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Newsflash: Highlights of the 22nd GST Council Meeting





Highlights of the 22nd GST Council Meeting

The 22nd Goods and Services Tax (GST) council meeting was held on 6 October 2017 in New-Delhi. In the said meeting the GST council has proposed revision of rates for certain services and goods. Further, certain relaxation has also been proposed in respect of compliances under GST.

The Key Highlights of the said meeting are as under:

1.0 Proposed revised GST Rates for Certain Services

The proposed revised rates decided by the GST Council on certain Job Work services are as under:

| Sr. No. | Description of Services | Proposed GST Rate |
|------------|---|-------------------|
| 1 | Job work services in relation to all products falling in Chapter 71 | 5% |
| | (including imitation jewellery) | |
| 2 | Job work services in relation to food and food products falling under Chapters 1 to 22 of the HS Code (except packing of processed milk into packets) | 5% |
| 3 | Job work services in relation to products falling under Chapters 23 of the HSN Code except dog and cat food put up for retail sale (CTH 23091000) | 5% |
| 4 | Job work in relation to manufacture of umbrella | 12% |
| 5 | Job work in relation to manufacture of clay bricks falling under CTH 69010010 | 5% |
| 6 | Services by way of printing on job work basis or on goods belonging to others in relation to printing of all goods falling under Chapter 48 or 49, which attract GST @ 5% or Nil [Heading 9988] | 5% |
| 7 | Services by way of printing on job work basis or on goods belonging to others in relation to printing of all goods falling under Chapter 48 or 49, which attract GST @ 12% [Heading 9988] | 12% |
| 8 | Services by way of printing on job work basis or on goods belonging to others in relation to printing of goods falling under Chapter 48 | 18% |
| | Or 49, other than those covered by (6) and (7) above, [Heading 9988] | |
| 9 | Services by way of printing in relation to printing of all goods falling under Chapter 48 or 49, which attract GST @ 5% or Nil, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer [(Heading 9989)] | 12% |
| 10 | Services by way of printing of all goods falling under Chapter 48 or 49 which attract GST @12%, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer | 12% |
| 11 | Services by way of printing of all goods falling under Chapter 48 or 49 which attract GST @18% or above, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer | 18% |

- Leasing of vehicles which was purchased and leased prior to 1 July 2017, shall be taxed at 65% of the applicable GST + Cess rate. This reduced rate would be applicable for a period of 3 years with effect from 1st July 2017. When such Vehicles are sold, the same shall be taxed at 65% of the applicable GST + Cess rate. This reduced rate also would be applicable for a period of 3 years with effect from 1st July 2017.
- Sale/supply of vehicles by a registered person, who had procured the vehicle prior to 1July 2017 and has not availed input tax credit of central excise duty, VAT or any other taxes paid on such vehicles, would be taxed at 65% of the applicable GST + Cess rate. This reduced rate would be applicable for a period of 3 years with effect from 1 July 2017.
- Sale by way of auction etc. of used vehicles, seized and confiscated goods, scrap etc. by Central Government, State Government, Union Territory or a local authority, to any person, to be subjected to GST under reverse charge under section 9 (3) of the CGST Act.
- Transportation of Passengers by any motor vehicle will be taxed at 5% without ITC (ITC of Input Services shall be allowed which are in the same line of business) and 12% with Full ITC.

Further, renting of any motor vehicle will also be taxed at 5% without ITC (ITC of Input Services shall be allowed which are in the same line of business) and 12% with Full ITC.

- Works Contract Service involving predominantly earth works (consisting more than 75% of the value of work contract) supplied to Central & State Governments, Local Authority, Government Authority or Government Entity shall be taxed at 5%.
- GST shall be levied @ 12% on works contract services in respect of offshore works contract relating to oil and gas exploration and production in the offshore area beyond 12 nautical miles.
- GST shall be levied @ 12% with ITC or 5% without ITC for transportation of natural gas through pipeline.
- 2.0 GST Council has also proposed changes in rates in respect of certain Goods and also has provided IGST exemption on import of certain Goods

(The same is provided as Annexure – A - Click here to open the document).

3.0 Proposed increase in turnover for availing compensation scheme

- The Composition Scheme shall be made available to tax payers (including for Jammu Kashmir & Uttarakhand) having annual aggregate Turnover of upto Rs 1 Crore as compared to current turnover threshold of Rs 75 Lacs. For Special Category states, the scheme will be available to tax payers having aggregate Turnover of upto Rs 75 Lacs as compared to current turnover threshold of Rs 50 Lacs. The facility of availing composition under the increased threshold shall be available to both migrated and new taxpayers upto 31 March 2018.
- New entrants to this scheme shall have to file the return in FORM GSTR-4 only for that portion of the quarter from when the scheme becomes operational and shall file returns as a normal taxpayer for the preceding tax period.
- Persons who are otherwise eligible for composition scheme but are providing any exempt service (such as extending deposits to banks for which interest is being received) were being considered ineligible for the said scheme. It has been decided that such persons who are otherwise eligible for availing the composition scheme and are providing any exempt service, shall be eligible for the composition scheme.



4.0 Other Aspects

- Persons making inter-state supply were liable for compulsory registration. However it has been decided to exempt those service providers whose annual aggregate turnover is less than Rs. 20 lacs (Rs. 10 lacs in special category states except J & K) from obtaining registration even if they are making inter-State taxable supplies of services.
- The reverse charge mechanism specified under section 9(4) and under section 5(4) of IGST Act, 2017 shall be suspended till 31 March 2018. Therefore supply of goods or services received by registered person from an unregistered person which were liable for tax under reverse charge would not be liable for tax and the said provisions would stand suspended till 31March 2018.
- It has also been decided that taxpayers having annual aggregate turnover up to Rs. 1.5 crores shall not be required to pay GST at the time of receipt of advances on account of supply of goods. The GST on such supplies shall be payable only when the supply of goods is made.
- Services provided by Goods transport Agencies to an unregistered persons have been exempted from GST.
- Registration and operationalization of TDS/TCS provisions shall be postponed till 31 March 2018.
- Provisions for E-way bill will be effective from 1 April 2018.
- The last date for filing the return in FORM GSTR-4 by a taxpayer under composition scheme for the quarter July-September, 2017 shall be extended to 15 November 2017. Also, the last date for filing the return in FORM GSTR-6 by an input service distributor for the months of July, August and September, 2017 shall be extended to 15 November 2017.
- Invoice Rules are being modified to provide relief to certain classes of registered persons.
- Ease of Filing of returns and payment of GST
 - Persons having turnover upto Rs 1.5 Crores (small taxpayers) shall be required to file quarterly returns in form GSTR 1, 2 & 3 and also pay taxes only on quarterly basis. The said facility will be available from third quarter i.e. from October December, 2017. The registered persons availing any goods or services from such small tax payers would be eligible to avail ITC on a monthly basis.
 - Due dates for filing the said quarterly returns will be announced in due course.
 - Meanwhile all the tax payers would have to compulsorily file GSTR-3B on a monthly basis till December, 2017 and would also have to file GSTR-1, GSTR-2 and GSTR-3 for the month of July, August and September 2017.



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This newsflash is general in nature. In this newsflash, we have summarized the extracts of the 22nd GST Council meeting held at New-Delhi on 6 October 2017. It may be noted that nothing contained in this newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain applicability or otherwise of the said notification and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this newsflash.

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