

GST Update

Weekly Update
04.05.2019

- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 27.04.2019. 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

Notifications and Circulars



- Two Central Tax Circulars issued
- GST Council Secretariat released its first newsletter

GST applicability on Seed Certification Tags

- **Circular No. 100/19/2019-GST dated 30th April, 2019**
- The process of seed testing and certification followed in the state of Tamil Nadu, as prescribed in the Seeds Act, 1966 and elaborated in the Manual on Seed Production and Certification, published by Centre for Indian Knowledge Systems, Chennai, involves the following steps:
 - a. Application for seed production
 - b. Registration of sowing report
 - c. Field inspection
 - d. Seed processing
 - e. Seed sample and seed analysis
 - f. Tagging and sealing

GST applicability on Seed Certification Tags (Contd)

- **Seed testing and certification** is exempt under Notification No. 12/2017-Central Tax (Rate) Sl. No. 47 (services by Central/State Governments by way of testing/certification relating to safety of consumers and public at large, required under any law).
- Seed testing and certification is a multi-stage process, the charges for which are collected from the seed producers at different stages. Supply of seed tags to the seed producer is nothing but an element of the one integrated supply of seed testing and certification. All the above charges, including those for issue of seed certificates/tags by the Seed Certification Agency of Tamil Nadu and Uttarakhand to the seed producing organization/ companies are collected for the composite supply of seed testing and certification (Exempt Supply)

GST applicability on Seed Certification Tags (Contd)

- However, supply of seed tags by the other departments/manufacturers to the State Government/Seed Certification Agencies is a supply of goods liable to tax.
- **Classification of Tags:** Tags would be classified depending on the predominant material used in the tags
 - under Chapter 49 as tags made of paper, if made of paper or
 - in Textile chapters as tags made of textile, if made of textiles

GST exemption on the upfront amount for long term lease of plots

- **Circular No. 101/20/2019-GST dated 30th April, 2019**
- GST exemption on the upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for long term lease (of thirty years, or more) of industrial plots or plots for development of infrastructure for financial business under Entry No. 41 of Exemption Notification 12/2017 – Central Tax (R) dated 28.06.2017 is admissible irrespective of whether such upfront amount is payable or paid in one or more instalments, provided the amount is determined upfront

- http://www.gstcouncil.gov.in/sites/default/files/GSTC-Secretariat-News-letter_01052019.pdf
- GST collections in the month of March 2019 was a record high of **₹.1,06,577 crore** (CGST= ₹ 20,353 crore, SGST = ₹ 27,520 crore, IGST= ₹ 50,418 crore and cess is ₹.8,286 crore) as against revenue in March, 2018 of ₹ 92,167 crore, showing growth of 15.6% over revenue in same month last year. Revenue for last quarter in 2018-19 is 14.3% higher than same period last year.

- The Hindu Business Line awarded Changemaker Award for the year 2019 to -
 - **GST Council.**
 - Union Finance Minister Shri Arun Jaitley accepted the award on behalf of the GST Council.



GST Legal Updates

IGST Refund cannot be denied on account of Technical Glitches

Vsg Exports Pvt Ltd Vs CC reported in 2019-TIOL-977-HC-MAD-GST:

Facts

Refund of Integrated Tax (IGST) paid on the goods exported out of India. Since the respondents did not refund the IGST amount, the Writ Petition was filed. According to the petitioner, they have claimed lower rate drawback as per Notification 131/2016(NT) , dated 31.10.2016, the petitioner having mistakenly declared in the Shipping Bills that they have availed higher drawback by selecting A instead of B; that the same is an inadvertent error; that to overcome such inadvertent errors, CBEC, Ministry of Finance, Government of India, issued a Circular No.8/2018 , dated 23.03.2018 which allows the refund of IGST through an officer interface specially opened by DG(Systems), a one time exception.

IGST Refund cannot be denied on account of Technical Glitches

The Hon'ble High Court held as under-

Case on hand will clearly indicate that only due to inadvertence, the drawback code in the shipping bill was wrongly mentioned as 680203A instead of 680203B. Respondents do not dispute that IGST refund is payable to the petitioner but only due to the fact that Export General Manifest for the shipping bills have been closed by the computer system, it is not possible to refund the IGST amount to the petitioner. Petitioner cannot be made helpless just because the computer system does not enable them to refund the IGST amount. Being an undisputed fact that IGST refund is payable to the petitioner, the petitioner is absolutely entitled to the IGST refund from the respondents. Petitioner had never availed the option to take drawback at higher rate in place of IGST refund and, therefore, the Circular No.37/2018 dated 09.10.2018 is not applicable to the facts of the instant case -

IGST Refund cannot be denied on account of Technical Glitches

The Hon'ble High Court held as under

Further, the [Circular No. 37/2018](#), dated 09.10.2018 issued by CBEC has also not rescinded the earlier [Circular No.08/2018](#), dated 23.03.2018. Settled law is that although the circular is not binding on the Court or an assessee, revenue cannot raise contention contrary to binding circular; that when a circular remains in operation, revenue is bound by it and cannot be allowed to plead that it is not valid or it is contrary to the terms of statute - Court is of the considered view that the respondents ought to have refunded the IGST amount for the aforementioned shipping bills to the petitioner within a period of eight weeks. Petition allowed.

Object and Purpose of Transitional Provisions to be achieved

Yokogawa India Ltd Vs UoI reported in 2019-TIOL-957- HC-Kar-GST

Facts

Assailing the communication dated 22.03.2019 issued by the respondent No.6, Petitioner *inter alia* seeks a direction to the respondents to enable them to revise their Form GST TRAN-1 in order to transit the amount of Rs.4,31,32,066/- in the Electronic Credit Ledger in terms of the provisions of Section 140 of the [CGST Act, 2017](#) r/w rule 117/120A of the [CGST Rules, 2017](#).

Object and Purpose of Transitional Provisions to be achieved

The Hon'ble High Court held as under-

Object and purpose of the transitional arrangements made under Section 140 of the Act requires to be achieved to its logical end. Request of the petitioner to revise the Form GST TRAN-1 for the first time cannot be denied on technicalities. The avowed object and purpose of the transitional arrangements has to be achieved. In the new tax regime, such glitches not being uncommon, a pragmatic approach would sub-serve the ends of justice. Order impugned is set aside and the matter is restored to the file of the respondent No.6 to re-consider the grievance of the petitioner in the light of the observations made. Decision to be taken expeditiously, within a period of four weeks.

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