



GST Update

Weekly Update
09.06.2018

- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 02.06.2018. It supplements the earlier GST Updates.
- This presentation is based on CGST Act/Rules/ Notifications. Similar parallel provisions in State Laws may be referred to as required

- Two CGST Circulars issued and One Customs Circular (Refund of IGST paid on export of goods) issued.



Clarification on applicability of rate of GST on Priority Sector Lending Certificates



- [http://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular No.46.pdf](http://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular_No.46.pdf)
- Earlier Circular No. 34/8/2018- GST dated 01.03.2018 (Sr. No. 3) issued in relation to an FAQ modified
- GST rate of 18 % under the residual entry at S.No.453 of Schedule III of notification No. 01/2017-Central Tax (Rate) applies only to those goods which are not covered under any other entries of Schedule I, II, IV, V, or VI of the notification. In other words, if any goods are covered under any of the entries of Schedule I, II, IV, V, or VI, the GST rate applicable on them will be decided accordingly, without resorting to the residual entry 453 of Schedule III



Clarification on applicability of rate of GST on Priority Sector Lending Certificates (Contd)



- <http://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular No.46.pdf>
- As such, various certificates like RECs, PSLCs etc are classified under heading 4907 and will accordingly attract GST @ 12 %,
- though duty paying scrips(MEIS/SEIS) classifiable under the same heading will attract Nil GST{under S.No. 122A of Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017, as amended vide Notification No. 35/2017-Central Tax (Rate) dated 13.10.2017}.

Clarification on certain issues under GST



<http://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular No.47.pdf>

- **Whether moulds and dies owned by Original Equipment Manufacturers (OEM) that are sent free of cost (FOC) to a component manufacturer is leviable to tax and whether OEMs are required to reverse input tax credit in this case?**
- Moulds and dies owned by the original equipment manufacturer (OEM) which are provided to a component manufacturer (the two not being related persons or distinct persons) on FOC basis does not constitute a supply as there is no consideration involved. Further, since the moulds and dies are provided on FOC basis by the OEM to the component manufacturer in the course or furtherance of his business, there is no requirement for reversal of input tax credit availed on such moulds and dies by the OEM

Clarification on certain issues under GST (Contd)



- It is further clarified that while calculating the value of the supply made by the component manufacturer, the value of moulds and dies provided by the OEM to the component manufacturer on FOC basis shall not be added to the value of such supply because the cost of moulds/dies was not to be incurred by the component manufacturer and thus, does not merit inclusion in the value of supply in terms of section 15(2)(b) of the Central Goods and Services Tax Act, 2017 (CGST Act for short).

Clarification on certain issues under GST (Contd)



- However, if the contract between OEM and component manufacturer was for supply of components made by using the moulds/dies belonging to the component manufacturer, but the same have been supplied by the OEM to the component manufacturer on FOC basis, the amortised cost of such moulds/dies shall be added to the value of the components. In such cases, the OEM will be required to reverse the credit availed on such moulds/ dies, as the same will not be considered to be provided by OEM to the component manufacturer in the course or furtherance of the former's business.

Clarification on certain issues under GST (Contd)



- **How is servicing of cars involving both supply of goods (spare parts) and services (labour), where the value of goods and services are shown separately, to be treated under GST?**
- The taxability of supply would have to be determined on a case to case basis looking at the facts and circumstances of each case.
- Where a supply involves supply of both goods and services and the value of such goods and services supplied are shown separately, the goods and services would be liable to tax at the rates as applicable to such goods and services separately

Clarification on certain issues under GST (Contd)



- In case of auction of tea, coffee, rubber etc., whether the books of accounts are required to be maintained at every place of business by the principal and the auctioneer, and whether they are eligible to avail input tax credit?
- For the purpose of auction of tea, coffee, rubber, etc, the principal and the auctioneer may declare the warehouses, where such goods are stored, as their additional place of business. The buyer is also required to disclose such warehouse as his additional place of business if he wants to store the goods purchased through auction in such warehouses. For the purpose of supply of tea through a private treaty, the principal and an auctioneer may also comply with the said provisions.

Clarification on certain issues under GST (Contd)



- The principal and the auctioneer for the purpose of auction of tea, coffee, rubber etc., or the principal and the auctioneer for the purpose of supply of tea through a private treaty, are required to maintain the books of accounts relating to each and every place of business in that place itself in terms of the first proviso to sub-section (1) of section 35 of the CGST Act. However, in case difficulties are faced in maintaining the books of accounts, it is clarified that they may maintain the books of accounts relating to the additional place(s) of business at their principal place of business instead of such additional place(s).

Clarification on certain issues under GST (Contd)



- The principal and the auctioneer for the purpose of auction of tea, coffee, rubber etc., or the principal and the auctioneer for the purpose of supply of tea through a private treaty, shall intimate their jurisdictional officer in writing about the maintenance of books of accounts relating to the additional place(s) of business at their principal place of business.
- It is further clarified that the principal and the auctioneer for the purpose of auction of tea, coffee, rubber etc., or the principal and the auctioneer for the purpose of supply of tea through a private treaty, shall be eligible to avail input tax credit subject to the fulfilment of other provisions of the CGST Act read with the rules made thereunder.

Clarification on certain issues under GST (Contd)



- **In case of transportation of goods by railways, whether goods can be delivered even if the e-way bill is not produced at the time of delivery?**
- As per proviso to rule 138(2A) of the CGST Rules, 2017, the railways shall not deliver the goods unless the e-way bill is produced at the time of delivery.

Clarification on certain issues under GST (Contd)



Whether e-way bill is required in the following cases-

(i) Where goods transit through another State while moving from one area in a State to another area in the same State.?

- It may be noted that e-way bill generation is not dependent on whether a supply is inter-State or not, but on whether the movement of goods is inter-State or not. Therefore, if the goods transit through a second State while moving from one place in a State to another place in the same State, an e-way bill is required to be generated.

(ii) Where goods move from a DTA unit to a SEZ unit or vice versa located in the same State.

- Where goods move from a DTA unit to a SEZ unit or vice versa located in the same State, there is no requirement to generate an e-way bill, if the same has been exempted under rule 138(14)(d) of the CGST Rules.

- <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2018/circ15-2018cs.pdf>
- In respect of SB005 errors, Board has decided to extend the facility of officer interface to Shipping bills filed up to 30.04.2018 (Earlier upto 28.02.2018).
- However, the exporters are advised to align their export invoices submitted to Customs and GST authorities for smooth processing of refund claims

Refund of IGST on export of goods (Contd)



- **SB003 errors: Mismatch between GSTIN entity mentioned in the Shipping bill and the one filing GSTR-1/GSTR-3B.**
- Board has examined the issue and it has been decided to provide a correction facility in cases where although GSTIN of both the entities are different but PAN is same.
- This happens mostly in cases where an entity filing Shipping bill is a registered office and the entity which has paid the IGST is manufacturing unit/other office or vice versa. However, in all such cases, entity claiming refund (one which has filed the Shipping bill) will give an undertaking to the effect that its other office (one which has paid IGST) shall not claim any refund or any benefit of the amount of IGST so paid.



Refund of IGST on export of goods (Contd)



- The undertaking shall be signed by authorized persons of both the entities. This undertaking has to be submitted to the Customs officer at the port of export.
- DG Systems have developed a utility now which would facilitate processing of IGST refund claims stuck due to SB003 error in the manner similar to SB005 error.



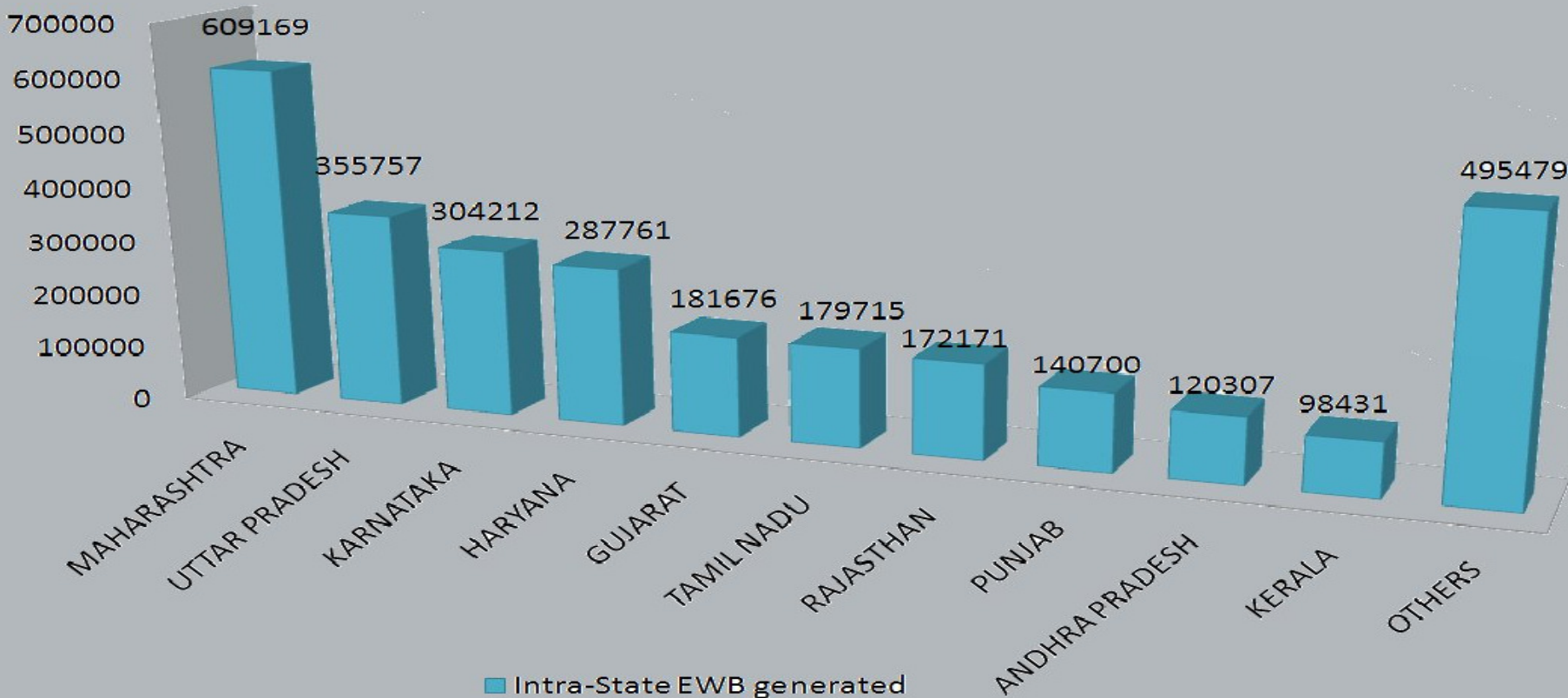
E Way Bill Updates

National Academy of Customs, Indirect Taxes and Narcotics (NACIN)

Top 10 E-way Bill generating states for the month of June 18

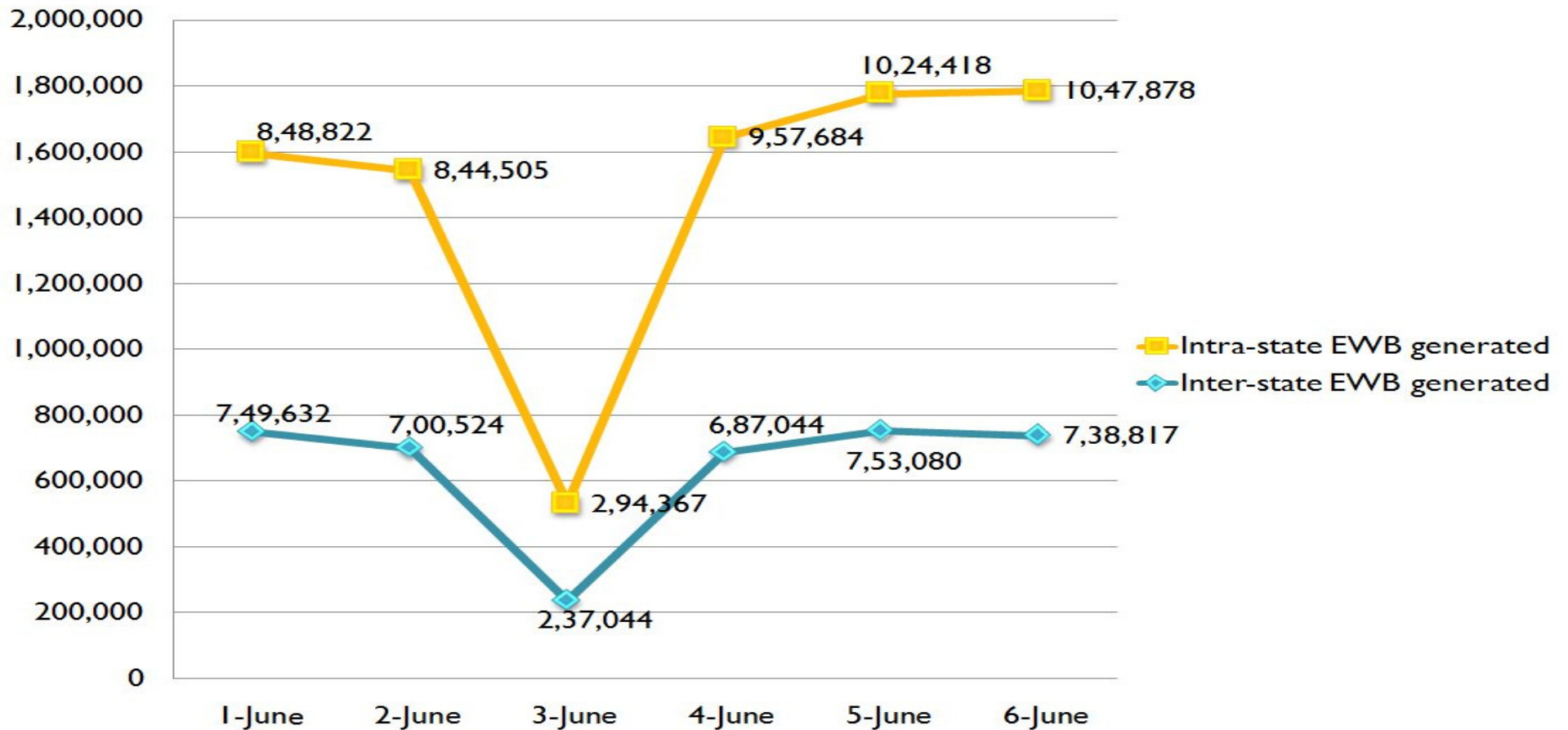


Top 10 Intra-State EWB generating States of June '18



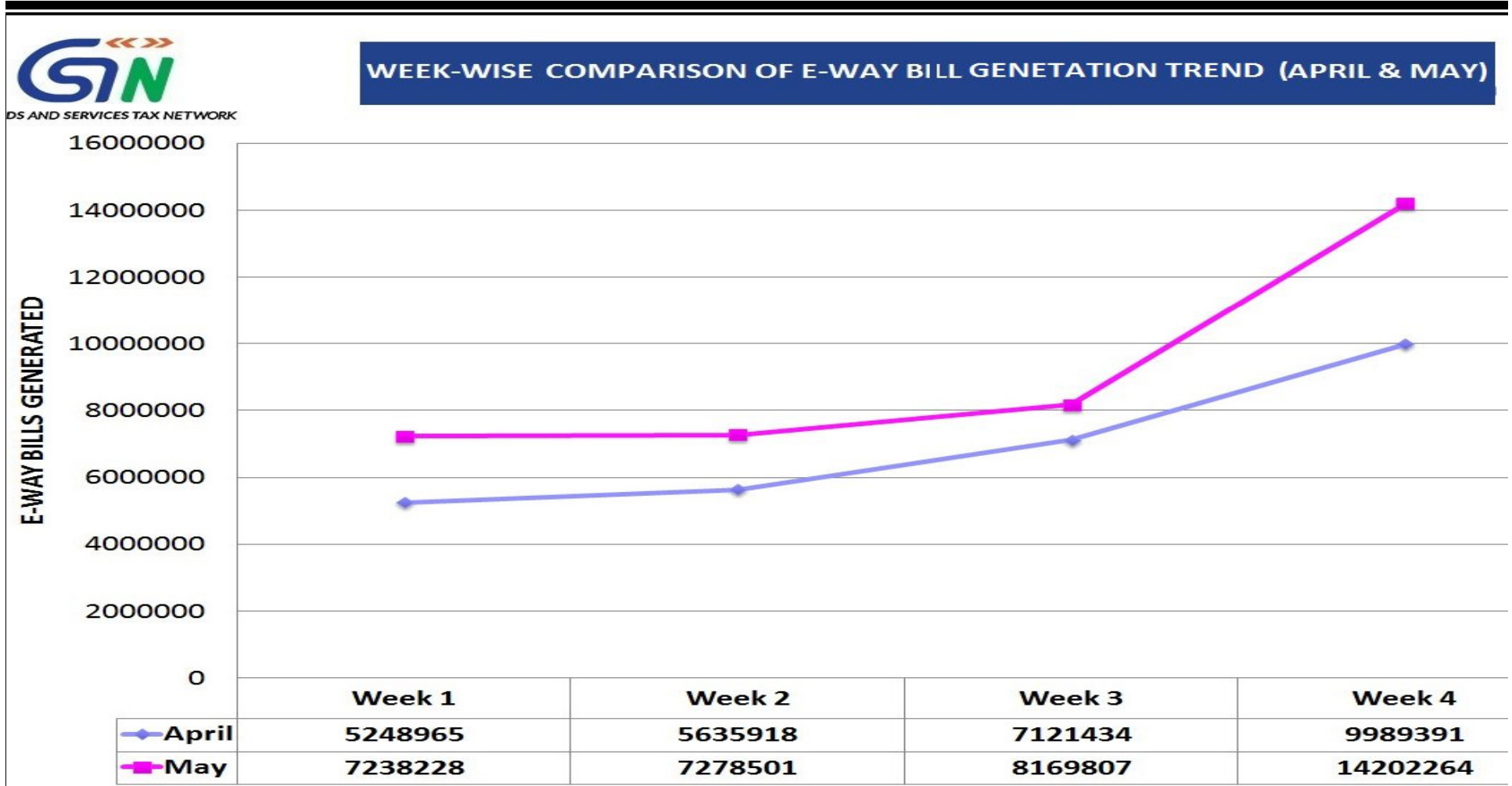
Intra-state ewb generated from 1st to 4th June '18: 29,45,...

Inter-State and Intra-State E-Way Bill Generation Trend for June



Total EWB generated from June 1 to June 6 : 88,83,8

A week-wise comparison of E-Way bills generated in April and May shows that the E-Way Bill generated in the last week of May was more than double of that generated in the first week of April. The number of EWB generated are growing tremendously everyday.





GST Portal Updates

National Academy of Customs, Indirect Taxes and Narcotics (NACIN)

New Functionality



- **Demands & Recovery -Changes in Form GSTDRC-07**
- Currently while filing up Form GST DRC-07, only one tax rate for any Act (SGST/ CGST/ IGST/Cess), can be entered by Tax official. The said validation has resulted in accepting only one tax rate for an Act. Now validation has been removed and tax official can enter more than one tax rate for same Act.
- Government vide notification, has inserted a column of 'others' along with tax, interest and penalty in the Form GST DRC-07. The same has been provided in the Form.

New Functionality



- **Provision to display export ledger to taxpayers on the Track Status screen**
- A hyperlink “View Export Ledger” on Track Status page has been provided to taxpayers, to view details of IGST and Cess payment details, return wise, to show them the difference of IGST and cess as shown in Form GSTR 3B and Form GSTR 1. Taxpayer can also download this ledger as CSV file.



New Functionality



- **Refund - Length of EGM number**
- Provision to give EGM number of minimum 1 digit to maximum 7 digits, while filing application of refund Exports of Goods and Services without Payment of Tax; i.e. Accumulated ITC, has been provided to the taxpayers.



GST LEGAL UPDATES

National Academy of Customs, Indirect Taxes and Narcotics (NACIN)



Municipal Corporation does not have the authority to levy advertisement tax



- **Case reported in 2018-TIOL-44-HC-ALL-GST in the case of Maneesh Singh Vs State of UP –**
- The petitioner was served a notice from the municipal corporation concerned, raising duty demand for advertisement tax - Hence the present writ.
- The High Court Held - Considering the provisions of Section 173 of the UPGST Act, 2017, the provisions of Section 172(2), 192 & 193 of the UP Municipal Corporation Act, 1959 have been omitted - In such case, the municipal corporation concerned has no authority to levy advertisement tax - The activity in question will only attract levy of GST - Hence the SCN issued is bad in law & merits being quashed: HC



Any ISSUES/ queries?



- <https://cbec-gst.gov.in/>
- [CBEC MITRA HELPDESK](#)
 - 1800 1200 232
 - cbecmitra.helpdesk@icegate.gov.in
- GSTN Help Desk
 - <https://selfservice.gstsystem.in/> - Grievance redressal portal
 - Help Desk Number: 0120-4888999

Any ISSUES/ queries?



- Twitter Handles
- For General Questions
- https://twitter.com/askGST_GoI
- For technology related issues
- <https://twitter.com/askGSTech>
- NACIN twitter
- https://twitter.com/NACIN_OFFICIAL



THANK YOU