

## GST Council Meeting Update



- Relief to SMEs
- Relief to Exporters
- URD RCM Suspended
- Expediting Refunds

## Editors' Central



- Relief from accumulation of Credit
- More Ease of Compliance Expected

## GST Council Meeting Update

GST Council held its 22<sup>nd</sup> meeting on 6<sup>th</sup> October, 2017 and has recommended changes in composition scheme and also has granted relief for small and medium enterprises which is summarized shortly in the form of a tax update.

### • **Composition Scheme**

Person liable to pay GST having an annual aggregate turnover of up to Rs. 1 Crore can avail composition scheme. The threshold limit for composition scheme under GST was earlier Rs. 75 lacs.

Jammu and Kashmir and Uttarakhand are special category states for which threshold limit under the said scheme is increased from Rs.50 lacs to Rs.75 lacs.

Facility for availing benefit under the revised composition scheme for existing and new tax payers are available up to 31.03.2018.

Those availing composition scheme shall file quarterly returns in Form GSTR-4 for that portion of the quarter in which the benefit was availed. Tax Payers eligible for composition scheme but provide exempted services are eligible for the composition scheme the benefit which was earlier not available.

### • **Small and Medium firms granted relief under GST**

A dealer making inter state taxable supplies has to compulsorily register irrespective of turnover presently. Going ahead the GST council has decided to exempt **service providers** making inter state taxable supplies with a turnover of less than 20 lacs from obtaining registration.

Small and Medium enterprises having an aggregate turnover of up to Rs. 1.5 crores can file quarterly returns in GSTR Form 1, 2 & 3 and also make GST payments on a quarterly basis commencing from the third quarter October-December 2017. Those purchasing from such enterprises are eligible to avail ITC on a monthly basis by entering directly in GSTR 2.

### • **Treatment for advances received**

Tax Payers having a turnover of up to Rs.1.5 crores are not required to pay GST on receipt of advances for supply of goods. GST would apply only when the actual supply of goods takes place.

## **GST Council Meeting Update**

### ***URD - Reverse Charge Mechanism Suspended***

Reverse Charge Mechanism for Inward Supply of Goods & Services from Unregistered Dealers is suspended till 31.03.2018. However Reverse Charge Mechanism for Specified Services like GTA, Sponsorship Service etc. shall remain

### ***GTA***

Services provided by GTA to a unregistered person is exempted from GST.

### ***TDS & TCS***

TDS /TCS Provisions under GST would not be operationalized till 31.03.2018

### ***E – Way Bill***

E Way Bill System shall be implemented across the country from 01.04.2018.

### ***Extension of Return Filing Due Date for Composition Scheme & ISD***

- Filing of returns under Form GSTR-4 by a tax payer under composition scheme for the quarter July to September 2017 is extended to 15.11.2017.
- Filing of returns in Form GSTR-6 by a ISD for the quarter July to September 2017 is also extended to 15.11.2017.

### ***Rate Change - Works Contract***

- Works contract involving >75% Earth work supplied to Central Gov.(CG)/State Gov.(SG) – 5%
- Upfront Amount payable on Land given on Lease >30 yrs by CG / SG for Industries – Exempt
- Works Contract Service – Offshore Oil & Gas Exploration – 12%

### ***Export : Refunds & Procurement for Exports (EOU/AA/EPCG)***

#### ***Refund Processing***

Refund of IGST paid on goods exported outside India would begin to be paid as follows:

- From 10 October, 2017 for exports in July 2017,
- From 18 October, 2017 for exports in August, 2017,

Refund of IGST paid on supplies made to SEZ and of input taxes on exports made under bond/ LUT would be processed from 18 October, 2017. Refund will be processed by either of the CGST / SGST Department.

#### ***E- Wallet System***

The Government is considering to introduce a system of e-wallet for exporters, where such e-wallet would be credited with a notional amount as if it is an advance refund. Such amount can be used to pay IGST, GST, etc.

The actual refunds would be adjusted from such e- wallet.

This scheme is intended to be operationalized by 1 April, 2018.

#### ***Exemption/ concession on procurement of goods for exports:***

- Imports made by advance authorization holders, EPCG license holders and units under 100% EOU Scheme would be without payment of IGST, Cess, etc.
- Domestic supplies to such persons would be treated as deemed exports and refund of tax paid on such supplies would be given to the supplier.
- Merchant exporters are required to pay GST @ 0.1% for procuring goods from domestic suppliers for exports.
- Specified banks and public sector units are being allowed to import gold without payment of IGST. Such gold can then be supplied to exporters as per a scheme similar to advance authorization.

#### ***GST rate Change in Relation to Exports:***

- GST rate on sale of duty credit scrips is being reduced from 5% to 0%.
- GST rate on bunker fuel is being reduced to 5% for both coastal vessels and foreign going vessels.

The Government quickly realized the serious bottleneck faced by Exporters in terms of accumulated Credit & Refund. They have provided much needed relief to ensure that exporters could procure Goods without payment of duty to ensure no accumulation of credit. Refund for Exporters would be much easier after the introduction of E-Wallet system.

Having lived with two returns per year in the Service Tax Regime, the government could have made quarterly returns for all the assesses instead of restricting this facility to limited assesses.

### **About DAA**

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