

D Arvind and Associates LLP

# DAA LLP CHARTERED ACCOUNTANTS

An update on GST Notifications

2017

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CHARTERED ACCOUNTANTS

**Contents & Background**

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This is a comprehensive note on Notification No. 17/2017 Central Tax issued on 27<sup>th</sup> July, 2017, the letter issued by the Office of the Principal Commissioner of Central Tax, Central GST & Central Excise Zone, Bengaluru and also a note on the recent decisions taken with regards to Services at the GST Council meet held on 5<sup>th</sup> August, 2017.

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CBEC has Notification No. 17/2017-Central Tax dated 27<sup>th</sup> July, 2017 and this Notification has amended the Central Goods and Services Tax Rules, 2017 which is given in the form of a short brief as under:

1. The government has amended Rule 24(4) of Central GST Rules, 2017 and has extended the date for cancellation of provisional GST registration from 30<sup>th</sup> July 2017 to 30<sup>th</sup> September, 2017.
2. As per Rule 34 of Central GST Rules, 2017 the value of supply was determined as per exchange rate issued by Reserve Bank of India. Now the rules have been amended to prescribe the following methodology

Nature of Supply	Rate of Exchange
Supply of Goods	As per Customs Regulations
Supply of Services	As per generally accepted accounting principles

3. Third proviso to Rule 46 specifies supplies made to SEZ. An endorsement in the format as specified in the rules has to be enclosed for all supplies made to SEZ as under:  
“ SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS ON PAYMENT OF INTEGRATED TAX OR SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX”
4. Rule 61 of Central GST Rules, 2017 specifies the time limit for filing returns and the form for returns. The said notification has issued procedural clarifications for filing returns in GSTR 3B. As per Rule 61 of Central GST Rules time limit for furnishing Form GSTR 1 and GSTR2 was extended , registered person was required to file Form GSTR 3B in lieu of Form GSTR3 .  
The amendment vide this notification specifies that even after filing Form GSTR 3B there is an auto generated Form GSTR3 whereby Part A shall be generated based on information furnished through Form GSTR 1 and GSTR 2 and Part B shall be generated based on information furnished in Form GSTR 3B.  
Part B of the returns in Form GSTR 3B can be modified if there are any discrepancies between returns in Form GSTR 3B and Form GSTR 3 and then discharge his liability. If there is excess Input Tax Credit based on Form GSTR3 as against that claimed in Form GSTR 3B such excess credit is transferred to a registered persons electronic credit ledger.

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**NOTE ON EXPORT RELATED ISSUES- Bonds/LUT**

1. Notification No. 16/2017 dated 7<sup>th</sup> July, 2017 has specified conditions and eligibilities for Letter of Undertaking instead of bond.  
Persons who has earned forward inward remittance of 10% of export turnover in the preceding financial year is eligible for LUT.
2. Bonds are executed on a non judicial stamp paper and LUT are submitted on a plain paper with seal and sign of the exporter. Time limit though not prescribed for accepting LUT/Bond, it should still be issued within 3 days from date of submission of LUT/Bond.
3. Under the erstwhile regime Form CT-1 used to be issued for purchase by merchant exporter without payment of Excise Duty. However GST law treats such a transaction between Merchant Exporter and manufacturer as a supply liable to GST. Exports are zero rated only if supplies are made by an exporter.
4. Under GST law EOU's does not enjoy any special status and hence supplies to EOU are treated as supplies to a normal supplier and are taxable under GST. EOU's are zero rated if it involves supplies by an exporter.
5. Circular No. 04/2017 dated 7<sup>th</sup> July, 2017 states that 15% bank guarantee is the maximum security for the bond and Commissioner can only exercise powers to waive off bank guarantee partially or fully. Based upon exporters track record then bond could be furnished without bank guarantee.
6. As per Circular No. 02/2017 dated 4<sup>th</sup> July, 2017 Bond/LUT shall be accepted only by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over Appellants principal place of business. Exporters can furnish LUT/Bond before Central or State Tax Officers.
7. Exporters self declaration in their letter head is sufficient for grant of LUT/Bond.

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**GST Council Meet Decisions dated 5<sup>th</sup> August, 2017**

The 20<sup>th</sup> GST Council meeting held on 5<sup>th</sup> August, 2017 has brought out changes in key rates which are summarised in the form of a table as under:

SL No.	Description of Service	From	To
1	Job work services in respect of textiles and textile products(It includes MMF Yarns, Garments, made-ups, falling in chapters 50 to 63)	18%	5%
2	Services by way of printing of news papers , books, journals and periodicals using physical inputs owned by others including an unregistered supplier/publisher	18% with full ITC	5% with full ITC
3	Works contract services provided to government, local authority or governmental authority and services in respect of post harvest storage infrastructure for agricultural produce and mechanized food grain handling system	18% with full ITC	12% with full ITC
4	Services by way of printing of news papers, books , journals and periodicals where content is supplied by publisher and inputs and paper used for printing belongs to the printer	18% with full ITC	12% with full ITC
5	Admission to planetarium	28% with full ITC	18% with full ITC
6	Rent a cab service	Allowed option of 12% with full ITC. Even 5% GST with no ITC also continues.	
7	GTA	Allowed option of 12% with full ITC under forward charge. Even 5% GST with no ITC also continues. GTA at the beginning of financial year has to choose the option.	

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New clarifications were issued in the GST council meet as under

1. Partnership firm or a firm includes LLP for levying GST on legal services.
2. Legal services provided by an individual advocate or a senior advocate or a firm of advocates to a business entity which includes representation services are covered under the ambit of Reverse Charge Mechanism.

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