

March 12, 2018

RECOMMENDATIONS MADE DURING THE 26th MEETING OF THE GST COUNCIL HELD IN NEW DELHI ON MARCH 10, 2018¹

I. Return filing System

The present system of filing of GSTR 3B and GSTR 1 is extended for another three months i.e., April to June, 2018 till the new return system is finalized. A new model was discussed extensively and Group of Ministers on IT has been tasked to finalize the same.

II. Reverse charge mechanism

The liability to pay tax on reverse charge basis has been deferred till June 30, 2018. In the meantime, a Group of Ministers will look into the modalities of its implementation to ensure that no inconvenience is caused to the trade and industry.

III. TDS/TCS

The provisions for deduction of tax at source (TDS) under section 51 of the CGST Act and collection of tax at source (TCS) under section 52 of the CGST Act shall remain suspended till June 30, 2018. In the meantime, the modalities of linking State and Central Governments accounting system with GSTN will be worked out so that seamless credit is available to the registered traders whose tax is deducted or collected at source.

IV. Grievance Redressal Mechanism

GST implementation Committee (GIC) has been tasked with the work of redressing the grievances caused to the taxpayers arising out of IT glitches.

EXTENSION OF TAX EXEMPTIONS FOR EXPORTERS FOR SIX MONTHS AT 26th MEETING OF THE GST COUNCIL²

1. Sending a strong positive signal to the exporting community, the Council on March 10, 2018 decided to extend the available tax exemptions on imported goods for a further 6 months beyond March 31, 2018. Thus, exporters presently availing various export promotion schemes can now continue to avail such exemptions on their imports up to October 1, 2018, by which time an e-Wallet scheme is expected to be in place to continue the benefits in future.
2. In a related development which would benefit the exporters, the Council reviewed the progress in grant of refunds to exports of both IGST and Input Tax Credit. The Council appreciated that the pace of grant of IGST refund has picked up. Thereafter, the Council directed GSTN to expeditiously forward the balance refund claims to the Customs/Central GST/State GST authorities, as the case may be, for their immediate sanction and disbursal.
3. It may be recalled that in its meeting held on October 6, 2017 the Council had noted that exporters are experiencing difficulties of cash blockage on account of having to upfront pay GST / IGST on the inputs, raw materials etc. / finished goods imported / procured for purposes of exports. An interim solution was found by re-introducing the pre-GST tax exemptions on

¹ Available at: <http://www.cbec.gov.in/resources/htdocs-cbec/gst/press-note-return-RCM-TDS.pdf>

² Available at: <http://www.cbec.gov.in/resources/htdocs-cbec/gst/press-release-exporter-extension-10march2018.pdf>

such imports. Additionally, for merchant exporters a special scheme of payment of GST @ 0.1% on their procured goods was introduced. Also, domestic procurement made under Advance Authorization, EPCG and EOU schemes were recognized as 'deemed exports' with flexibility for either the suppliers or the exporters being able to claim a refund of GST / IGST paid thereon. All these avenues were made available upto March 31, 2018.

4. The permanent solution agreed to by the Council was to introduce an e-Wallet scheme w.e.f. April 1, 2018. The e-Wallet scheme is basically the creation of electronic eWallets, which would be credited with notional or virtual currency by the DGFT. This notional / virtual currency would be used by the exporters to make the payment of GST / IGST on the goods imported / procured by them so their funds are not blocked.
5. On December 16, 2017, Finance Secretary constituted a Working Group with representatives of Central and State Governments to operationalize the e-Wallet scheme. After reviewing the progress, the Council noted that whereas some preparatory work had been done, more needs to be done to address a large number of technical, legal and administrative issues that have been identified. The Council appreciated that this would require more time. The Council was also unanimous that there should be no disruption that may affect the exports. Accordingly, the Council agreed to:
 - a. Defer the implementation of the e-Wallet scheme by 6 months i.e., up to October 1, 2018; and
 - b. Extend the present dispensation in terms of exemptions etc. which is available up to March 31, 2018, for a further 6 months i.e., up to October 1, 2018.

Team ICSI

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