

Key Takeaways from the 23rd GST Council Meeting

The GST Council, in its 23rd meeting held at Guwahati on 10th November 2017, recommended various facilitative measures for taxpayers. The Council also recommended major relief in GST rates on certain goods and services. These recommendations are spread across sectors and commodities.

Key Recommendations

- Annual turnover eligibility for composition scheme to be increased to Rs 2 crore
- List of 28% GST rated goods to be pruned from 224 tariff headings to only 50 tariff headings
- Reduction in GST rates applicable on restaurants
- Further simplification of return filing process
- Clarification on inter-state movement of goods like rigs, tools, spares, etc.

Changes in Composition Scheme

Annual turnover eligibility for composition scheme will be increased to Rs 2 crore from the present limit of Rupees 1 crore under the law. Thereafter, eligibility for composition will be increased to Rs. 1.5 Crore per annum. Supplier of goods rendering services up to Rs. 5 lakh shall also be entitled to avail said composition scheme.

Currently, the GST law provides that the Government can increase the annual turnover limit for opting composition levy up to one crore rupees only. Therefore, the increase in turnover limit will be implemented only after the necessary amendment of the CGST Act and SGST Acts.

A uniform rate of tax @ 1% under composition scheme has been recommended for both manufacturers and traders (for traders, turnover will be counted only for supply of taxable goods). No change in rate for composition scheme for restaurant has been recommended.

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Changes in GST Rates

The Council has recommended reduction in GST rate from 28% to 18% on goods falling in 178 headings at 4-digit level (including 4 tariff heading that are partially pruned). After these changes, only 50 items will attract GST rate of 28%.

Further, the Council has recommended changes in GST rates on other goods as well, so as to rationalise the rate structure with a view to minimise classification disputes. On the services side also, the Council recommended changes in GST rates to provide relief to aviation & handicraft sectors and restaurants.

The Council has also recommended providing exemption from IGST on imports of lifesaving medicine supplied free of cost by overseas supplier for patients and imports of specified goods by a sports person. Exemption is also to be extended to temporary import of professional equipment by accredited press persons visiting India, broadcasting equipments, sports items, testing equipment under ATA carnet system, provided these goods are re-exported after the specified use is over.

Reduction in GST Rates Applicable on Restaurants

As per the recommendations of the GST Council, all stand-alone 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. Outdoor catering will continue to be taxed at 18% with full ITC.

Simplification of Return Filing Process

The GST Council has recommended further simplification of the return filing process, especially for small taxpayers. Filing of monthly return in FORM GSTR-3B has been extended to March, 2018. For filing of details in FORM GSTR-1 till March 2018, taxpayers would be divided into two categories. Details of these two categories along with the last date of filing GSTR 1 are as follows:

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

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

- (b) 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
Jul- Oct	31 st Dec 2017
Nov	10 th Jan 2018
Dec	10 th Feb 2018
Jan	10 th Mar 2018
Feb	10 th Apr 2018
Mar	10 th May 2018

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. However, filing of GSTR-1 will continue for the entire period without requiring filing of GSTR-2 & GSTR-3 for the previous month/period.

Clarification on Inter-State Movement of Goods

The GST Council has clarified that inter-state movement of goods like rigs, tools, spares and goods on wheel like cranes, not being in the course of furtherance of supply of such goods, does not constitute a supply.

This clarification gives major compliance relief to industry as there are frequent inter-state movement of such goods in the course of providing services to customers or for the purposes of getting such goods repaired or refurbished or for any self-use. Service provided using such goods would in any case attract applicable tax.

Other Changes

- i) Facility for manual filing of application for advance ruling to be introduced for the time being;
- ii) Suppliers providing services through an e-commerce platform to be exempted from obtaining compulsory registration provided their aggregate turnover does not exceed twenty lakh rupees;
- iii) Due dates for furnishing the following forms to be extended:

S. No.	FORM and Details	Original due date	Revised due date
1	GST ITC-04 for the quarter July-September, 2017	25.10.2017	31.12.2017
2	GSTR-4 for the quarter July-September, 2017	18.10.2017	24.12.2017
3	GSTR-5 for July, 2017	20.08.2017 or 7 days from the last date of registration whichever is earlier	11.12.2017
4	GSTR-5A for July, 2017	20.08.2017	15.12.2017
5	GSTR-6 for July, 2017	13.08.2017	31.12.2017
6	TRAN-1	30.09.2017	31.12.2017 (One-time option of revision also to be given till this date)

These recommendations are expected to take effect from 15th November, 2017 subject to issue of relevant notifications.

The information contained in this newsletter is solely intended to provide general guidance on matters of interest. Nothing herein constitutes professional or legal advice, nor does any information herein constitute a comprehensive or complete statement of the issues discussed. It is recommended that you seek a professional advice to confirm your understanding on the issues dealt above.