ICSI - GST

A Newsletter from The Institute of Company Secretaries of India

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GST

GOODS & SERVICES TAX

THE INSTITUTE OF
Company Secretaries of India
भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament

INSIDE THE ISSUE

MESSAGE FROM PRESIDENT

Hon'ble Prime Minister Narendra Modi in his speech on 72nd Independence Day, 2018 said "India was earlier considered among 'fragile five' economies in the world but today the world is seeing it as a destination of multi-billion dollar investment". Indeed, the narrative has changed. "They say the sleeping elephant has woken up and started walking. For the next three decades, India is going to guide and speed up the world economy."

The statement is much augmented when India has registered its name as the sixth largest economy in the world as a result of the advanced initiatives of the Government under the mantra of reform, perform and transform. Moreover, The International Monetary Fund (IMF) in its report mentioned that "the India is on track to hold its position as one of the world's fastest-growing economies as reforms start to pay off."

Among various reforms, which assisted the growth of economy and have eased the ways of doing business in much transparent and accountable way, GST has brought positive changes in the economy and in the way financial activities are carried out with ease and without much impediments.

Certainly, the country is brimming with self-confidence and is regularly crossing new heights, wherein GST seems to play an imperative role in the growth and development of Indian economy.

Considering the imperative role of GST, the Government is taking special efforts to reach out to the various stakeholders and address their concerns proactively. In the 28th and 29th GST Council Meeting held on July 21, 2018 and August 04, 2018, respectively, Council too has taken several decisions for the benefit of various stakeholders. Further, Government has taken various steps to increase awareness about the features of Goods and Services Tax (GST) including conducting workshops and seminars regularly across the country, posting of laws, rules, notifications and other information on the departmental website, placing of Frequently Asked Questions (FAQs) and topic-wise and sector-wise informational brochures

on the website, setting up of GST Seva Kendras in GST field offices to provide assistance to taxpayers and other stakeholders, extensive use of social media platforms for dissemination of information, broadcast of television commercials, release of advertisements in newspapers, display of information on hoardings across the country and alike.

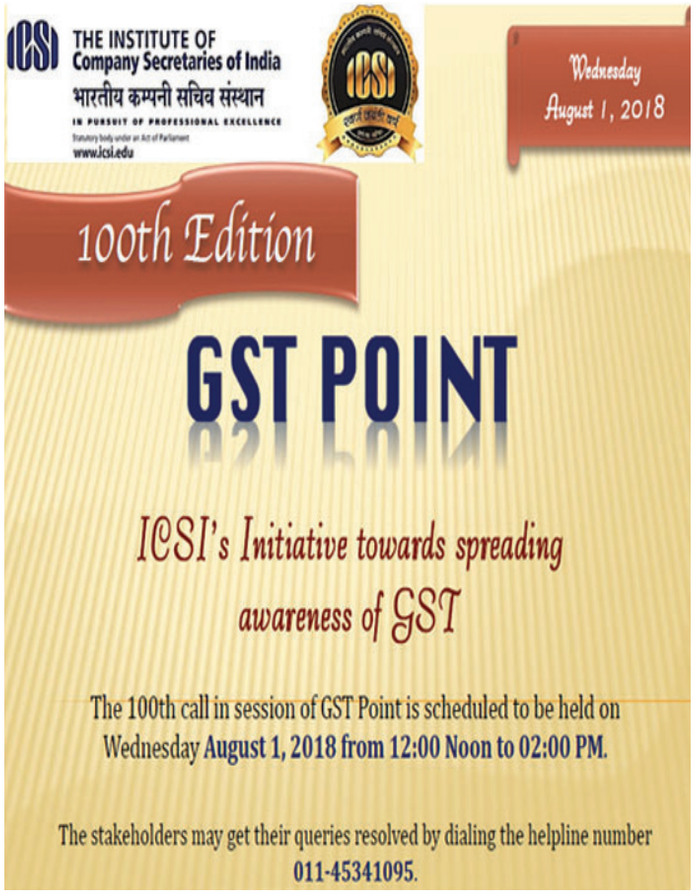
While the Government is taking every possible step towards a facilitative GST regime and its directed implementation, our Institute stands tall with similar initiatives facilitating the implementation of GST pan India. In our proficient initiatives for building capacity under the GST regime and upholding the 'One Nation One Tax' motto of the Government of India, the Institute has took up the initiative of GST Newsletter even before the implementation of the GST on 1st July, 2017. Since then, Institute is regularly bringing out this monthly newsletter.

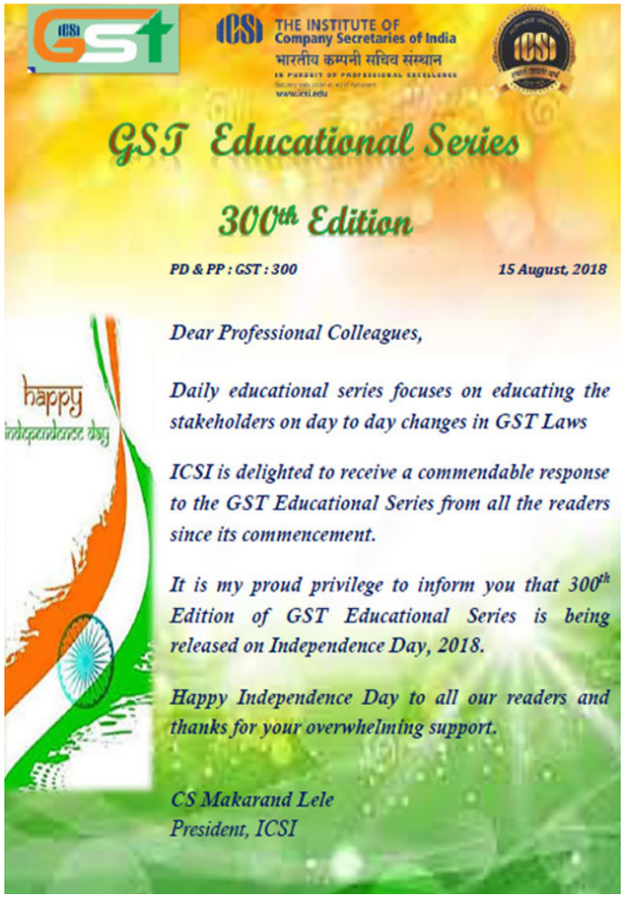
In continuation of our efforts to apprise the professionals about the latest development under GST, we are pleased to release our September issue of the ICSI-GST Newsletter.

Looking forward for your treasured feedback!

CS Makarand Lele,
President, ICSI

100th Session of GST POINT & 300th Edition of GST Educational Series





ICSI has successfully held **100th session of GST POINT** on 01st August, 2018. GST POINT is a call in session held on every Wednesday and Friday for 2:00 hours to resolve the queries of stakeholders and challenges being faced by them in day to day compliances. The queries are received and answered by experts in the GST laws.

Further, the Institute has successfully released **300th edition of GST Educational Series** on Independence Day, 2018. GST Educational Series is focused on updating the Stakeholders about changes in GST laws, rules, procedures, etc. on daily basis. All the issues of GST Educational Series are available at the GST Corner of the ICSI website at https://www.icsi.edu/GSTEducationalSeries.aspx.

*LET'S NOT FORGET FEW CRITICAL DATES IN GST

GST is all about compliances, periods and dates. In the last one year or so, it has been a jugglery of dates with changes occurred every then and now. While the trade is still grappling to cram the monthly return dates, the time has suddenly to come to meet certain annual deadlines. In this hour of rush, the present note capitulates few deadlines which are critical and fast approaching thus needs to be met, failing which, the consequences are financially harsh.

1. **Timeline for availing Input Tax Credit** - Section 16(4) CGST Act provides that a registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services after the due date of furnishing of the return for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier.

The above provision is very clear that the Input Tax Credit for tax invoices issued in a particular financial year, say in 2017-18, can be availed not later than 30th of September 2018. Although, the provision reads the last date as the date of furnishing of return for the month of September 2018 which is otherwise 20th of Oct, 2018, the assessee shall have to avail such credit in its books not later than 30th of Sept 2018 so that the same can be captured in the return to be filed on 20th of Oct 2018. Where the assessee intends to file its annual return before 30th Sept, 2018, the timeline for availing input tax credit shall be the date of filing annual return.

Therefore, let us become ITC vigilantes and ensure the tax invoices issued by our suppliers during 2017-18 are sufficiently accounted in our books of accounts on an immediate basis and tax credit involved therein are taken in GST credit ledger through the furnishing of GST return [3B]. If any such invoice [issued during 2017-18] remains unaccounted and unreported by 30th of Sept, 2018, the credit involved therein will be lost forever and, in financial terms, shall become our cost.

**Contributed by Mr. Gurinder Pal Singh, Head Indirect Taxes, L&T Power and Member, ICSI- GST Core Advisory Group*

2. **Timeline for issuing credit note –** Section 34(2) of the CGST Act provides that any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed.

   We are aware that a credit not is issued generally where the taxable value and/ or tax charged in the tax invoice is higher than the amount ought to have been charged. Such a situation may occur for host of reasons like the rejection of goods by the recipient or the goods or services so supplied are found to be deficient or it may be any other commercial reason. **And the impact of issuing credit note in such situations is *suo moto* refund of excess tax originally paid by the registered person.**

   It is thus plain and simple that in respect of any invoice issued during 2017-18, if a credit note is required to be issued and we fail to issue such credit note by 30th of Sept 2018, the excess tax paid by the registered person, and intended to recovered by issuing a credit note, shall be lost forever.

   Let us therefore list out all such cases where we are required to issue a credit note in respect of invoices issued during 2017-18 and ensure the same is issued by 30th Sept, 2018 and reported in the GSTR-1 and GSTR-3B respectively to be filed on 11th of Oct 2018 and 20th of Oct 2018 [assuming the assessee is under normal scheme].

3. **Timeline for receiving export proceeds towards export of services under bond or Letter of Undertaking -** Section 16(3) of the IGST Act provides that a registered person making zero rated supply shall be eligible to supply goods or services or both under bond or Letter of Undertaking i.e. without payment of integrated tax. Further, RULE 96A of the CGST Rules provides that any registered person availing the option to supply services for export without payment of integrated tax shall furnish, prior to export, a bond or a Letter of Undertaking to the Jurisdictional Commissioner, binding himself to pay the tax due along with the interest specified under sub-section (1) of section 50 within a period of fifteen days after the expiry of one year, or such further period as may be allowed by the Commissioner, from the date of issue of the invoice for export, if the payment of such services is not received by the exporter in convertible foreign exchange.

   Under the above said provisions, an assessee making export of services under bond or LUT without payment of tax is required to ensure receipt of export proceeds in convertible foreign exchange [or in Indian rupees, where RBI so permits] within one year from the date of export [i.e. from the date of underlying tax invoice].

Any failure to receive such proceeds within one year entail payment of tax along with interest within 15 days from the expiry of one year period.

In view of the above, let us check if we have received the export proceeds in respect of services exported under bond/ LUT within one year from the date of tax invoice. If not, let us find out the reasons of delay and if the reasons are explainable, we should make an application to the jurisdictional Commissioner for extension of time. If reasons are not explainable, it is advisable to suo moto pay the tax before the expiry of one year + 15 days to avoid any interest charge.

4. **Timeline for bringing back the goods sent for job work –** Under Section 19 of the CGST Act read with Section 143 of the said Act, the principal is allowed to take input tax credit on inputs sent to a job worker provided the inputs after undergoing the job work process are returned within one year from the date of dispatch. On failure to receive such inputs within the prescribed period of one year, the transaction shall be deemed to be a supply [from the date of dispatch] and accordingly the principal shall be required to reverse the input tax credit / pay equivalent tax along with interest.

   While, the GST law has recently celebrated its anniversary and therefore the prescribed period of one year in respect of inputs sent to the job worker post 1.7.2017 have started expiring. We must gather such cases especially from the ITC-04 return and ensure that the same be brought back before such expiry to avoid penal consequences.

5. **Mismatches –** Besides the above critical dates, it is also advisable for the trade to resolve all mismatches with the suppliers on or before 30th of Sept 2018 in respect of invoices issued by them during 2017-18 and ensure the ITC finally reported in the annual return comprises of only matched cases.

*Distinct Persons by reference to how SGST Credit of one State cannot be used in other State

1. Under GST a new concept of distinct person is added.

2. According to this concept if a person has obtained or is required to obtain more than one registration, whether in one state or union territory or more than one state or union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act or

3. Where a person who has obtained or is required to obtain registration in a state or union territory in respect of an establishment has an establishment in another state or union territory, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act.

4. As per Section 25(2) of the GST Act every person shall obtain one registration per State. Proviso to section 25(2) provides that a person having multiple business verticals may obtain separate registration for each business vertical in the State.

5. Therefore under GST same establishment or offices or branches or godown which are situated outside the state are treated as distinct person and inter-state supply also chargeable under GST i.e. IGST is payable here.

6. Therefore, when two units of the same business have taken different registration, then they will be considered as a distinct entity/ person as per the GST law. The laws relating to filing of returns and other compliance procedures shall apply to both of them separately.

7. Hence, Distinct persons can be :-
    - An establishment in India and an establishment outside India
    - An establishment in one state or a union territory and an establishment in another state or union territory

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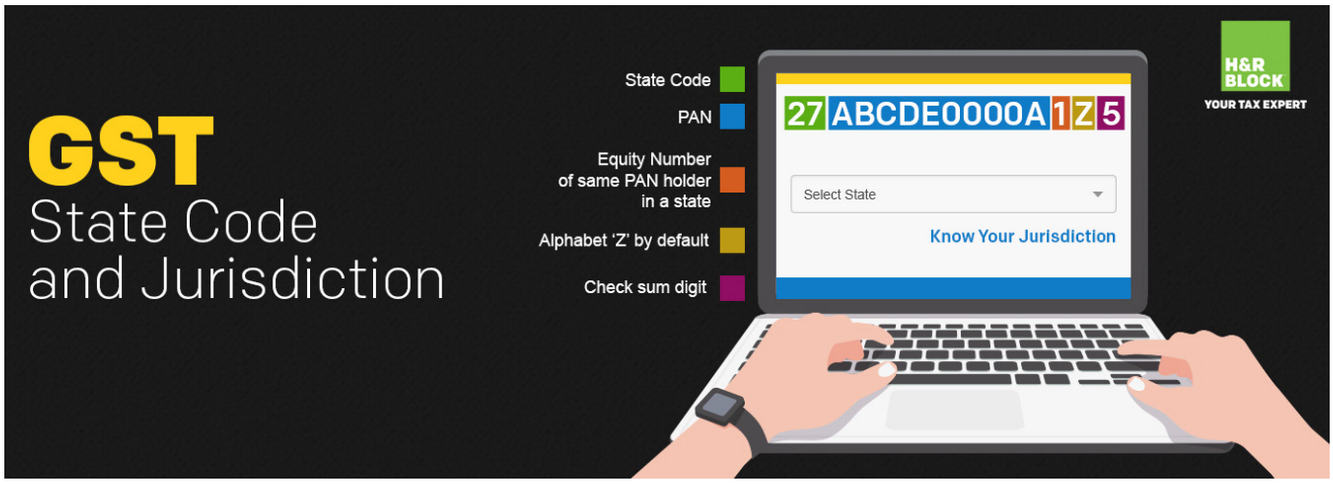
**Contributed by CA Sachin Kumar Jain, Senior Partner, Sachin K Jain & Co., Chartered Accountants and Member, ICSI-GST Core Advisory Group*

8. For example, if A (in Bangalore) has branches in Germany and Maharashtra, the branches in Maharashtra and Germany will both be distinct persons/ entities. If A has another component B which is different from A and has obtained a different GST registration, A and B will be distinct entities.

9. The supply stated above is covered under Schedule I of the GST Act and as per this schedule, when a supply is made between distinct persons during the course of business, it is considered as a supply even when there is no consideration. Therefore these transactions are considered as taxable supply. Example- stock transfers made between distinct units, even if without a consideration will be a taxable supply.

10. Another example is suppose a person have a branch office in Delhi and head office in Jaipur, some employees of Delhi join personality grooming services or training services given by the head office in Jaipur than as per distinct person both offices are separate under GST and therefore GST is payable here as per Schedule I , but as per section 12(4) place of supply is Jaipur head office and CGST and SGST is charged by Jaipur office under this case and no credit is available to Delhi branch of such SGST in this case.

11. Therefore under the above discussion it is clear to us what is the meaning of distinct persons is and as we know already that under only IGST will be set- off from CGST and SGST but SGST credit of one distinct person cannot be utilized by the other distinct person for paying SGST liability.



*One Nation One Direction One Thought- Making GST a Game Changer

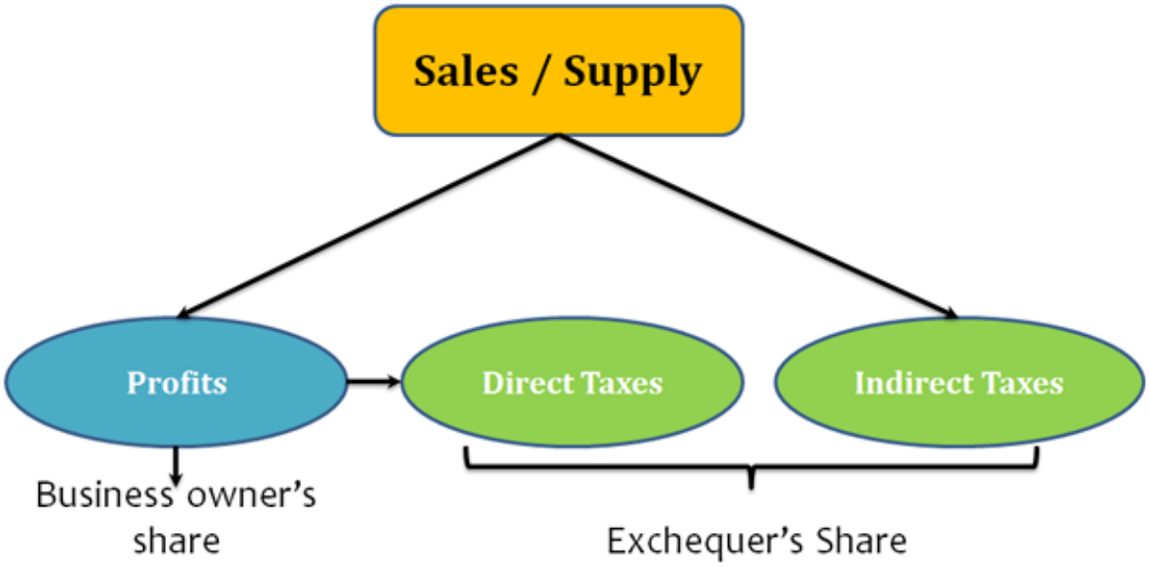
To make GST returns simplified is the prime agenda of the government. Government is very proactive and giving heed to all the problems faced by the business houses. Business is the backbone of any country. No country can survive without business and industry. Survival of human race cannot be thought without business and industry. It is the ladder of economic growth. Business and industry is the big generator of employment and making living possible.

Can we eat nutritious apple of Kashmir, if there is no transportation business? Can we think of life without watches, shoes, house, mobile, laptops, clothes, cars etc.? It's the business and industry providing us the basic amenities as well luxuries. Government has well recognised the importance of business and industry for the country and GST is the biggest business reform in this direction. With positive outlook, businesses should see GST from this perspective and start taking corrective actions to make their businesses well organised.

Without considering GST as compliance burden, consider it as big system, which is providing efficient systems in each business. Government is taking every possible step to establish ease of doing business in India. Very frequently, GST council meetings are held to address all the issues faced by business and industry. In the 28th GST council meeting, it was decided to make GST returns simple. Government is initiating to make compliances easy, but there should not be any ambiguity that there would be any relaxation for doing tax evasions. GST is the efficient and effective tool, in fact a scanner on each and every business transaction. Don't be in a myth that anyone can escape from its radar. It is always better option to comply with laws honestly and focus on business growth and put endeavours to fill business and government exchequer.

**Contributed by FCS Payal Kataria, Special Invitee ICSI-GST Core Advisory Group*

Big applaud for business and industry for their patience and cooperation for successful implementation of GST in the country. Industry is appreciating welcome changes made from time to time by government. Under GST regime Business and industry are enjoying various benefits in the form of seamless flow of input tax credit, reduced tax rates, no more cascading effect, one single rate in the whole country. It is rightly said "sab kasaath sab kaVikas". Both Government and Industry worked and contributed remarkably to make GST a game changer. Win Win situation for both can be clearly seen from below mentioned chain:



It is time to understand and be alert that no window is open for tax evasion under GST regime and start reporting correct and accurate invoices and contribute towards nation building. We are progressing near the dream of ease of doing business and soon we will find our country a powerful economy in the world.

GST IMPORTANT JUDGEMENTS UPDATES

1. **Case Name: M/s Gati Kintetsu Express Pvt Ltd Vs Commissioner, Commercial Tax of MP & Others** (Madhya Pradesh High Court)
   (Failure to file Part-B of e-way bill would attract penalty)

- The Hon'ble High Court of Madhya Pradesh vide its order dated 07.07.2018 dismissed the Writ Petition filed by the appellant by holding as under:

  In the present case, the distance was more than 1200-1300 Kilometers and it is mandatory for the petitioner to file the part-B of the e-way bill giving all the details including the vehicle number before the goods are loaded in the vehicle. Thus, he admittedly violated the provisions of the Rules and Act of 2017 and, learned Authority rightly imposed the penalty and directed the petitioner to pay the same. The order is not in violation of any of the provisions of the Rules and Act of 2017. The Writ Petition filed by the petitioner has no merit and is accordingly, dismissed.

2. **Case Name: M/s TVS Motor Company Ltd Vs Assistant Commissioner** (Madras High Court)
(Faulty SCN)

- **Issue in brief:** The petitioner has filed the writ petition challenging the order dated 30.5.2018, which according to the respondents is only a SCN - The petitioner's case is that the impugned order is not a SCN, but a demand, which has been made on them without considering the objections filed by petitioner and that it is not in the nature of a SCN, as a final decision has been taken and communicated to them.

- It is further submitted that the impugned order denying a legitimate transitional credit eligible to petitioner in accordance with Section 140 of CGST Act, 2017 is illegal and arbitrary and has been passed in violation of principles of natural justice.

- **Decision of High Court:** The High Court held that the impugned order, is not in the nature of a SCN, but a demand by itself whereby the petitioner's claim for transitional credit has been rejected and that they have been directed to reverse the credit along with interest within 15 days, failing which, penal action would be initiated for recovery of arrears under Section 79 of the said Act.

- These are sufficient grounds to hold that the impugned order is in violation of principles of natural justice - On this ground alone, the petitioner is entitled to succeed.

3. **Case Name: In Re. M D Mohta** (West Bengal AAR)
(GST Leviable on Rakhi and Rakhi cannot be classified as handicraft item)

- Notification No 32/2017-Central Tax dated 15.09.2017, later amended as Notification No 38/2017-Central Tax dated 13.10.2017, provides a list of articles which are to be considered as "handicraft goods" for the purpose of GST when made predominantly by hand by the craftsmen even though some machinery may also be used in the process. "Rakhi" does not feature in this list. Hence, "Rakhi" cannot be considered as "handicraft" for the purpose of GST.

- It is also seen that "Rakhi" is not purely puja samagri as it is not an essential and integral part of any Puja or Religious Ceremony to pay obeisance to any Hindu deity, and that "Rakhi" has been historically used to emphasise the bond between Hindus and Muslims. "Rakhi", therefore, cannot attract NIL rate of duty under Serial No 92(1) of the TRU Clarification, nor can it be considered "exempt" in terms of Serial no. 148 of the Exemption Notification since it is not listed therein.

- With reference to the list of various materials submitted along with the Application for the "Rakhi"s the Applicant intends to manufacture, though it is stated that the list is not an exhaustive one, and also with reference to the pictures provided by the Applicant of "Rakhi"s intended to be manufactured, it is clear that a "Rakhi" may be made of innumerable materials at the manufacturer's will and that it will not be restricted to mere yellow and red yarn of " Kalava". The "Rakhi"s the Applicant intends to make, therefore, are not in the form of "kalava" and hence, cannot attract NIL rate of duty under Serial No 92(2) of the TRU Clarification.

- The list of materials provided includes Silk, Nylon, Zari and Cotton threads, as well as other materials such as Glass Beads, Plastic Beads, Coloured Stones, Metal Pendants and Rudraksha. As stated in the Application, the "Rakhi"s the Applicant intends to manufacture may be of a variety of materials, as well as be marketed as designer / decorative/fancy. So all the constituent materials are to be considered under Serial No 92(3) of the TRU Clarification and "Rakhi" is to be classified in terms of Rule 3(c) of the Interpretation Rules and will be leviable to GST accordingly.

Note: *In the 28th GST Council Meeting held on July 21, 2018 GST Rate on Rakhi [other than that of precious or semi-precious material of chapter 71] have been recommended to be brought down to Nil followed which Government issued Notification No. 19 /2018- Central Tax (Rate) dated 26.07.2018 vide which Government inserted Serial No. 152 in Exemption Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017 as follows:*

Rakhi (other than those made of goods falling under Chapter 71)
Implication of this notification is that Rakhis falling under all chapters except Chapter 71 are exempt. Chapter 71 intends to tax all goods which contains Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metals, and articles thereof; imitation jewellery etc.
Precious metal means items made of silver, gold and platinum.

4. **Case Name: In Re. Utility Powertech Ltd** (Chhattisgarh AAR)
(Determination of place of supply is outside the purview of GST AAR)

- In terms of section 96, 103(1) (a) and 103 (1) (b) of CGST Act, 2017 Authority for Advance Ruling, Chhattisgarh is not the proper authority to pronounce the ruling regarding the availability or otherwise of ITC to a firm which is registered and situated at a place outside the State of Chhattisgarh.

- Similarly, section 97(2)(c) of CGST Act, 2017 stipulates that ruling as regards time and value of supply of goods or services or both, can only be raised before AAR for advance ruling. It is precisely for this very reason also, that determination of place of supply has been kept out of the purview of Authority for Advance Ruling (AAR) stipulated under the provisions of section 97(2) of the CGST Act, 2017.

5. **Case Name: In Re. M/s. Madhucon Sugar and Power Industries Ltd** (Telangana AAR)
(Advance Ruling cannot be given on matter pending before GST Council)

- The advance ruling sought in the application has been examined in detail and found that the issue of "Taxation of Rectified Spirit/ Extra Neutral Alcohol (ENA) under GST" is one of the agenda points placed before GST council for deliberation in the 20th meeting of the GST council held on 05.08.2017. The decision on the "applicability of GST on ENA" is pending before GST council and even in the 27th GST council meeting held on 04.05.2018 it was decided to defer the agenda point on the "applicability of GST on ENA" to the next meeting.

- Since the issue raised by the applicant is pending before GST Council for a decision, Advance Ruling on the issues raised in the application cannot be given at this juncture.

6. **Case Name: In Re. M/s. Manjira Machine Builders (P) Ltd.** (Telangana AAR)
(ITC is available even if supplies made under concessional rate of 5%)

- Goods and services on which concessional rate of tax is applicable are not figured in the list under Section 17(5) of the Central Goods & Services Tax Act, 2017 . Hence, the ITC is allowed on the supplies affected by paying duty at concessional rate of tax.

- Moreover, the supplies affected at concessional rate of duty are not exempt supplies. Hence, Input tax credit is allowable on the raw materials used for these supplies.

7. **Case Name: In Re. M/s. Rishi Shipping** (Gujarat AAR)
   (No GST Exemption on renting of godown for storage of agricultural produce)

- There is difference between 'storage or warehousing' service and 'renting of storage premises' service. The 'storage and warehousing service' provider normally make arrangement for space to keep the goods, loading, unloading and stacking of goods in the storage area, keeps inventory of goods, makes security arrangements and provide insurance cover etc. In a case where a person only rents the storage premises, he does not provide any service such as loading / unloading, stacking, security etc. Mere renting of space cannot be said to be in the nature of service provided for storage or warehousing of goods.

- The applicant has submitted in the application that as a part of their services, it provides service of warehouse / space on rent to their customers, where they (customers of applicant) store imported agricultural commodities. From the nature of service provided by the applicant, as described in the application, it is clear that the applicant only rent the storage premises. Once the storage premises is rented by the applicant to its customers, what use the customer makes of such premises doesn't have any bearing on the nature of service provided by the applicant.

- Therefore, taking all these aspects into consideration, we hold that the applicant is required to pay Goods and Services Tax at 18% (CGST 9% + GGST 9% or IGST 18%) for aforesaid activity carried out by them classifiable as 'Rental or leasing services involving own or leased non-residential property' (Service Accounting Code – 997212).

GST in News

1. **AAR of Maharashtra rules out GST refund for post-sales discounts**

   - In a setback to the common market practice of trade discounts, the Authority for Advance Rulings (AAR) of Maharashtra has ruled out a goods and services tax (GST) refund in the case of post-sales discounts offered by manufacturers to dealers.

   - The case pertains to UltraTech Cement, which sought clarity over the possibility of GST refund in the case of discount offered to its dealers after sale. The move is expected to result in a slew of litigation and prompt the industry to re-examine the discount schemes offered to liquidate old inventories or on bulk sales.

   - The applicant, UltraTech Cement, cites an example where a dealer has to sell a 50 kg cement bag to the final customer at Rs 295, against the original purchase price of Rs 300. The Rs 5 rate difference is compensated for the dealer by the manufacturer.

   - "Based on the trade practice and past history, the dealer is aware that there will be compensation in the form of rate difference or trade discount in case of significant correction of prices," it said. However, AAR ruled that according to GST law, the discount given after the goods have been sold has to be established in terms of agreement signed before or at the time of sale of goods.

   - This means that the discount to be given has to be mentioned in the terms of the agreement entered into at the time of sale. "The wordings of section 15 (3) (b) (i) of the CGST Act clearly states that the quantum of discount given after the supply of goods has taken place has to be there in the agreement. It cannot be open ended," said AAR.

2. **CBIC issues GST refunds to the tune of Rs 54, 378 Crore up to July end**

   - By the end of July 31, 2018, the total GST refunds disposed by Centre and States stood at Rs 54, 378 Crore

   - The total amount of IGST refund claims disposed of stood at Rs 29, 829 Crore. During the third refund fortnight alone, IGST refunds to the tune of Rs 3, 391 Crore were sanctioned.

3. **'Mercedes and Milk cannot have same tax': PM Modi rules out single rate under GST.**

- Prime Minister Narendra Modi ruled out a single tax rate under the GST, saying Mercedes car and milk cannot be taxed at the same rate, saying the Congress' demand for a uniform 18 per cent rate would lead to a spike in food and essential items' taxation.
- "It would have been very simple to have just one slab but it would have meant we could not have food items at zero per cent tax rate. Can we have milk and Mercedes at the same rate? So, when our friends in Congress say that they will have just one GST rate, they are effectively saying they will tax food items and commodities, which are currently at zero or 5 per cent, at 18 per cent".

4. **Exporters get Delhi HC relief over integrated goods and services tax (IGST)**

- Abhishek Rastogi, partner, Khaitan & Co, who argued the case in the court, said a petition was filed, challenging the move to impose IGST on advance authorisation scheme for exporters.

- An advance authorisation is issued to allow duty-free import of inputs, which are physically incorporated in export product.

- While upfront exemption was extended only to basic Customs duty, exporters were required to pay IGST on imports.

- Hearing the case, the court had issued an interim order to prohibit charging of IGST on imports under the scheme.

- Following this, the GST Council had amended the rules in October to this effect.

- However, an issue still remained as to what happened to those who had not paid IGST on imports between July and October.

- Various petitions came up for final hearing before the court. The court upheld the eligibility of the benefit with retrospective effect from July, said Rastogi. The court observed the most appropriate course of action for the authorities would be to verify fulfilment of obligations under advance authorisation licences and assess cases accordingly, instead of charging IGST on imports, he said.

5. **GST on international air tickets wrong, breaches global agreements: IATA**

- Under the GST regime, tax at the rate of 5% and 12% is levied on economy and business class air tickets, respectively

- Global airlines' body IATA has strongly opposed levying of GST on international air tickets, dubbing the taxation as "wrong" as it contravenes many global agreements to which India is a party.

- The International Air Transport Association (IATA) represents more than 280 airlines in different parts of the world. Its members include Air India, Jet Airways and Vistara.

6. GST E-Way Bill: a glitch, a penalty, and the Truckers' strike

- Gati Kintetsu Express Pvt. Ltd., a leading transport and courier company had failed to upload mandatory information (Part B) in the Goods and Services Tax e-way bills at the time of inter-state movement of goods, on account of an alleged technical error on the e-way bill portal.

- Due to this, the authorities in Madhya Pradesh initiated penalty proceedings of approximately Rs 1.32 crore against the company, alleging non-compliance with requirements of the e-way bill legislation.

- Desiring relief against the penalty, the company filed a writ petition with the Madhya Pradesh High Court.

- The company pleaded that there was no ill-intention on its part to defy the law and placed reliance on the Division Bench decision of the Allahabad High Court in the case of VSL Alloys (India) Pvt. Ltd. vs. State of U.P. & others. In that case, the petitioner was provided relief from a penalty on the non-filing of Part B of the e-way bill.

- The Madhya Pradesh High Court dismissed Gati Kintetsu's writ petition of the company stating that the facts of both cases differ extensively since the distance was within 50 kilometres (which would not require the filing of Part B) for VSL as against 1,200 kilometres in the Gati Kintetsu case.

- As a result of the dismissal of the writ petition by the Madhya Pradesh High Court, the All India Motor Transport Congress has initiated an indefinite pan-India transportation strike from July 20, 2018.

7. GST evasion worth Rs 30 billion detected in 1 year: Govt. informs Parliament

- In a written reply, Minister of State for Finance Shiv Pratap Shukla said between July 2017 and June 2018, a total of 1,205 cases of tax evasion were detected involving Rs 30.26 billion.

- "Nature of cases include misuse of Input Tax credit, misdeclaration in the GST returns, tax declared in GST returns and not paid and cases where GST returns not filed and tax not paid," he said.

- In a separate reply, Shukla said a total of 487 cases involving an amount of Rs 13.2 billion have been detected in the months of May and June this year.

- As many as 3.67 per cent of the registered tax payers contribute about 79.52 per cent of total tax collected.

- Businesses with turnover of over Rs 5 billion account for 79.53 per cent of the total taxes collected by the government, he said.

8. Cineplex owners may move SC over subsuming of entertainment tax into GST

- The players had moved the high court in July 2017. "It has been a year now, but the issue is being dragged with no final order coming. We are planning to move the Supreme Court now," Abhishek Rastogi, who argued the case in the high court, said.

- The cineplex owners had gone to the high court on the ground that the Uttar Pradesh government promised to allow multiplexes and cine malls retain a portion of entertainment tax for five years, on the basis of investments they make, but that was broken after the tax was subsumed into GST.

9. Online retailers face audit on extra GST collected after rate cut

- The taxman will audit all major e-commerce companies to check if they collected extra goods and services tax even after the GST Council cut rates on a range of products.

- The National Anti-Profiteering Authority—constituted under the GST—in a recent judgment directed the Director General of Audit at the CBIC to conduct the audit. It will have to submit the findings to the authority, according to an order uploaded on its website.

- A recent complaint filed with the authority against Flipkart said India's largest online retailer had charged 28 percent GST on an almirah. At the time the product was delivered, the levy on it was reduced to 18 percent in November, and the invoice had the lower tax rate.

- The extra GST collected on the item was refunded by the supplier of the almirah, Godrej and Boyce, to the buyer. The authority gave Flipkart a clean chit.

- The online retailer, however, informed it that there were 7,254 such cases in which GST collected was higher at the time of booking but was reduced when the item was delivered. Flipkart said it has started refunding the differential amount as per instructions of the sellers.

10. Recent GST rate cut is credit negative, revenue may take 0.08% hit: Moody's

- Rating agency Moody's said the recent GST rate cuts on 88 items will weigh on government's revenue collection and is credit negative as it will put pressure on efforts of fiscal consolidation.

- Moody's estimate revenue loss from the most recent tax cuts to be about 0.04 per cent-0.08 per cent of GDP annually.

11. MNCs cite vague reasons for not passing on GST rate cut benefits

- MNCs which were pulled up for not cutting prices post GST implementation have argued before the anti-profiteering authority that prices of some products could not be lowered as there was difficulty in adjusting them to decimal points.

- The authority, in turn, has asked these MNCs why they could not adjust the quantity so that the benefit of GST rate cut could be passed on to the consumers.

- The authority, sources said, asked the Multinational Companies (MNCs) to follow the rules laid down in The Legal Metrology Act while fixing the price to the nearest decimal point.

12. J&K High Court notices to Centre, GST Council and State Govt. over refunds

- The Jammu and Kashmir High Court issued notices to the Centre, the state government and the GST Council over reduction in refunds of the taxes paid after the new indirect tax system was rolled out.

- Companies such as Jindal Drugs have moved court saying there are less refunds under the GST system for inter-state movement of goods than was under the previous regime.

- An order in the case may have ramifications for other states such as Himachal Pradesh, Uttarakhand and Sikkim which have incentives schemes. J&K had come out with its industrial policy in 2002, promising 100 per cent refunds on excise duty paid for 10 years to companies setting up manufacturing units in the state. This was reduced to 75 per cent, against which petitions were filed in courts. The case is pending in the Supreme Court. However, under the GST regime, refunds for intra-state movement of goods were reduced to 29 per cent of the integrated GST (IGST) paid.

13. Anti-profiteering authority asks inputs from Airtel, Indigo on GST benefits

- The GST anti-profiteering authority has sought inputs from telecom operator Bharti Airtel and budget airline Indigo on whether the goods and services tax (GST) or credit allowed on inputs in the new regime has created room for reduction in prices.

- Taking suo-moto cognisance of the impact of GST on prices in telecom and aviation sector, the National Anti-Profiteering Authority (NAA) has asked the market leaders in the sectors to calculate the input tax credit (ITC) benefits that have accrued to them and whether it was enough to pass on to end-consumers, a source told PTI.

14. Auto Components Industry Seeks Uniform 18% GST

- Auto component industry sought uniform 18 percent Goods and Services Tax across the sector stating that low taxation would lead to better compliance and larger tax base.

- The industry, which reported a growth of 18.3 percent to Rs 3.45 lakh crore in 2017-18, said the lower tax levy would also help in curtailing grey market operators.

- "One of the key demands of the industry has been a uniform 18 percent GST rate across the auto component sector. Currently 60 percent of the components attract 18 percent GST rate, while the rest 40 percent, majority of which are two-wheelers, and tractor components attract 28 percent," Automotive Component Manufacturers Association of India (ACMA) President Nirmal Minda told reporters.

15. Government modifies due date for filing GST returns from July, 2018 to March, 2019

- The Government has modified the due date for filing of final GST sales returns (GSTR-1) by businesses with turnover exceeding Rs. 1.5 Crore to the 11th day of the succeeding month.

- Currently, such businesses are required to file GSTR-1 or final sales return of a particular month by the 10th day of the succeeding month.

- For businesses with turnover up to Rs. 1.5 Crore, and who are required to file quarterly returns, the GSTR-1 giving details of outward supplies has to be filed by the last date of the subsequent month.

16. GST compensation of Rs. 520 billion paid to States/UTs in 11 months

- Under the Goods and Services Tax (GST), implemented on July 1, 2017, the Centre has to compensate States/UTs for loss of their revenue on account of implementation of the new indirect tax regime.

- "... States/UTs have been paid GST compensation of Rs 481.78 billion for the period July 2017 to March 2018 and of Rs 38.99 billion for the period of April-May 2018," Minister of State for Finance Shiv Pratap Shukla said in a written reply in the Lok Sabha.

17. GST to be slashed on more items if revenue increases, says Piyush Goyal

- Finance Minister Piyush Goyal said the capacity to slash the GST rates on more items would go up as Goods and Services Tax (GST) revenues and the compliance rate increases and the economy formalises.

- The Minister said the "GST Council has reduced rates on many items and services in the last round. We want the consumer to be burdened less by indirect tax."

- Elaborating, Goyal said that in the last one year, the GST Council has reduced rates on 384 items and 68 services. "186 items and 99 services were exempted from GST. Also sanitary pads were exempted from the GST," he said.

- He also pointed out that the Government was able to collect GST in line with the country's fiscal deficit target.

- Referring to the recent growth forecast about India by the IMF, he said "I think India's economic growth will be better than this forecast."

18. Consider simpler GST rate structure to avoid low compliance: IMF to India

- The IMF described the Goods and Services Tax (GST) as a "milestone reform" in India's tax policy, but pushed for a simplified structure, saying the multiple rate structure and other features could give rise to high compliance and administrative costs.

- In its annual country report, the International Monetary Fund also said that a dual rate structure with a low standard rate and an additional higher rate on select items can be progressive and preserve revenue neutrality.

19. Head Office Services to other State Branches to attract 18% GST

- The salary for services like accounting, IT, human resource, provided by the head office of a company to its branch offices in other states will attract an 18% GST.

- The activities between two offices are treated as supplies under the GST law, according to an order passed by the Karnataka bench of the Authority for Advance Ruling.

- Although the GST charged on such supplies can be claimed as input tax credit, companies which are exempt from the GST like education, hospitals, alcohol and petroleum will not be able to claim credit.

20. GST officers to ensure companies pass on benefits to the consumers

- The national anti-profiteering authority has asked the CBIC, the nodal department for GST, to instruct commissioners to proactively carry out checks on companies and businesses for profiteering.

- "The GST law authorizes commissioners to file profiteering complaints if they find that rate cuts or availability of input tax have not resulted in commensurate reduction in prices.

- Of the over 100 profiteering complaints being examined at different levels, only 7-10 have been filed by commissioners of various states.
- Rates were cut on more than 100 items in July, including refrigerators, washing machines, small-screen television sets, perfumes, cosmetics, vacuum cleaners, and shavers.

- According to Rule 128 of the Central GST Rules, the standing committee under the anti-profiteering mechanism will examine complaints and evidence provided by an interested party or a commissioner.

21. No GST on Petrol, Diesel in near future as Centre, States not in favour

- Petrol and diesel will not come under the purview of Goods and Services Tax in the immediate future as neither the Central government nor any of the States is in favour on fears of heavy revenue loss.

- If the two fuels are put under GST, the Centre will have to let go Rs 20,000 crore input tax credit it currently pockets by keeping petrol, diesel, natural gas, jet fuel and crude oil out of the GST regime. States, on the other hand, want to keep a revenue tool in their hand to meet any contingency like the floods in Kerala, he said.

22. Government spent Rs 1.32 billion on GST advertisements; print media got biggest share

- Ahead of its rollout, the Centre had gone for a media blitz to create awareness about the new tax regime.

- The government spent Rs 1.32 billion on advertisements for GST, an agency under the Ministry of Information and Broadcasting has said in reply to an RTI query.

- As per the Bureau of Outreach and Communication under the ministry, the "expenditure on GST advertisements through this bureau" on print media stood at Rs 1.26 billion.

- It, however, said there was "nil" expenditure for the same on electronic media.

- For outdoor media, the expenditure for GST advertisement stood at Rs 54 million the bureau said in its RTI response dated August 9, 2018.

23. Centre, States apportion Rs 12,000 Crore IGST in August

- As much as Rs 12,000 crore lying in Integrated Goods and Services Tax pool has been apportioned between the Centre and States.

- The Central Government will get about Rs 6,000 Crore and the remaining would be distributed among the States in proportion to their revenue collection in August.

- The apportionment would help improve the indirect tax position of both the Centre and States. This is the third time that the IGST funds have been divided between the Centre and States. As much as Rs 50,000 crore was settled between the Centre and States in June, and Rs 35,000 crore in February this year.

24. GST revenues slide to Rs 939.6 billion in August from Rs 964.83 billion in July

- The revenues collected in August are slightly lower than July collection of Rs 964.83 billion, and June collection of Rs 956.10 billion.

- Explaining reasons for the dip, the ministry said one of the main factors is a probable postponement of sale of items for which tax rate was reduced by the GST Council in its meeting on July 21. The rate cut was effective July 27.

- "Since it would have taken some time for the market to pass on the benefit of reduced taxes, consumers would have postponed their decision to buy expecting the benefit. The actual impact of reduction of rate of taxes would be observed only from next month onwards as the rate reduction would have got affected only in last few days of the month, the ministry said.

- Also the last date of filing return of July 2018, in Kerala was extended up to 5 October 2018, in view of the flood.

25. About 1,800 businesses apply for migration from VAT to GST regime

- The GST Council, in its meeting in July, had allowed businesses with provisional GST ID to migrate to the new GST regime.

- The CBIC had then asked these Taxpayers to approach the Jurisdictional Nodal Officer of the Central or State Government on or before the August 31, 2018, along with provisional ID, registration number under the earlier law, reason for not migrating in the system, along with the contact details.

- "About 1,800 businesses have migrated to GST regime availing the latest migration window. The number could go up as the State Tax Officers are still compiling data".

- Currently, over 11.5 million businesses are registered under the GST regime, of which 6.37 million have migrated from the erstwhile service tax and VAT regime, and over 5.1 million are new registrants.

GST QUIZ

1.	GST Rate applicable on Fortified Toned Milk is _____	A. NIL B. 5% C. 12% D. 18%
2.	GST Rate applicable on Disc Brake Pad for automobiles is _____	A. 5% B. 12% C. 18% D. 28%
3.	GST Rate applicable on supply of safe drinking water for public purpose (not supplied in a sealed container) is _____	A. NIL B. 5% C. 12% D. 18%
4.	GST Rate applicable on refined beet and cane sugar is _____	A. NIL B. 5% C. 12% D. 18%
5.	GST Rate applicable on normal human blood plasma is _____	A. NIL B. 5% C. 12% D. 18%

Answer: Q1- A, Q2- D, Q3- A, Q4- B, Q5- B

Motto

“ सत्यं वद। धर्मं चर।
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