

TSMT UPDATE

Goods and Services Tax I Recommendation in 23rd GST Council meeting

The all important GST council in its 23rd GST council meeting held on 10th November 2017 has recommended major relief to tax payers by reducing the rate of tax for certain goods and services and have also recommended relaxation measures for filing of GST returns. The move is good news for both the industry and the consumer since the lower rate and fewer compliance will ease tax burden and encourage businesses to be compliant under law.

The Major recommendations are summarized below:

➔ Relaxation for filing of Returns

1. Summarized return in Form GSTR- 3B to be continued till March,2018.
2. In case of filing of FORM GSTR-1 till March 2018, taxpayers are divided into two categories.

Taxpayers with annual aggregate turnover upto Rs. 1.5 crore need to file GSTR-1 on quarterly basis as per following frequency:

Period	Dates
July-Sep	31st Dec 2017
Oct- Dec	15th Feb 2018
Jan-Mar	30th April 2018

Taxpayers with annual aggregate turnover more than Rs. 1.5 crore need to file GSTR-1 on monthly basis as per following frequency:

Period	Dates
July- October	31st Dec 2017
November	10th January 2018
December	10th February 2018
January	10th March 2018
February	10th April 2018
March	10th May 2018

3. The time period for filing GSTR-2 and GSTR-3 for the months of July, 2017 to March 2018 would be worked out by a Committee of Officers.

4. Considering difficulties faced by tax payers while filing returns, late fees to be waived for returns for the month July- September 2017. Late fees paid if any to be re-credited back to Electronic cash ledger.
5. October 2017 onwards, the amount of late fee payable for a taxpayer whose tax liability for the month is '**NIL**' will be Rs. 20/- per day (Rs. 10/- per day each under CGST & SGST Acts) instead of Rs. 200/- per day (Rs. 100/- per day each under CGST & SGST Acts).

➔ **Further extension of due dates**

Period	To be filed by	Dates
GSTR-4 for the quarter JulySeptember, 2017	Composition dealers	24th December 2017
GSTR-5 for July, 2017	Non- residents	11th December 2017
GSTR-6 for July, 2017	Input service distributor	31st December 2017
TRAN-1	Carrying forward of credit from old law	31st December 2017

➔ **Advance Ruling**

Facility for manual filing of application for advance ruling to be introduced for time being. Tax payers can file for rate clarification to the authority of advance ruling manually.

➔ **Changes for Composition Scheme**

1. Uniform rate of tax @ 1% under composition scheme for manufacturers and traders (for traders, turnover will be counted only for supply of taxable goods). No change for composition scheme for restaurant.
2. Supply of services by Composition taxpayer upto Rs 5 lakh per annum will be allowed by exempting the same
3. Annual turnover eligibility for composition scheme will be increased to Rs 2 crore from the present limit of Rupees 1 crore under the law.

➔ Reduction in Rate of Tax

The Council has recommended reduction in GST rate from 28% to 18% on goods falling in 178 headings. After these changes, only 50 items will attract GST rate of 28%.

The new slab rate will be applicable from 15th November 2017.

a. Goods on which the Council has recommended reduction in GST rate from 28% to 18% includes:

electrical boards, articles of wood, furniture, hand bags, personal care products such as shampoos, perfumes, beauty preparation, lamp and light fitting, goods of marbles, wrists watches, printers, fire extinguishers, escalators, gym equipments, musical instruments, chocolates, food ingredients, specified laboratory equipments, glass of all kinds, certain construction materials such as cements, doors, wall papers etc.

b. Goods on which the Council has recommended reduction in GST rate from 28% to 18% includes:

Condensed milk, pasta, sugar, printing ink, Parts of specified agricultural, horticultural, forestry, harvesting or threshing machinery, Spectacles frames, Specified parts of sewing machine, Hand bags and shopping bags of jute and cotton.

c. Goods on which the Council has recommended reduction in GST rate from 18% to 5% includes:

Condensed milk, pasta, sugar, printing ink, Parts of specified agricultural, horticultural, forestry, harvesting or threshing machinery, Spectacles frames, Specified parts of sewing machine, Hand bags and shopping bags of jute and cotton.

d. Goods on which the Council has recommended reduction in GST rate from 18% to 5% includes:

Chutney powder, Flour of potatoes put up in unit container bearing a brand name, Sulphur recovered in refining of crude,

e. Goods on which the Council has recommended reduction in GST rate from 12% to 5% includes:

Idli, dosa batter, Worn clothing, Finished leather, chamois and composition leather, Fishing net and fishing hooks, Fly ash brick, Coir cordage and ropes, jute twine, coir products.

f. Goods on which the Council has recommended reduction in GST rate from 5% to NIL% includes:

Guar meal, Certain dried vegetables such as sweet potatoes, maniac ,Unworked coconut shell, Fish frozen or dried (not put up in unit container bearing a brand name), Khandsari sugar

Note: The Government is yet to notify the relevant HSN code for the all goods for which rate of tax has been recommended to be changed.

➔ **Changes in Rate of Tax for restaurants**

- All restaurants irrespective of air conditioned or otherwise, will attract 5% without ITC. Food parcels (or takeaways) will also attract 5% GST without ITC.
- Restaurants in hotel premises having room tariff of less than Rs 7500 per unit per day will attract GST of 5% without ITC.
- Restaurants in hotel premises having room tariff of Rs 7500 and above per unit per day (even for a single room) will attract GST of 18% with full ITC. I
- Outdoor catering will continue to be at 18% with full ITC.

➔ **Rationalization of certain exemption entries**

In order to obviate dispute and litigation, it is proposed that irrespective of whether permanent transfer of Intellectual Property is a supply of goods or service.-

- (i) permanent transfer of Intellectual Property other than Information Technology software attracts GST at the rate of 12%; and
- (ii) permanent transfer of Intellectual Property in respect of Information Technology software attracts GST at the rate of 18%.

Conclusion:

The recommendations made by GST council is a welcome move. Further, The extension of due dates gives the GSTN system more time to stabilise and lowers the burden of filing returns.

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