

Recent changes in GST with respect to Composition Scheme, Reverse Charge, Registration, Returns, etc.

1. Composition Scheme-Changes made on 13.10.2017

Consequent to the decisions taken in the 22nd meeting of the GST Council held on 06.10.2017, relevant notifications have been issued on 13.10.2017. Following are the changes made in the composition scheme.

1. Notification No. 46-Central Tax, dated 13.10.2017 [amendment to Notification No. 8/2017-Central Tax, dated 27.06.2017]:

Increase in the eligibility turnover limit to opt for composition scheme:

The threshold limit of turnover for eligibility to opt for composition scheme has been increased from Rs. 75 lacs to Rs. 1 Crore and Rs. 50 lacs to Rs. 75 lacs in state of;

- (i) Arunachal Pradesh,
- (ii) Assam,
- (iii) Manipur,
- (iv) Meghalaya,
- (v) Mizoram,
- (vi) Nagaland,
- (vii) Sikkim,
- (viii) Tripura,
- (ix) Himachal Pradesh

Further, due date for furnishing of the intimation of the option has been extended so that the registered persons who meet the above turnover criteria can opt for the composition scheme any time till 31.03.2018.

2. Notification No. 41-Central Tax, dated 13.10.2017 [amendment to Sec 39(2) and Rule 62]:

Extension of the due date of filing GSTR-4 for quarter ended Sep.2017:

The registered persons who opted the composition scheme were required to file the quarterly return in GSTR-4 within 18 days after the end of such quarter. Accordingly, the due date of filing the GSTR-4 for the quarter July 2017-September 2017 was 18.10.2017. The due date for the quarter July 2017-September 2017 has been extended to 15.11.2017.

3. Notification No. 44-Central Tax, dated 13.10.2017 [amendment to Rule 40(1)(b)]:

Extension of the due date of filing CTC-1 for quarter ended Sep.2017:

A person who applies for registration within specified time, a person who obtains voluntary registration, registered person ceases to pay tax under composition scheme or a person who was supplying exempt supplies becomes taxable supplies, shall be eligible to take the credit of input tax in respect of inputs held in stock and inputs contained in SFG and FG on the day immediately preceding such change. In such cases, a declaration in Form GST CTC-1 shall be submitted within 30 days of eligibility to take the credit. To enable such persons to avail the credit, the due date of filing form GST CTC-1 for the months July, August and September 2017 has been extended to 31.10.2017.

4. Notification No. 45-Central Tax, dated 13.10.2017:

(a) Time limit to opt for composition scheme has been extended [substitution of Rule 3(3A)]:

A person who migrated to GST or a person obtained GST registration, who intends to opt for composition scheme shall file an intimation in GST CMP-2. Upon furnishing of such intimation, from the 1st day of the succeeding month, GST can be paid under composition scheme. The due date of filing the intimation in GST CMP-2 has been extended from 30.09.2017 to 31.03.2018.

(b) Manner to file quarterly return when composition scheme is opted in between the quarter [amendment to Rule 62(1)]:

Further, a person who opted to pay GST under composition scheme with effective from a month which is not the first month of a quarter shall file quarterly return in GSTR-4 for the said period of the quarter in which GST is paid under composition scheme. The return GSTR-04 is to be filed by the new composite tax payers only for that portion of the quarter from when the scheme applies and will be filing returns as a normal tax payer for the preceding tax period. For e.g., a person who was paying regular GST opted for the composition scheme with effective from 01.11.2017, shall file GSTR-4 for the period Nov 17-Dec17 and file GSTR-3 for Oct. 17.

(c) No need to give the details of inward supplies (other than liable for payment of GST under RCM) [amendment in GSTR-4]:

In the GSTR-4, an instruction No. 10 has been inserted stating that for the tax periods July, 2017 to September, 2017 and October, 2017 to December, 2017, serial 4A of Table 4 shall not be furnished. Thus, for the period July 2017 to December 2017, those who have opted to pay

GST under composition scheme are not required to give the details of inward supplies (other than liable for payment of GST under RCM) in the GSTR-4.

5. Order No. 01/2017-Central Tax:

Extension of the scope of eligibility in case of restaurant service:

Earlier, in case services, only the restaurant service was eligible composition scheme subject to fulfillment of other conditions. Now, the eligibility for composition scheme has been extended to the suppliers of restaurant service who are also supplying the exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.

Further, it is clarified that in computing the aggregate turnover to determine the eligibility for composition scheme value of supply of any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.

2. Reverse Charge – Changes made on 13.10.2017

Consequent to the decisions taken in the 22nd meeting of the GST Council held on 06.10.2017, relevant notifications have been issued on 13.10.2017. Following are the changes made in the reverse charge mechanism in the GST law :-

6. Notification No. 38/ 2017- Central Tax dated 13.10.2017

Complete exemption from reverse charge on intra-state supplies made by unregistered persons to registered persons

As per the provisions of Section 9(4) of CGST Act 2017, intra state supply of taxable goods or services or both made by an unregistered supplier to a registered person shall be paid by registered person on reverse charge basis. Earlier, the said person have been given an exemption from payment of tax under reverse charge in the cases where aggregate value of all such supplies of goods or services or both do not exceed Rs. 5,000/- in a day [Notf. 8/2017-Central Tax (Rate) dated 28.06.2017].

The Government has suspended the reverse charge mechanism on all intra-state supplies of goods or services made by unregistered suppliers to registered person. The said exemption is without any monetary limit and registered persons are no more required to pay central tax under reverse charge till 31.03.2018.

The new notification is effective from 13.10.2017 and does not change any position for RCM supplies prior to 13.10.2017. It is important to keep in mind the time of supply for transactions liable under reverse charge. Where registered persons have not discharged their liability, it is suggested to pay the liability and take credit. However, in case of blocked credit, a stand could be taken to not to pay RCM and can be kept on hold. There is an inherent risk of interest and penalty in this situation.

7. Notification No. 32/2017 – Integrated Tax (Rate) dated 13.10.2017

Exemption from reverse charge on inter-state supplies made by unregistered persons to registered persons

In terms of Section 5(4) of IGST Act 2017, all inter state supply of taxable goods or services or both made by an unregistered supplier to a registered person shall be paid by registered person on reverse charge basis.

The Government has suspended the reverse charge mechanism on all intra-state supplies of goods or services made by unregistered suppliers to registered person. The registered persons are no more required to pay integrated tax under reverse charge till 31.03.2018.

The new notification is effective from 13.10.2017 and does not change any position for RCM supplies prior to 13.10.2017. It is important to keep in mind the time of supply for transactions liable under reverse charge. Where registered persons have not discharged their liability, it is suggested to pay the liability and take credit. However, in case of blocked credit, a stand could be taken to not to pay RCM and can be kept on hold. There is an inherent risk of interest and penalty in this situation.

8. Notification No. 33/2017- Central Tax (Rate) and Notification No. 34/2017- Integrated Tax (Rate) dated 13.10.2017

Expansion of notified reverse charge services

There has been a new addition in the list of services liable under reverse charge under section 9(3) and 5(3) of CGST Act and IGST Act respectively.

Supply of services by members of Overseeing Committee (OC) to Reserve Bank of India (RBI) has been made liable to tax under reverse charge in the hands of Reserve Bank of India. RBI shall be liable to discharge GST on all the services provided by members of OC to RBI.

9. Notification No. 36/2017-Central Tax (Rate) and Notification No. 37/2017- Integrated Tax (Rate) dated 13.10.2017

Expansion of notified reverse charge goods

The list of specified goods liable under reverse charge under section 9(3) and 5(3) of CGST Act and IGST Act respectively has been expanded.

Used vehicles, seized and confiscated goods, old and used goods, waste and scrap supplied by Central Government, State Government, Union Territory or a local authority to any registered person shall be liable to tax in the hands of such registered person. Therefore, registered person shall pay GST on all such goods when supplied by CG/ST/UT/Local authority.

3. GST RETURNS – AMENDMENTS NOTIFIED ON 13.10.2017

<u>NOTIFICATION REF.</u>	<u>AMENDMENT</u>	<u>IMPLICATIONS</u>
41/2017	Due date for filing GSTR-4 for the period July to September 2017 extended to 15 th November 2017	<ul style="list-style-type: none"> - Composite Dealers to file quarterly return as per revised due dates - Due date for payment of reverse charge for a composite dealer would also be 15.11.2017 - Composite dealer can amend auto populated data in GSTR-4A upto 15.11.2017
42/2017	Due date for filing the return GSTR-5A by online information and database access or retrieval services from a place outside India to a non-taxable online recipient, for July, August and September 2017 has been extended to 20 th November 2017	<ul style="list-style-type: none"> - It is a monthly return and not a quarterly return - Hence three returns would be required to be filed within the extended due date - Compliance burden to file 3 returns at the same time
43/2017	Due date for filing the return in GSTR-6 by ISD for July, August and September 2017 has been extended to 15 th November 2017	<ul style="list-style-type: none"> - It is a monthly return and not a quarterly return - Hence three returns would be required to be filed within the extended due date - Compliance burden to file 3 returns at the same time

		<ul style="list-style-type: none">- Earlier due date for filing GSTR-6 by was fixed before the due date for filing GSTR-2, to enable availment of credit in GSTR-2A by locations to whom such credit has been transferred. Now all such locations would have to manually add such credits in their GSTR-2 return- ISD can amend auto populated data in GSTR-6A upto 15.11.2017
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4. Requirement of Registration-Changes made on 13.10.2017

Consequent to the decisions taken in the 22nd meeting of the GST Council held on 06.10.2017, relevant notifications have been issued on 13.10.2017. Following are the changes made in the requirement of registration in the GST law:-

10. Notification No. 10/ 2017- Integrated Tax dated 13.10.2017

Exemption to Service provider providing the inter-state supply

As per the provisions of Section 24 of CGST Act, 2017 persons making any inter-state taxable supply of Service/goods shall be mandatorily required to be registered under this Act and accordingly they have to pay the GST.

Now the Government to encourage the small scale service providers, even though they are supplying the services over the inter-state they have been exempted from taking the registration and need not pay GST as long as their aggregate turnover is less than 20 lac. The exemption has not been granted to supplier of goods therefore if any supplier of goods supplies the goods (other than handicrafts) over the inter-state, he is liable to take the registration and pay GST even though his turnover is less than Rs. 20 lac.

11. Notification No. 40/2017 – Central Tax dated 13.10.2017

(Payment of Tax on supply of goods instead of receipt of advance)

In terms of time of supply, both the Service providers and suppliers of goods has to pay GST on supply of goods/services or receipt of payment whichever is earlier. Payment of tax on advances for small supplier of goods is creating compliance burden.

Accordingly this Notification provides that those suppliers whose turnover in financial year does not exceed Rs. 1.5 Crore they can pay tax at the time of supply instead at the time of receipt of advances. They need not pay the tax in the month in which advances received, they can pay the tax in the month in which the goods are supplied.

Changes in registration last but one GST Council Meeting

12. Notification No. 8/2017- Integrated Tax dated 14.09.2017:

Exemption to supplier of handicrafts over inter-state supply

The supplier of handicrafts supplying the handicrafts over the inter-state is eligible for exemption from the registration subject to following conditions:-

- ❖ His aggregate turnover on all India basis does not exceed Rs. 20 lac in financial year. (Rs.10 lac for special category states)
- ❖ Should receive PAN Number from the buyer
- ❖ He has to raise E-Way bill in accordance with Rule 138 of Central Goods and Services Act, 2017.

The list of the goods covered under phrase “handicraft goods’ tabulated in the Notification.

13. Notification No. 07/2017-Integrated tax dated 14th September 2017:

Exemption to Job worker for doing the job work for the principals over the inter-state

Job work is treated as supply of Service in terms of Para 3 of Schedule-II of CGST Act, 2017. Once it is a service, he has to mandatorily to get registration under GST law if he works for principal located in another State even though his turnover is less than 20 Lac. To encourage the Job work now the amendment made to exempt the job workers from registration even if he work for the principal located in another State and accordingly GST is also exempted.

The exemption is subject to following conditions:-

- ❖ His aggregate turnover in a financial year shall not exceed Rs. 20 lac.
- ❖ He has not voluntarily registered under GST law.
- ❖ Job work shall not be in respect of goods mentioned against serial number 151 in the Annexure to rule 138 of the Central Goods and Services Tax Rules, 2017 (this Rule is yet to be implemented)

If the Job worker voluntarily registered under GST in terms of Section 25(3), the above exemption is not applicable therefore he has to discharge GST on his turnover irrespective of the above exemption and irrespective of his turnover.

5. Exemptions for import of goods - Changes made on 13.10.2017

14. Notification No.78/2017-customs, dated 13.10.2017 [amendment to Notification No.52/2003-Customs dated 31.03.2017]:

IGST exemption for EOUs importing goods

After introduction of GST, EOUs had to import goods on payment of IGST. Only BCD was exempted from 1st July 2017. Considering the cashflow issues of EOUs, IGST exemption is being provided for import of goods under notification no.52/2003 till 31.03.2018.

15. Notification No.79/2017-customs, dated 13.10.2017

IGST exemption for imports under EPCG scheme

Import of capital goods under EPCG Scheme was subject to payment of IGST and compensation cess (on specified goods) after introduction of GST from 1st July 2017. Only BCD was exempted from 1st July 2017. IGST and compensation cess exemption is being provided for import of capital goods under EPCG scheme till 31.03.2018 by amending notification no.16/2015-customs.

IGST exemption for imports under Advance Authorization scheme

Import of inputs under advance authorization scheme was subject to payment of IGST and compensation cess (on specified goods). Only BCD was exempted from 1st July 2017. IGST and compensation cess exemption is being provided for import of inputs under advance authorization scheme till 31.03.2018 by amending notification no.18/2015-customs.

It is also provided that when the goods are imported claiming IGST and compensation cess exemption, the export obligation needs to be fulfilled only by physical exports. The exemption is subject to pre-import condition.

Similar changes have been made for import of inputs under annual advance authorization scheme, scheme for export of prohibited goods, Special Advance Authorization Scheme under para 4.04A of FTP 2015-20 for manufacture and export of garments as well.

6. Speedy recovery of refund in GST on Exports

The removal of exemption and need to go for a refund which invariably get delayed has been an issue with the exporters for decades. Only the duty drawback scheme for goods has been working well.

Considering the difficulties faced by exporters in claiming refund of GST paid on inputs / outward supplies (exports), GST Council in large interest to support the export community approved the few beneficial packages for exporter of goods on payment of IGST on exports, vide instruction no 15/2017-Customs dated 09.10.2017.

The instruction is made applicable only to exporter of goods on payment of IGST on exports. However, the Council by 18.10.2017 as Diwali gift to exporters would come out with a mechanism to fast track the refund to exporter of services on payment of IGST/ export of services through LUT, exporter of goods vide LUT without payment of GST, including supplies to SEZ's. We anticipate that the refund process to be prescribed would be a manual process for the said category of exporters, since GSTR-2 has been enabled only from 11.10.2017 upto 31.10.2017, subject to extensions to keep up its past track record.

In anticipation of the fast track refund mechanism, the paper writer has made an attempt to list down documents to be kept ready by exporters to claim fast track refund for the months of July 2017 and August 2017 in subsequent paragraphs.

7. Exporter of Service/ Goods under LUT:

The above two categories of exporter who have exported the goods/ services under LUT, may keep the following documents ready for filing the fast track refund.

1. Arrange month wise input invoices on which CSGT/ SGST or IGST or UTGST was paid.
2. Prepare month wise Input tax credit register, containing the input invoice details along with the details of payment made to vendor.
3. Month wise statement of Export of Goods/ Services made under LUT to be prepared.
4. Month wise statement of domestic and export turnover details to be prepared.
5. Refund claim amount should be arrived by adopting the following formula as prescribed in Rule 4 of Refund Rules as below:
$$\text{Export turnover of goods and or Services} * \text{Net ITC} / \text{Adjusted Total turnover.}$$
6. Refund claim amount shall be debited in the books of accounts, and subsequently once the GST return is filed the said amount shall be debited in the respective GST Return.
7. GSTR-1 and GST-3B for the month of July 2017 may be arranged.
8. Copies of Shipping bills made be furnished in case of export of goods or GSTR-1 its self may be held sufficient.
9. In case of Service Exporter, agreement with its foreign client may be called for.

10. In case of Service Exporter has realized the consideration in convertible exchange, copy of Bank realization certificate may be arranged.
11. Exporter of Service may have to prepare the statement of co-relation between export invoice and FIRC/BRC on receipt basis.
12. A Certificate from Chartered Accountant on correctness of the claim may be obtained, as a secondary evidence.

Alternatively based on Certificate of Statutory auditor in the prescribed manner as may be notified, refund may be sanctioned, without submitting any of the documents.

8. Supplies made to SEZ

Suppliers to SEZ unit could keep the following documents ready for filing the refund claim:

1. Supplier should obtain certificate of receipt of goods or services by concern SEZ unit, consequently such supplies made to SEZ unit/ Developer should be endorsed by the authorized officer of SEZ.
2. Arrange month wise input invoices on which CSGT/ SGST or IGST or UTGST was paid.
3. Prepare month wise input tax credit register, containing the input invoice details along with the details of payment made to vendor.
4. Month wise statement of supplied including supplies to SEZ.
5. Month wise statement of domestic turnover details to be prepared.
6. Proportionate refund claim amount formula may be prescribed to arrive at the refund claim amount, considering the supplies made to SEZ and other supplies.
7. Refund claim amount shall be debited in the books of accounts, subsequently once the GST return is filed the said amount shall be debited in the respective GST Return.
8. GSTR-1 and GST-3B for the month of July 2017 may be arranged.

9. Fast track system to process the refund of IGST paid on export of goods for the month of July 2017 has been initiated from 10.10.2017, the following actions/ documents are required to be taken.

In case of export of goods on payment of IGST outside India, shipping bill filed by the exporter shall deemed the refund application. The exporter of goods for the month of July 2017 should have filed the shipping bill with IGST and corresponding GSTR-1 for the month of July 2017 should also have been filed.

Pre-requisites for claiming refund of IGST paid on Export of Goods for the month of July 2017.

1. Filing of Export General Manifest- Exporter of Goods to claim refund of IGST paid on export of goods should have filed the shipping bill, including export invoice by charging IGST. Secondly the concerned airlines/ shipping line/ carriers should have filed the EGM report at the gateway port of ICD.
2. Exporters who have exports made through CHAs shall **follow -up with the concerned airlines/ shipping line/ carriers to have filed the EGM for processing of IGST refund.**
3. Exporter of goods on payment of IGST should have filed the GSTR-1 for the month of July 2017, to ensure that the details of zero rated supplies declared in column 6A of the said GSTR-1 match with the shipping bill details.
(In case of any mistakes or typing errors in shipping bills may be not rectifiable, on the other hand in mistakes in GSTR-1 could be rectified at the time of filing of monthly return, but an opportunity to encash the fast track refund may be missed out).
4. As return for the month of July 2017 is still not been made available by GSTN, every exporter of goods on payment of IGST should ensure that the GSTR-3B for the month of July 2017 is filed. As filing of GSTR-3B is mandated to file the refund of IGST paid on export of goods.
5. In case exporter of goods who has not filed GST 3B, may have to wait until he files the monthly return and thereafter file refund claim.
6. Refund shall be processed at the bank account details available with the customs, there could be scenarios wherein the bank account details made available at the time of GST registration is different from the bank account details available with customs, exporters are required to align both these account details ensuring a common bank account details are made available with customs department and GSTN.
7. As refund payments are being processed through PFMS portal, (Public Finance Management System), exporter are required to validate their bank account with PFMS, and the status of validation will be available at ICES.

10. Changes in GST rate & exemptions related to services made on 13.10.2017

Consequent to the decisions taken in the 22nd meeting of the GST Council held on 06.10.2017, relevant notifications have been issued on 13.10.2017. Following are the changes made in the various notifications: -

1. **Various notified services have been exempted from GST**

The Government vide Notification No. 32/2017- Central Tax (Rate) dated October 13, 2017, has further amended the Notification No. 12/2017 – Central Tax (Rate), dated June 28, 2017, by virtue of which, following services will now be exempt from GST: -

- a) Services by a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution was exempted. By virtue of this amendment, this exemption is further extended to such services when provided by Central Government, State Government, Union Territory and local authority also.
- b) Supply of service by a Government Entity to CG, SG, UT, local authority or any person specified by them, against consideration received from CG, SG, UT or local authority, in the form of grants shall be exempted from GST.
- c) Services provided by a Goods Transport Agency (GTA) to an unregistered person, including an unregistered casual taxable person shall be exempted from GST. However, the exemption shall not be available if GTA services are provided to the following recipients:
 - Any factory registered under factories act;
 - Any society registered under societies registration act;
 - Any co-operative society;
 - Any Body corporate;
 - Any partnership firm whether or not registered under any law;
 - Any Association of Persons;
 - Any casual taxable person registered under GST law.
- d) Service by way of access to a road or a bridge on payment of annuity shall be exempted from GST.
- e) Upfront amount (called as premium, salami etc.) payable in respect of service by way of granting of long term lease of thirty years, or more of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 50 per cent or more ownership of CG, SG, UT to the industrial units or the developers in any industrial or financial business area.
- f) Earlier, this exemption was restricted to only such services when provided by the State Government Industrial Development Corporations, however now the same is extended to such services when provided by any other entity having 50 per cent or more ownership of CG, SG, UT. Further, earlier the exemption was restricted only to the leasing of industrial plots, however now the same is extended to the plots for development of infrastructure for financial business.

- g) For the purpose of various exemptions given in respect of services provided to or by the governmental authority. Meaning of the term governmental authority has been amended to even extend any authority or board or any body with 90 per cent. or more participation by way of equity or control, to carry out any function entrusted to a Panchayat under article 243 G of the Constitution. Earlier, it was restricted only in respect of the functions of municipalities.

2. Change in rate of tax on the leasing / supply of motor vehicles:

Central Government vide Notification No. 37/2017-Central Tax (Rate) dated October 13, 2017 has reduced the CGST Rate to 65% of the otherwise applicable CGST rate of Motor Vehicle falling under chapter heading 87 in the following cases:

a) Leasing of Motor Vehicle:

In respect of Motor vehicles purchased by the lesser prior to 1st July, 2017 and supplied on lease before 1st July, 2017, 65% of tax rate mentioned in Notification No. 1/2017-Central Tax (Rate) dated, 28th June, 2017 would be applicable.

b) Supply of Motor Vehicle:

When the supplier of the motor vehicle is a registered person and has purchased the motor vehicle prior to 1st July 2017 on which no input tax credit of central excise duty, VAT or any other taxes paid has been availed, 65% of tax rate mentioned in Notification No. 1/2017-Central Tax (Rate) dated, 28th June, 2017 would be applicable.

Note: This benefit shall not be applicable for the period on or after 1st July, 2020.

3. Various Changes in rate of tax on services:

The Government vide Notification No. 31/2017- Central Tax (Rate) dated October 13, 2017, has further amended the Notification No. 11/2017 – Central Tax (Rate), dated June 28, 2017, by virtue of which following amendments have been made:

- a) Certain category of construction, erection etc. services provided (i.e. for other than commerce, industry, educational, clinical establishment, historical monuments, canal, dam or other irrigation works or any water pipeline etc.) has been taxed at the rate of 6% when such services are provided to government, local authority, governmental authority etc.
- b) By virtue of this amendment, this exemption has now been extended to “Government entity”. Further, meaning of the term “Governmental authority” has been widened to even include the any Body, authority etc. which carries out any function entrusted to a Panchayat under article 243 G of the Constitution.

- c) The term “Government Entity” has been defined to means an authority or a board or any other body including a society, trust, corporation,
- i. set up by an Act of Parliament or State Legislature; or
 - ii. established by any Government,
- with 90 per cent. or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority.”
- d) However, the benefit of reduced rate of 6% in case of such construction services provided to ‘Governmental entity’ comes with a condition that the services supplied to a Government Entity, should have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government, Union territory or local authority, as the case may be.
- e) Rate of tax has been changed in respect of following works contract services:
- i. Composite Supply of works contract involving predominantly earth work (i.e. more than 75%) provided to the Government including local authority, Government authority and Government entity shall be taxable at the rate of 2.5%.
 - ii. Composite supply of works contract in relation to the offshore works contract relating to oil and gas exploration and production (E&P) in the offshore area beyond 12 nautical miles from the nearest point of appropriate base line shall be taxable at the rate of 6%.
- Note:** When above services are provided to ‘Governmental entity’ then the reduced rate shall apply when such services supplied to a Government Entity have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government, Union territory or local authority, as the case may be.
- f) In case of service of transport of passenger where the fuel cost is included in the consideration charged, the rate of tax was specified at 5%. The reduced rate of 5% was applicable when such service is carried out by a ‘motor cab’. However, by virtue of this amendment, such reduced rate of tax @ 5% is now extended when such services are provided through ‘any motor vehicle designed to carry passengers’ and not merely by a ‘motor cab’.
- g) ‘Motor cab’ covered only those vehicles which had a seating capacity of six or less excluding driver. Therefore, by virtue of this amendment, now this reduced rate shall also be applicable to transport services provided through a bus, mini bus, maxi cabs etc.

- h) However, the reduced rate of 5% shall be applicable only in case where the supplier does not avail the input tax charged on goods and services used in supplying the service, other than the input tax credit of input service in the same line of business. Further, in case the above service provider wishes to avail the full input tax credit, even in such cases the rate of output tax has been reduced from 18% to 12%.
- i) The above changes in respect of service of transportation of passengers shall mutatis mutandis apply in case of services of renting of any motor vehicle.
- j) Rate of tax in respect of service of Transportation of natural gas through pipeline has been reduced to 5%. However, condition has been incorporated stating the reduced rate shall be applicable if the supplier does not avail input tax credit charged on goods and service used in supplying such service. Further, in case the above service provider wishes to avail the full input tax credit, even in such cases the rate of output tax has been reduced from 18% to 12%.
- k) The following changes have been made in respect of manufacturing services on physical inputs (goods) owned by others i.e. the services by way of job work. The following manufacturing services shall now be taxable at the rate of 5%:
- i. Services by way of job work in relation to all products falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975. Earlier, it was restrictive, the same has been widened now;
 - ii. Services by way of job work in relation to printing of all goods falling under Chapter 48 or 49, which attracts tax rate of 5% or Nil;
 - iii. Services by way of job work in relation to food and food products falling under Chapters 1 to 22 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975);
 - iv. Services by way of job work in relation to all products falling under Chapter 23 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975), except dog and cat food put up for retail sale falling under tariff item 23091000 of the said Chapter;
 - v. Services by way of job work in relation to manufacture of clay bricks falling under tariff item 69010010 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975)
- l) The following changes have been made in respect of manufacturing services on physical inputs (goods) owned by others i.e. the services by way of job work. The following manufacturing services shall now be taxable at the rate of 12%:
- i. Service by way of job work in relation to the manufacture of umbrella;
 - ii. Services by way of job work in relation to printing of all goods falling under Chapter 48 or 49, which attracts tax rate of 12%;

- iii. Services by way of any treatment or process on goods belonging to another person in relation to printing of all goods falling under Chapter 48 or 49, which attract GST @ 12%.
- m) Services by way of printing of all goods falling under chapter 48 or 49 [including newspapers, books (including Braille books), journals and periodicals], which attract GST @ 12% or 5% or Nil, where only content is supplied by publisher and the physical inputs including paper for printing belongs to the printer shall be taxable at the rate of 12%. Earlier, it was taxable at the rate of 18%.

11. Changes in GST Rates for Goods based on the recommendations made in 22nd GST Council Meeting held on 6th October 2017

As per discussions held in the 22nd GST Council Meeting held under Chairmanship of Union Finance Minister Shri Arun Jaitley on 6th October, 2017, the following changes in GST rates for certain Goods have been Notified vide Notifications 34/2017 - Central Tax (rate).

GST RATE FOR THE FOLLOWING GOODS HAVE BEEN REDUCED

SL. No.	Chapter/ Heading/ Sub-heading/ Tariff item	Description	Present GST Rate	GST Rate Recommended by the GST Council
29	0813	Fruit, dried, other than that of headings 0801 to 0806; mixtures of nuts or dried fruits of Chapter 8	12%	5%
30A	804	Mangoes sliced dried	12%	5%
99A	1905 or 2106	Khakra and plain chapati / roti	12%	5%
101A	2106 90	Namkeens, bhujia, mixture, chabena and similar edible preparations in ready for consumption form, other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those	12%	5%

		where any actionable claim or any enforceable right in respect of such brand name has been voluntarily foregone, subject to the conditions as specified in the ANNEXURE]”		
164	2710	The following bunker fuels for use in ships or vessels, namely – i) IFO 180 CST ii) IFO 380 CST		5%
181A	30	Medicaments (including those used in Ayurvedic, Unani, Siddha, Homeopathic or Bio-chemic systems), manufactured exclusively in accordance with the formulae described in the authoritative books specified in the First Schedule to the Drugs and Cosmetics Act, 1940 (23 of 1940) or Homeopathic Pharmacopoeia of India or the United States of America or the United Kingdom or the German Homeopathic Pharmacopoeia, as the case may be, and sold under the name as specified in such books or pharmacopoeia	12%	5%
187A	3915	Waste, parings or scrap, of plastics”;	18%	5%
188A	4004 00 00	Waste, parings or scrap of rubber (other than hard rubber)”	18%	5%
191A	4017	Waste or scrap of hard rubber	28%	5%
198B	4707	Recovered waste or scrap of paper or paperboard”	12%	5%
218A	5605 0010	Real zari thread (gold) and silver thread, combined with textile thread”	12%	5%
219	5702; 5703	Carpets and other textile floor coverings, woven, not tufted or flopped, whether or not made up, including “Kelem”, “Schumacks”, “Karamanie” and similar hand-woven rugs Carpets and other textile floor coverings, tufted, whether or not made up Carpets and other textile floor coverings, tufted, whether or not made up	12%	5%
228A	7001	Cullet or other waste or scrap of glass”	18%	5%
234A	84 or 85	E-waste Explanation: For the purpose of this entry, e-waste means electrical and electronic equipment listed in Schedule I of the EWaste (Management) Rules, 2016, published in the Gazette of India vide G.S.R. 338 (E) dated the 23rd	28%/18%	5%

		March, 2016, including the components, consumables, parts and spares which make these products operational		
264	Any Chapter	Biomass briquettes	18%	5%
16	804	“Dates (soft or hard), figs, pineapples, avocados, guavas and mangosteens, dried”	12%	12%
17		dried fruits of Chapter 8 [other than dried tamarind and dried chestnut (singhada) whether or not shelled or peeled]”	12%	12%
132A	5401	Sewing thread of manmade filaments, whether or not put up for retail sale	18%	12%
132B	5402,5403, 5404, 5405, 5406	Synthetic or artificial filament yarns		12%
132C	5508	Sewing thread of manmade staple fibres	18%	12%
132D	5509, 5510, 5511	Yarn of manmade staple fibres”;	18%	12%
54A	3213	Poster colour	28%	18%
63	3407	Modelling paste for children amusement	28%	18%
“177A	6802	All goods other than:- (i) all goods of marble and granite; (ii) Statues, statuettes, pedestals; high or low reliefs, crosses, figures of animals, bowls, vases, cups, cachou boxes, writing sets, ashtrays, paper weights, artificial fruit and foliage, etc.; other ornamental goods essentially of stone”	28%	18%
303A	8305	Fittings for loose-leaf binders or files, letter clips, letter corners, paper clips, indexing tags and similar office articles, of base metal; staples in strips (for example, for offices, upholstery, packaging), of base metal”	28%	18%
308A	84	Parts suitable for use solely or principally with fixed Speed Diesel Engines of power not exceeding 15HP	28%	18%
308B	84 or 85	Parts suitable for use solely or principally with power driven pumps primarily designed for handling water, namely,	28%	18%

		centrifugal pumps(horizontal and vertical), deep tube-well turbine pumps, submersible pumps, axial flow and mixed flow vertical pumps		
369A	8483	Plain shaft bearings	28%	18%
23	3213	Artists', students' or signboard painters' colours, modifying tints, amusement colours and the like, in tablets, tubes, jars, bottles, "pans or in similar forms or packings [other than poster colour]		28%
		shaft couplings (including universal joints)		

Conclusion

It is said that having the knowledge and taking action consistently are two different aspects. Many of us have an understanding that refunds are very difficult and may not be possible. Therefore, some basic effort is made and not followed through. At times the already burdened accountant is give this as an additional responsibility and the extra time required for following up is missing.

In GST it is expected that the refunds would be faster and Government has also made its intention clear. In case of delays representation should be made to the GST Council.