licensed book maker** in such club; and

Amendment

The above provision marked in red has been substituted by provisions marked in green.

Effect of the Amendment

1. Originally, the term 'services' in this clause was leading to an ambiguity as actionable claims have been defined as goods in the CGST Act, 2017. So, the coverage of the actionable claims in relation to race clubs within the definition of business was in scepticism. Modification has been made to particularly include all activities (goods and services) related to race club within the definition of business.
2. Activities of licensed bookmakers in the race club has been explicitly covered within the definition of business through this amendment.

3. Modification in the definition of Cost Accountant.

Source

Clause 2(d) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 2(35) of the CGST Act, 2017

Provision before amendment

2(35). cost accountant” means a cost accountant as defined in clause ~~(e)~~ of sub- section (1) of section 2 of the Cost and Works Accountants Act, 1959;

Provision after amendment

2(35). cost accountant” means a cost accountant as defined in clause **(b)** of sub- section (1) of section 2 of the Cost and Works Accountants Act, 1959;



Amendment

The above provision marked in red has been substituted with the provision marked in green.

Effect of the Amendment

Incorrect reference to Section 2(35)(c) has now been correctly substituted with Section 2(35)(b) of the Cost and Works Accountants Act.

4. Insertion of Article 371 J in the definition of local authority

Source

Clause 2(e) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 2(69) of the CGST Act, 1962

Provision before amendment

2(69) "a local authority "means –

(f) a Development Board constituted under article 371 of the Constitution; or

Provision after amendment

2(69) "a local authority "means –

(f) "a Development Board constituted under article 371 and article 371J of the Constitution;
or

Amendment

Article 371J has been included in the definition of local authority.



Effect of the Amendment

1. Article 371J has been inserted in the definition of local authority on special request received from the State of Karnataka.
2. Special status is granted by this article to 6 backward districts of Karnataka-Hyderabad regions.
3. As per this article, the President is empowered to establish a separate Board.
4. This purpose of the Board is to ensure equitable distribution of fund in the State's budget for the developmental needs of these regions

5. Omission of the definition of business vertical

Source

Clause 2(c) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 2(18) of the CGST Act, 2017

Amendment

~~(18) “business vertical” means a distinguishable component of an enterprise that is engaged in the supply of individual goods or services or a group of related goods or services which is subject to risks and returns that are different from those of the other business verticals.~~

~~Explanation—For the purposes of this clause, factors that should be considered in determining whether goods or services are related include—~~

- ~~(a) the nature of the goods or services;~~
- ~~(b) the nature of the production processes;~~
- ~~(c) the type or class of customers for the goods or services;~~
- ~~(d) the methods used to distribute the goods or supply of services; and~~
- ~~(e) the nature of regulatory environment (wherever applicable), including banking, insurance, or public utilities~~

Effect of the Amendment

Multiple registrations were allowed earlier only in case of separate business verticals. The law now allows a separate registration for each place of business in respect of persons having multiple places of business in a state. So, the definition of business verticals is not required anymore under the GST law

6. Definition of services modified to cover facilitation or arranging transactions and securities

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Source

Clause 2(f) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 2(102) of the CGST Act, 2017

Provision before amendment

2(102) "services" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;

Provision after amendment

2(102) "services" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;

Explanation-For the removal of doubts, it is hereby clarified that the expression "services" includes facilitating or arranging transactions in securities.



Amendment

The portion marked in green has been inserted.

Effect of Amendment

The definition of both goods and services excludes money and securities. However, activities in relation to use of money or its conversion from one currency to other was explicitly covered within the definition of services. However, all transactions in relation to securities was doubted to be beyond the definition of services. This anomaly was rectified in order to cover all services which included facilitating or arranging transactions in securities. Thereby, service charges or service fees or documentation fees or broking charges or such like fees or charges are charged in relation to transactions in securities, the same would be a consideration for provision of service and chargeable to GST.

7. Retrospective amendment in the definition of supply as regards Schedule II

Source

Clause 3 of the CGST Amendment Act, 2018.

Effective Date

1st July 2017.

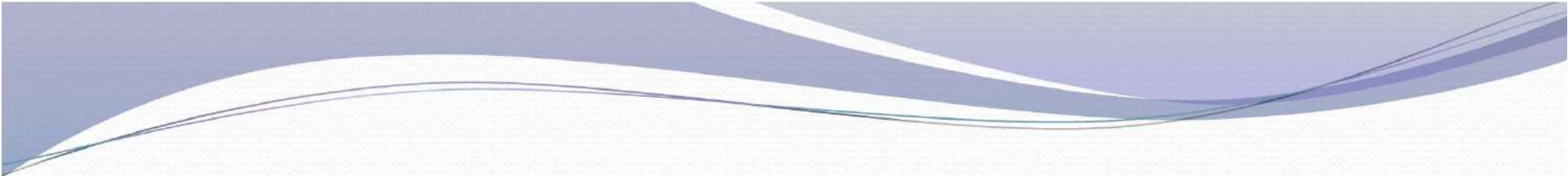
Affected Provision

Section 7 of the CGST Act, 2017.

Amendment

The following clause marked in green has been inserted and those marked in red has been omitted;

7 (1) For the purposes of this Act, the expression “supply” includes—



(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

(b) import of services for a consideration whether or not in the course or furtherance of business; and

(c) the activities specified in Schedule I, made or agreed to be made without a consideration; ~~and~~

~~(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II~~

(1A) Certain activities or transactions, when constituting a supply in accordance with the provisions of sub-section (1), shall be treated either as supply of goods or supply of services as referred to in Schedule II.

(2) Notwithstanding anything contained in sub-section (1), —

(a) activities or transactions specified in Schedule III; or

(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,

shall be treated neither as a supply of goods nor a supply of services.

(3) Subject to the provisions of sub-sections (1), (1A) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as—

(a) a supply of goods and not as a supply of services; or

(b) a supply of services and not as a supply of goods.



Effect of the Amendment

The definition of supply constituted of four clauses. The clause (d) stated the activities to be treated as supply of goods or services as per Schedule II.

However, this clause (d) being part of the definition of supply led to an understanding that an activity listed in Schedule II would be deemed to be a supply even if it does not constitute as a supply as per the first three clauses.

The intent of the Act was only for classification between goods or services once it was held to be a supply as per the first three clauses. To carry out this intention, a retrospective amendment was made in the definition of supply with effect from 1st July 2017

8. Entities not registered under GST are liable to pay tax on Import of services

Source

Clause 30 of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Schedule I of the CGST Act, 2017

Amendment

Schedule I

4. Import of services by a ~~taxable~~ person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

Amendment

The portion marked in red has been omitted

Effect of the Amendment

The provision has been amended so as to bring any unregistered person involved in import of services under the purview of GST if carried out in the course or furtherance of business from a related person or an or any of their other establishments outside India. Such person is now liable to register and pay taxes on such import of services.

9. Merchant trade transactions, high sea sales and supply of warehoused goods before clearance for home consumptions not to be treated as supplies

Source

Clause 32 of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

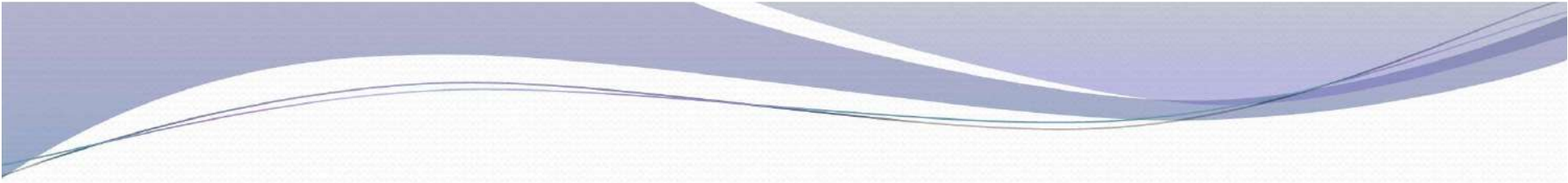
Affected Provision

Schedule III of the CGST Act, 2017

Amendment

The provision marked in green below has been inserted in Schedule III:

7. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into the taxable territory.



8 (a) Supply of warehoused goods to any person before clearance for home consumption.

(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.

Explanation. - For the purposes of this clause, the expression “warehoused goods”

shall have the meaning as assigned to it in the Customs Act, 1962 (52 of 1962)

Effect of the Amendment

1. This amendment covers three transactions:
 - a. Merchant Trade transactions (Supply of goods from one non taxable territory to another)
 - b. High Sea Sales (Sale of goods after dispatch from port of origin but before clearance for home consumption)
 - c. Supply of warehoused goods before clearance for home consumption

2. Earlier, these transactions were covered vide the definition of supply. However, they were not leviable to tax under the IGST Act which requires the chargeability only as per the Customs law. So, they were considered as Non-GST supply.

3. These resulted in reversal of input tax credit as the outward supply was considered as exempt in nature (exempt covers Non-GST supply)

4. After this amendment, these transactions will not be treated as supplies altogether as they now form part of Schedule III. Further, reversal of input tax credit will not be required against such transactions either.

10. Restrictive applicability of Section 9 (4)

Source

Clause 4 of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 9(4) of the CGST Act, 2017

Provision before amendment

9(4) ~~The central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.~~



Provision after amendment

9(4) The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of taxable goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such goods or services or both, and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.



Amendment

The provision marked in red has been substituted by the provisions marked in green

Effect of the Amendment

1. Section 9(4) which deals with payment of tax on reverse charge basis by a registered person upon receipt of supply from unregistered persons is now under suspension
2. It has been proposed that the government will notify certain class of registered person who shall be liable to pay tax on reverse charge basis in case of receipt of goods from an unregistered person.
3. This has curtailed the applicability of this section on all registered taxpayers. Only a notified class of registered taxpayers are purported to be covered by this substituted section now. This will bring a huge sigh of relief to those registered taxpayers who will now be outside the scope of this section as it involved a substantial burden of compliance and cash flow on their part.

11. Increase in composition threshold limit, rationalization of reverse charge provisions and allowance of provision of services for composition dealers

Source

Clause 5 of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 10(1) and (2) of the CGST Act, 2017

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Provision before amendment

10(1). Notwithstanding anything to the contrary contained in this Act but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees, may opt to pay, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed, but not exceeding, —

(a) one per cent. of the turnover in State or turnover in Union territory in case of a manufacturer,

(b) two and a half per cent. of the turnover in State or turnover in Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II, and

(c) half per cent. of the turnover in State or turnover in Union territory in case of other suppliers, subject to such conditions and restrictions as may be prescribed:

Provided that the Government may, by notification, increase the said limit of fifty lakh rupees to such higher amount, not exceeding one ~~crore~~ rupees as may be recommended by the Council.

10(2) The registered person shall be eligible to opt under sub-section (1), if: —

(a) he is not engaged in the supply of services, ~~other than supplies referred to in clause (b) of paragraph 6 of Schedule II;~~

Provision after amendment

10(1). Notwithstanding anything to the contrary contained in this Act but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees, may opt to pay, in lieu of the tax payable by him under sub-section (1) of Section 9, an amount of tax calculated at such rate as may be prescribed, but not exceeding, —

(a) one per cent. of the turnover in State or turnover in Union territory in case of a manufacturer,

(b) two and a half per cent. of the turnover in State or turnover in Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II, and

(c) half per cent. of the turnover in State or turnover in Union territory in case of other suppliers, subject to such conditions and restrictions as may be prescribed:

Provided that the Government may, by notification, increase the said limit of fifty lakh rupees to such higher amount, not exceeding one hundred and fifty lakhs rupees, as may be recommended by the Council.

Provided further that a person who opts to pay tax under clause (a), clause (b) or clause (c) may supply services of value not exceeding ten percent of turnover in the preceding financial year in a State or Union territory or five lakh rupees, whichever is higher.

10(2) The registered person shall be eligible to opt under sub-section (1), if:

(a) he is not engaged in the supply of services, ~~other than supplies referred to in clause (b) of paragraph 6 of Schedule II;~~ save as provided in sub-section (1);

Amendment

1. The upper limit for registration has been increased from one crore to one hundred and fifty lakhs
2. The provisions marked in green has been inserted newly in place of the provision struck through in red

Effect of the Amendment

1. It has been specified that the tax payable under composition scheme will only be lieu of tax leviable under normal charge/forward charge.
2. Any reverse charge tax liability upon composition dealers will continue as applicable to a normal taxpayer.
3. The limit has been raised from Rs 1 Crore to Rs 1.5 Crore so as to facilitate trade practices.
4. At present, traders and manufacturers engaged in supply of services are not eligible for composition scheme even if a small proportion of their supplies relate to services.
5. A new proviso has been inserted which allows registered person engaged in supply of services (other than restaurant services) to opt for composition scheme subject to a threshold limit.
6. The registered person shall be eligible for composition only if they supply services of value not exceeding 10% of their turnover in the preceding financial year in a State/ Union Territory or Rs 5 lakhs, whichever is higher

12. Rationalization of time of supply provisions for goods and services

Source

Clause 6 and Clause 7 of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

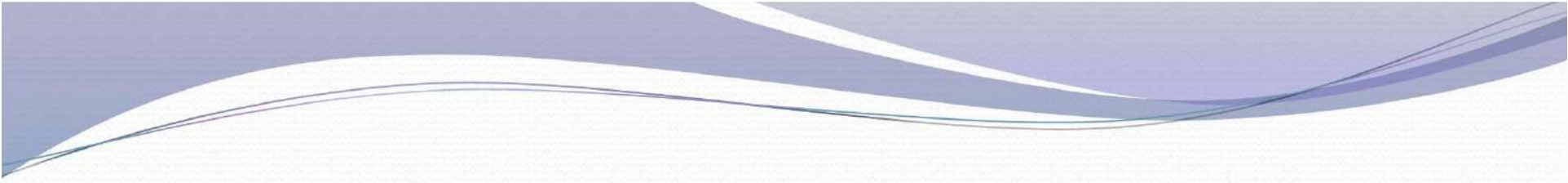
Affected Provision

- a. Section 12(2) clause(a) of the CGST Act, 2017
- b. Section 13(2)(a) and (b) of the CGST Act, 2017

Amendment

The portion marked in red has been omitted:

12(2) The time of supply of goods shall be the earlier of the following dates, namely:—



(a) the date of issue of invoice by the supplier or the last date on which he is required, under ~~sub-section (1)~~ of section 31, to issue the invoice with respect to the supply; or

13(2) The time of supply of services shall be the earliest of the following dates, namely:—

(a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed ~~under sub-section (2)~~ of section 31 or the date of receipt of payment, whichever is earlier; or

(b) the date of provision of service, if the invoice is not issued within the period prescribed ~~under sub-section (2)~~ of section 31 or the date of receipt of payment, whichever is earlier;

Effect of the Amendment

1. Section 31(1) and (2) mentions about the last date of invoice under generic situations in cases of goods and services respectively.
2. Other subsections of Section 31 depicts the last date of issue of invoice in cases of continuous supply of goods and services, cessation of supply of services before the completion of supply and goods taken on approval for sale or return basis
3. The provisions of time of supply which takes into account the last date of issue of invoice only refers to two sub-sections (1) and (2) of section 31. No reference is drawn under the time of supply in special circumstances given under the other sub-sections.
4. To rationalize and correct this anomaly, the reference to the particular subsections are removed so that the entire Section 31 may be covered within the ambit of time of supply.

13. ITC on services provided to any person on direction of / on account of another person

Source

Clause 8(a) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 16(2) clause (b) of the CGST Act, 2017

Amendment

The portion marked in green has been inserted newly

16(2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless, —

(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;

(b) he has received the goods or services or both.

Explanation— For the purposes of this clause, it shall be deemed that the registered person has received the goods or, as the case may be, services

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(I). where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;

(II). where the services are provided by the supplier to any person on the direction of and on account of such registered person;

Effect of the Amendment

1. To avail ITC the registered person must be in receipt of goods or services
2. In Bill-to-ship-to model, it is deemed that goods are received when the supplier delivers the goods to any other person on direction of the recipient
3. This deemed assumption shall now be applicable in case of services as well.
4. So, ITC will be allowed to a person on whose direction and account, the third person receives the services.

14. Entitlement of ITC upon payment by the supplier subject to the new return filing procedure

Source

Clause 8(b) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 16(2)(c) Second Proviso of the CGST Act, 2017

Amendment

The portion marked in red has been omitted:

(c) subject to the provisions of section 41 or 43A, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and



Effect of the Amendment

1. One of the conditions for availing input tax credit is that the payment of tax should have been made by the supplier
 2. The new return filing mechanism may allow taking of input tax credit to the recipient in certain situations and subject to certain conditions even if the payment of tax is not made by the supplier
 3. So, this condition of requirement of payment of tax by the supplier has been made subject to the procedure in the new return filing
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15. ITC availability on Schedule III items.

Source

Clause 9(a) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 17(3) of the CGST Act, 2017

Amendment

The following provision marked in green has been inserted:

17 (3) The value of exempt supply under sub-section (2) shall be such as may be prescribed, and shall include supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building but shall not include the value of activities or transactions (other than sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building) specified in Schedule III.

Effect of the Amendments

1. The new provision has been inserted so as to allow ITC on activities mentioned in Schedule III (other than sale of land and subject to clause(b) of paragraph 5 of Schedule II, sale of building) by removing it from the ambit of exempt supplies. Hence, these clauses will not entail any reversal of credit.
2. Excluding of supplies covered under Schedule III from the scope of exempt supplies under Section 17(3) will result in lower reversal of credit particularly in case of high sea sales, merchant trade transactions and supply of warehoused goods before clearance for home consumption

16. Expansion of Scope of availability of ITC on motor vehicles

Source

Clause 9(b) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 17(5) clause (a) of the Customs Act, 1962

Provision before amendment

Notwithstanding anything contained in sub-section (1) of section 16 and subsection (1) of section 18, input tax credit shall not be available in respect of the following, namely: —

- (a) motor vehicles ~~and other conveyances~~ except when they are used—
 - (i) for making the following taxable supplies, namely: —
 - (A) further supply of such vehicles or ~~conveyances~~; or
 - (B) transportation of passengers; or
 - (C) imparting training on driving, flying, navigating such vehicles or ~~conveyances; (ii) for transportation of goods;~~

Provision after amendment

Notwithstanding anything contained in sub-section (1) of section 16 and subsection

(1) of section 18, input tax credit shall not be available in respect of the following, namely: —

(a) motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver) except when they are used—

(i) for making the following taxable supplies, namely: —

(A) further supply of such vehicles or

(B) transportation of passengers; or

(C) imparting training on driving, flying, navigating such vehicles;

(aa) vessels and aircraft except when they are used—

(i) for making the following taxable supplies, namely:—

(A) further supply of such vessels or aircraft; or

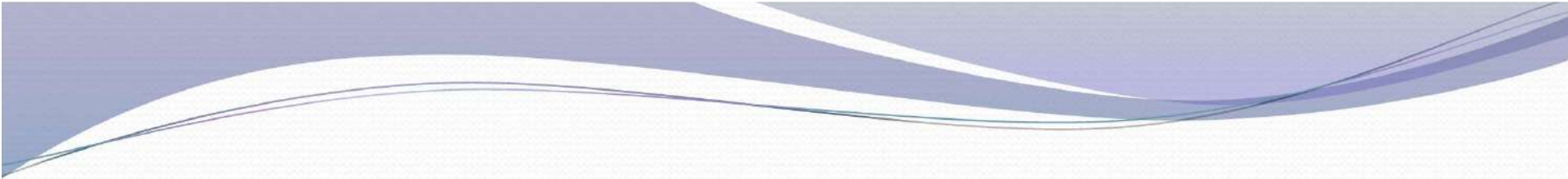
(B) transportation of passengers; or

(C) imparting training on navigating such vessels; or

(D) imparting training on flying such aircraft;

(ii) for transportation of goods;

(ab) services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels and aircraft for which the credit is not available in accordance with the provisions of clause (a) or clause (aa);




Provided that the input tax credit in respect of such services shall be available—

(i) where the motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) are used for the purposes specified therein;

(ii) where received by a taxable person engaged—

(I) in the manufacture of such motor vehicles, vessels or aircraft; or

(II) in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him;

- 
1. The amendment is brought to expand the scope of availability of ITC on motor vehicles having approved capacity of not more than 13 persons (including the drivers) if used for specified purposes.
 2. ITC shall be available in respect of dumpers, work-trucks, fork-lift trucks.
 3. ITC shall not be available in respect of motor vehicles having capacity of not more than 13 persons (including the drivers), vessels and aircrafts if they are used for personal purpose.
 4. A new provision has been inserted allowing ITC on motor vehicles if they are used for transportation of money for or by banking company and financial institutions.
 5. ITC in respect of services of general insurance, servicing, repair and maintenance in respect of those motor vehicles, vessels and aircraft on which ITC is not available under clause (a) or (aa)
 6. Unrestricted ITC is allowed in respect of vehicles for transportation of goods
 7. ITC cannot be taken in respect of motor vehicles for transportation of persons even if used for transportation of goods
 8. In respect of vessels and aircrafts, ITC will be blocked except if it is used for certain specified purposes
 9. When used for an insurance company for supply of insurance services, Input tax credit will be available in respect of motor vehicles, vessels or aircraft insured by him.
 10. For all other conveyances, Input tax credit will be freely available (eg. motor vehicles for transportation of persons > 13 persons)

17. Expansion of Scope of ITC for Section 17(5) clause(b)

Source

Clause 9(b) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government

Affected Provision

Section 17(5) clause (b) of the CGST Act, 2017

Section 17(5)

Blocked Credits under GST



Provision before amendment

- ~~—17(5) (b) the following supply of goods or services or both—~~
- ~~(i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except where an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;~~
 - ~~(ii) membership of a club, health and fitness centre;~~
 - ~~(iii) rent a cab, life insurance and health insurance except where—~~
 - ~~(A) the Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force; or~~
 - ~~(B) such inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as part of a taxable composite or mixed supply; and~~
 - ~~(VI) travel benefits extended to employees on vacation such as leave or home travel concession~~

Provision after amendment

17(5) (b) the following supply of goods or services or both—

(I) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) except when used for the purposes specified therein, life insurance and health insurance:

Provided that the input tax credit in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;

(ii) membership of a club, health and fitness centre; and

(iii) travel benefits extended to employees on vacation such as leave or home travel concession;

Provided that the input tax credit in respect of such goods or services or both shall be available, where the provision of such goods or services or both is obligatory for an employer to provide to its employees under any law for the time being in force.

Effect of the Amendment

1. The provisions have been amended so as to allow ITC in respect of goods or services or both specified above if it is made obligatory for an employer to provide such services under any law for the time being in force.
2. ITC has been enabled on food and beverages, outdoor catering, beauty treatment, health services etc. if required to be provided by the employer through any obligation imposed under any law
3. Renting or hiring of motor vehicles, vessels and aircraft are blocked only if the purchase of such motor vehicles, vehicles and aircrafts are blocked as per clause (a) of (aa)

18. Insertion of Entry 92A in the exclusions from turnover for distribution of credit

Source

Clause 10 of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 20- Explanation clause (c) of the CGST Act, 2017

Amendment

The following portion marked in green has been inserted after clause b of Section 28E

Clause (c) of Explanation to section 20: the term 'turnover', in relation to any registered person engaged in the supply of taxable goods as well as goods not taxable under this Act, means the value of turnover, reduced by the amount of any duty or tax levied under entries 84 and 92A of List I of the Seventh Schedule to the Constitution and entries 51 and 54 of List II of the said Schedule

Effect of the Amendment

1. Tax levied under entry 92A of List 1 from the values of turnover has been excluded for the purpose of distribution of credit.
2. Entry 92A of List I covers taxes on the sale or purchase of goods other than newspapers, where such sale or purchase takes place in the course of inter-State trade or commerce.
3. It was wrongly left out earlier but now has been correctly included in the above provision.

19. Threshold exemption limit for registration increased for certain states

Source

Clause 11 of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Second Proviso to Section 22(1) and Explanation (iii) of the CGST Act, 2017

Amendment

Provided further that the Government may, at the request of a special category State and on the recommendations of the Council, enhance the aggregate turnover referred to in the first proviso from ten lakh rupees to such amount, not exceeding twenty lakh rupees and subject to such conditions and limitations, as may be so notified

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Explanation (iii) to section 22 the expression “special category States” shall mean the States as specified in sub-clause (g) of clause (4) of article 279A of the Constitution except the State of Jammu and Kashmir and States of Arunachal Pradesh, Assam, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand

Effect of the Amendment

1. The aggregate turnover limit for certain states has been increased from Rs 10 lakhs to Rs 20 lakhs.
2. The power has been provided under the law to increase the threshold limit for registration for certain special category states on their request from Rs. 10 lakhs to Rs. 20 lakhs
3. Arunachal Pradesh, Assam, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand has been excluded from the definition of special category states

20. Compulsory registration only for e-commerce operator required to collect TCS

Source

Clause 12 of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 24 (x) of the CGST Act, 2017

Amendment

The provision marked in green has been inserted.

24 (x) every electronic commerce operator who is required to collect tax at source under section 52



Effect of the Amendment

1. All E-commerce operators were required to compulsorily register themselves irrespective of whether they were required to collect TCS
2. Even a person engaged in supply of goods or services through own website would have required compulsory registration irrespective of their turnover.
3. This is now rationalized to compulsorily require registration only for those e-commerce operators who are required to collect TCS
4. This will benefit small e-commerce operator who are not required to collect tax at source under section 52 to enjoy the threshold exemption limit for registration purposes.

21. Multiple registrations for each place of business and separate registration for SEZ

Source

Clause 13 of the CGST Amendment Act, 2018.

Effective Date


Date to be notified by the government.

Affected Provision

Section 25(1) and (2) of the CGST Act, 2017

Amendment

The provision marked in green has been inserted.

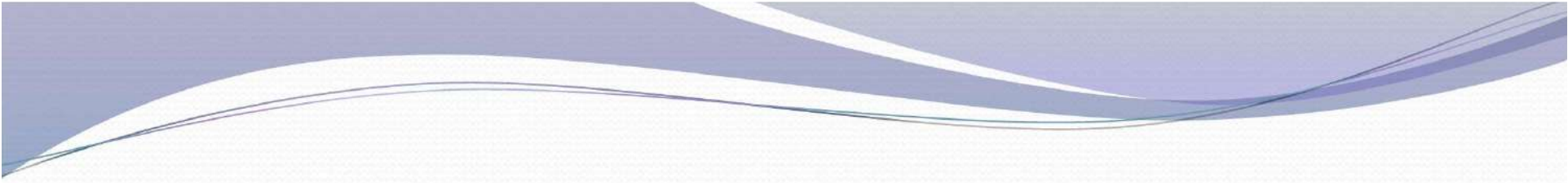


25(1). Every person who is liable to be registered under section 22 or section 24 shall

apply for registration in every such State or Union territory in which he is so liable within thirty days from the date on which he becomes liable to registration, in such manner and subject to such conditions as may be prescribed:

Provided that a casual taxable person or a non-resident taxable person shall apply for registration at least five days prior to the commencement of business

Provided further that a person having a unit, as defined in the Special Economic Zones Act, 2005, in a Special Economic Zone or being a Special Economic Zone developer shall have to apply for a separate registration, as distinct from his place of business located outside the Special Economic Zone in the same State or Union territory.";



25(2). A person seeking registration under this Act shall be granted a single registration in a State or Union territory:

Provided that a person having multiple business verticals in a State or Union territory may be granted a separate registration for each business vertical, subject to such conditions as may be prescribed:

Provided further that a person having multiple places of business in a State or Union territory may be granted a separate registration for each such place of business, subject to such conditions as may be prescribed:

Effect of the Amendment

1. Multiple registrations were allowed earlier only in case of separate business verticals. The law now allows a separate registration for each place of business in respect of persons having multiple places of business in a state.
2. It has now been expressly provided in the Act that a person in a SEZ or being a SEZ developer have to apply for separate registration as compared to his registration in respect of the place of business located outside the SEZ in the same state or territory. Earlier the said provision was contained only in the CGST Rules. To rationalize such provision, the empowering provision is now given in the Act.

22. Suspension allowed upon cancellation of registration

Source

Clause 14 of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Proviso after Section 29(1)(c) of the CGST Act 2017 Proviso

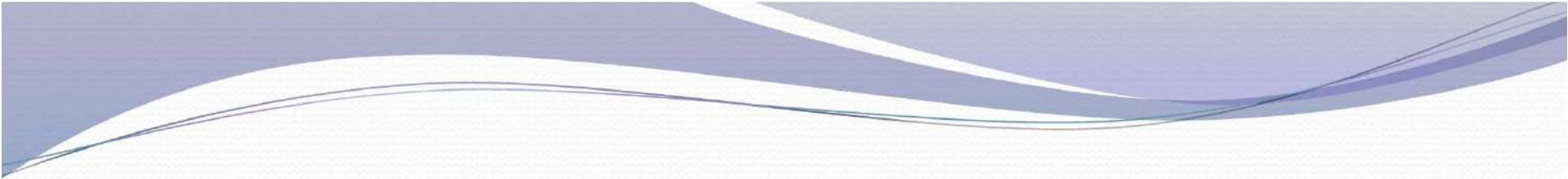
After Section 29(2) of the CGST Act, 2017

Amendment

The heading Section 29 has been now amended to “Cancellation or Suspension of registration.”

The proviso marked in green has been inserted:

Sec 29(1) ...



Provided that during pendency of the proceedings relating to cancellation of registration filed by the registered person, the registration may be suspended for such period and in such manner as may be prescribed.

Sec 29(2) ...

Provided further that during pendency of the proceedings relating to cancellation of registration, the proper officer may suspend the registration for such period and in such manner as may be prescribed

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Effect of the Amendment

1. The new proviso ensures that once the registration has been sought to be cancelled, the proper officer may suspend the registration till the procedural formalities have been completed
2. The suspension will only be for the period and the manner as may be prescribed in the rules
3. The registration suspended will not be required to file returns till the suspension is in effect
4. This can be a double edged sword because a person who applied for cancellation and stopped collection and payment of taxes may face extreme hardships if the application for cancellation is rejected. He may not have any recourse as to collect the tax and paying the taxes out of his own pocket may be a huge burden for him.

23. Issue of consolidated credit note in a financial year.

Source

Clause 15(a) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

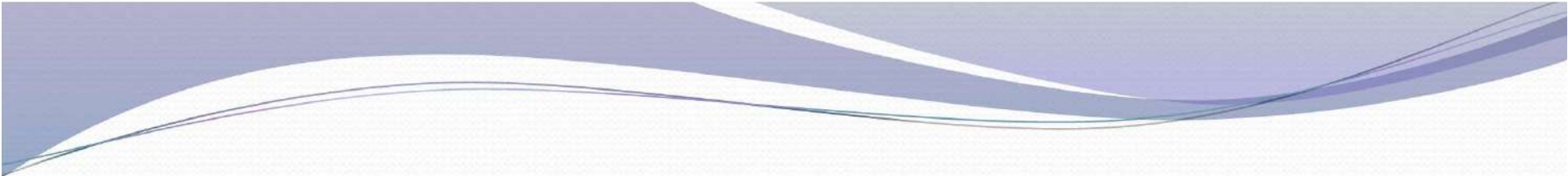
Section 34(1) of the CGST Act, 2017

Provision before amendment

34(1). Where ~~a tax invoice has~~ been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient ~~a credit note~~ containing such particulars as may be prescribed.

Provision after amendment

34(1). Where one or more tax invoice have been issued for supply of any goods or services or both and the taxable value or tax charged in that invoice is found to exceed the taxable value or tax payable in respect of such supply , or where the goods supplied are returned by the recipient,



or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient **one or more credit notes for supplies made in a financial year** containing such particulars as may be prescribed.

Amendment

The portion marked in red has been substituted with the portions marked in green.

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Effect of the amendment

1. The suppliers are now not required to link credit notes with individual invoices.
2. The supplier may now issue a consolidated credit note in respect of multiple invoices issued in the financial year.

24. Issue of consolidated debit note in a financial year.

Source

Clause 15(b) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 34(3) of the CGST Act, 1962



Provision before amendment

34(3). Where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient a debit note containing such particulars as may be prescribed

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Provision after amendment

34(3). Where **one or more tax invoices have** been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient **one or more debit note for supplies made in a financial year** containing such particulars as may be prescribed.



Effects of the amendment

1. The suppliers are now not required to link debit notes with individual invoices.
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2. The supplier shall issue a consolidated debit note in respect of multiple invoices issued in the financial year.

25. Accounts to be audited for specified class of registered person.

Source

Clause 16 of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 35(5) of the CGST Act 2017.

Amendment:

The proviso marked in green has been inserted after Section 35(5):

Every registered person whose turnover during a financial year exceeds the prescribed limit shall get his accounts audited by a chartered accountant or a cost accountant and shall submit a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44 and such other documents in such form and manner as may be prescribed.

Provided that nothing contained in this sub-section shall apply to any department of the Central Government or a State Government or a local authority, whose books of accounts are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force. Provided that where the Appellate Authority is satisfied that the appellant was prevented by sufficient cause from presenting the appeal within the period so specified, it may allow a further period of thirty days for filing such appeal

Effects of the amendment

1. Accounts of Canteen Stores Department are internally audited by The Controller of Defence Accounts, hence it is not required to be audited by a C.A or cost accountant.
2. Any department of the government whose accounts are audited by CAG need not get their accounts audited by a C.A or cost accountant

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26. Empowerment of time limit and periodicity for filing of return through rules

Source

Clause 17(a) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 39(1) of the CGST Act 2017

Provision before amendment

Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52 shall, for every calendar month or part thereof, furnish, ~~in such form and manner as may be prescribed,~~ a return, electronically, of inward and outward supplies of goods or services or both, input tax credit availed, tax payable, tax paid and such other particulars as may be prescribed, ~~on or before the twentieth day of the month succeeding such calendar month or part thereof.~~

Provision after amendment

Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52 shall, for every calendar month or part thereof, furnish, in such form, manner and within such time as may be prescribed, a return, electronically, of inward and outward supplies of goods or services or both, input tax credit availed, tax payable, tax paid and such other particulars as may be prescribed.

Provided that the Government may, on the recommendations of the Council, notify certain classes of registered persons who shall furnish return for every quarter or part thereof, subject to such conditions and safeguards as may be specified therein.”;

Effects of the amendment

1. Earlier the provisions of the Act required a person to file their GSTR 3/GSTR 3B by 20th of the next month. So, even though the government wished to make this return quarterly for a select group of taxpayers, it could not circumvent the provisions of the Act
2. Through this amendment, the periodicity and time for filing of this return is now allowed to be prescribed through the rules
3. Further, an enabling proviso has been inserted to allow the Government to notify certain category of taxpayers who will be allowed to file this return on a quarterly basis.

27. Payment of tax on a monthly frequency for quarterly taxpayers

Source

Clause 17(b) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 39(7) of the CGST Act 2017

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Amendment

The portion marked in green has been newly inserted:

Provided that the Government may, on the recommendations of the Council, notify certain classes of registered persons who shall pay to the government the tax due or part thereof as per the return on or before the last date on which he is required to furnish such return, subject to such conditions and safeguards as may be specified therein.

Effects of the amendment

1. A person is currently required to pay taxes before the last date of filing of return under GST as per Form GSTR 3B
2. The new return filing mechanism allows certain taxpayers to file their return on a quarterly basis
3. However, the time period for making the payment of taxes will be monthly.
4. So, a proviso is inserted wherein for these taxpayers, the last date for making the payment can be before the last date for filing of return

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28. Correction of mistake through an alternate mechanism including amendment return

Source

Clause 17(c) of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision Section 39(9) of the CGST Act 2017

the tax authorities, he shall rectify such omission or incorrect particulars ~~in the return to be furnished for the month or quarter during which such omission or incorrect particulars are noticed,~~ subject to payment of interest under this Act:

Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of return for the month of September or second quarter following ~~the end of the financial year,~~ or the actual date of furnishing of relevant annual return, whichever is earlier.

Provision after amendment

Sec 39(9) - Subject to the provisions of sections 37 and 38, if any registered person after furnishing a return under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (4) or sub-section (5) discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars **in such form and manner as may be prescribed** subject to payment of interest under this Act:

Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of return for the month of September or second quarter following **the end of the financial year to which such details pertain,** or the actual date of furnishing of relevant annual return, whichever is earlier.

Effects of the amendment

1. Earlier, any mistake or omission could be corrected through the return of the month in which the mistake/omission is noticed
2. Now, the process of correction of such mistakes will be notified through the rules.
3. It is proposed to introduce amendment return as per the new return filing mechanism for correction of past mistakes.
4. So, the complete mechanism for correction may be notified through the rules

29. Procedure for furnishing return and availing ITC in the new return filing mechanism

Source

Clause 18 of the CGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 43A of the CGST Act, 2017



Provision after amendment

The below mentioned provision has been inserted:

(1) Notwithstanding anything contained in section 37 or section 38, the procedure for furnishing the details of outward supplies by a registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52 (hereafter in this section referred to as the 'supplier'), and for verifying, validating, modifying or deleting such supplies by the corresponding registered person (hereafter in this section referred to as the 'recipient') in connection with the furnishing of return under section 39 shall be such as may be prescribed..

(2). Notwithstanding anything contained in section 41, section 42 or section 43, the procedure for availing of input tax credit by the recipient and verification thereof shall be such as may be prescribed



2 The procedure specified under sub-section (1) and sub-section (2) may include the following:-

(i) the procedure for furnishing the details of a tax invoice by the supplier on the common portal for the purposes of availing input tax credit by the recipient in terms of clause (a) of sub-section (2) of section 16;

(ii) the amount of tax specified in an invoice for which the details have been furnished by the supplier under clause (i) but the return in respect thereof has not been furnished and tax has not been paid shall be deemed to be tax payable by him under the provisions of this Act;

(iii) the procedure and threshold, not exceeding one thousand rupees, for recovery of the amount of tax payable under clause (ii);

(iv) the procedure and circumstances where the recovery of input tax credit can be made, instead of from the supplier, from the recipient who has availed credit on an invoice for which details have been furnished by the supplier under clause (i) but tax has not been paid by the said supplier;

Effect of the Amendment

- New proviso has been inserted to allow the extension of the time limit for receiving back the goods sent on job work.
 1. The time period of 1 year or 3 years may be extended on approval of the Commissioner for a further period not exceeding one year or two years respectively.
 2. The proviso has been inserted because some job work processes cannot be completed within 1 year (such as hull construction, fabrication of vessels

42. Retrospective insertion of the term 'Transactions' in the heading of Schedule II

Source

Clause 31 of the CGST Amendment Act, 2018.

Effective Date

1st July 2017.

Affected Provision

Schedule II of the CGST Act, 2017.

Amendment

The portion marked in green has been inserted retrospectively:

ACTIVITIES OR TRANSACTIONS TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

Effect of the Amendment

1. This ensures complete coverage of the items specified in Schedule II
2. Some items are in the form of transactions rather than activities which will be more clearly covered through this amendment

43. Definition of export of services to allow receipt in INR if permitted by RBI

Source

Clause 2(i) of the IGST Amendment Act, 2018

Effective Date

Date to be notified by the government.

Affected Provision

Section 2 (6) clause (iv) of the IGST Act, 2017

Amendment

Portion marked in green above has been inserted

“export of services” means the supply of any service when, —

(i) the supplier of service is located in India;

(ii) the recipient of service is located outside India;

(iii) the place of supply of service is outside India;

(iv) the payment for such service has been received by the supplier of service in convertible foreign exchange or in Indian Rupees where permitted by the Reserve Bank of India; and

(v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with Explanation 1 in section 8;.

Effect of the Amendment

1. There was a requirement for receipt in foreign exchange in case of export of services.
2. In cases of Export to Nepal and Bhutan, the RBI has permitted the use of Indian Rupees as the mode of payment.
3. The definition of export of services was amended to include receipt in Indian rupees as per RBI regulations for the qualification as exports.

44.Modification in the definition of Governmental Authority

Source

Clause 2(ii) of the IGST Amendment Act, 2018

Effective Date

Date to be notified by the government.

Affected Provision

Explanation of Section 2(16) of the IGST Act, 2017

Amendment

'governmental authority' means "an authority or a board or any other body, -

- (i) set up by an Act of Parliament or a State Legislature; or
- (ii) established by any Government, with ninety per cent. or more participation by way of equity or control, to carry out any function entrusted to a Panchayat under article 243G or to a municipality under article 243W of the Constitution".



Effect of the Amendment

Reference to Panchayat under Article 234 G has been included in the definition which was not included earlier

45. Restrictive applicability of Section 5(4)

Source

Clause 3 of the IGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 5(4) of the IGST Act, 2017

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Provision before amendment

~~5(4) The integrated tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.~~

Provision after amendment

5(4) The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of supply of specified categories of goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both.

Amendment

The provision marked in red has been substituted by the provisions marked in green

Effect of the Amendment

1. Section 5(4) which deals with payment of tax on reverse charge basis by a registered person upon receipt of supply from unregistered persons is now under suspension
2. It has been proposed that the government will notify certain class of registered person who shall be liable to pay tax on reverse charge basis in case of receipt of goods from an unregistered person.
3. This has curtailed the applicability of this section on all registered taxpayers. Only a notified class of registered taxpayers are purported to be covered by this substituted section now. This will bring a huge sigh of relief to those registered taxpayers who will now be outside the scope of this section as it involved a substantial burden of compliance and cash flow on their part.

46. Omission of term business vertical in the deeming fiction for distinct persons

Source

Clause 4 of the IGST Amendment Act, 2018.

Effective Date

Date to be notified by the government.

Affected Provision

Section 8(2) – Explanation 1(iii) of the IGST Act, 2017

Amendment

The portion marked in red has been omitted:

Explanation 1(iii) an establishment in a State or Union territory and any other establishment ~~being a business vertical~~ registered within that State or Union territory

Effect of the Amendment

Multiple registrations were allowed earlier only in case of separate business verticals. The law now allows a separate registration for each place of business in respect of persons having multiple places of business in a state. So, the definition of business verticals is not required anymore under the GST law. Hence, the said definition was deleted. Consequential deletion of this term has been carried out within the explanation to Section 8(2) of the IGST Act as well.

47. Place of supply in case of goods transported outside India where the supplier and recipient are in India

Source

Clause 5 of the IGST Amendment Act, 2018

Effective Date

Date to be notified by the government.

Affected Provision

Section 12(8) of the CGST Act 2017

Amendment

12 (8) The place of supply of services by way of transportation of goods, including by mail or courier to,—

(a) a registered person, shall be the location of such person;

(b) a person other than a registered person, shall be the location at which such goods are handed over for their transportation:.

Provided that if the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods.

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Effect of the Amendment

1. A new proviso has been included which states that the place of supply in case the goods are transported outside India shall be the place of destination of such goods in a situation wherein the supplier and recipient are located in India.
2. This amendment has been brought to encourage exports and to boost the growth of domestic transport companies



48. Place of supply outside India where goods temporarily imported into India & then exported without being put to use after any treatment or process carried out on it

Source

Clause 6 of the IGST Amendment Act, 2018

Effective Date

Date to be notified by the government.

Affected Provision

Section 13(3) clause (a) of the IGST Act, 2017



thank you!



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