

HIGHLIGHTS OF THE 31st GST COUNCIL MEETING

December 2018

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The GST Council in its 31st Meeting at New Delhi on 22nd December 2018 took forward-looking approach by responding to key industry challenges like rationalization of tax rates, ease of compliances, clarifications on certain vexed issues and referring contentious issues to dedicated group of ministers etc.

This Bulletin highlights the recommendations made by the GST Council in its 31st Council Meeting.

Key recommendations:

- Electronic Cash Ledger:** There would be a single cash ledger for each tax head (i.e. IGST, CGST & SGST) for smooth utilization of cash deposited
- New return filing system:** New return filing system shall be introduced on a trial basis from 1st April 2019 and on mandatory basis from 01st July 2019
- Due date** of various forms has been extended as tabulated below:

GST Form	Period	Extended due date
<ul style="list-style-type: none">GSTR 9 (Annual Return for regular taxpayer)GSTR 9A (Annual Return for Composition Dealer)GSTR 9C (Audit Report for taxpayers having aggregate turnover exceeding INR 2 crore)	FY 2017-18	30 th June 2019
<ul style="list-style-type: none">GSTR 8 (Return for e-commerce operator)	October 2018 to December 2018	31 st January 2019
<ul style="list-style-type: none">GST ITC 04 (Details of goods dispatched/ received to / from job worker or sent from one job worker to another)	July 2017 to December 2018	31 st March 2019

4. Clarification / changes in Annual Return (Form GSTR-9; GSTR-9A) and Reconciliation Statement (Form GSTR-9C)

- GST Annual Return Forms GSTR-9 & GSTR-9A headings to be amended to specify that the Return needs to be filed in respect of supplies “made during the year” and not “as declared in returns filed during the year”
- Regular taxpayers to file Form GSTR-1 & GSTR-3B before filing Form GSTR-9 & Form GSTR-9C. Similarly, Composition Dealer needs to file Form GSTR-4 before filing Form GSTR-9A
- HSN code for inward supplies may be declared only for those inward supplies whose value independently accounts for 10% or more of the total value of inward supplies
- Any additional tax payments can be paid through Form GST DRC-03 only in cash
- Input Tax Credit (‘ITC’) cannot be availed through Form GSTR-9 or GSTR-9C
- All invoices relating to the previous financial year would be auto-populated in Table 8A of Form GSTR-9 irrespective of month in which such invoice is reported in Form GSTR-1
- Value of “non-GST supply” shall also include the value of “no supply”
- Verification by taxpayer who is uploading reconciliation statement would be included in Form GSTR-9C

5. **ITC related to FY 2017-18:** ITC related to FY 2017-18 can be claimed up to due date of filing of Form GSTR-3B for the month of March 2019 subject to specified conditions (to be notified)

6. **GST Refund:**

- (a) A scheme of single authority for disbursement of the refund amount sanctioned by either the Centre or the State tax authorities would be implemented on pilot basis
- (b) Supporting documents / invoices relating to refund claim shall be uploaded on the common portal at the time of filing refund application (GSTN to enable this functionality shortly)
- (c) Following refund can also be claimed through Form GST RFD-01A:
 - Refund on account of Assessment / Provisional Assessment / Appeal / any other Order;
 - Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice-versa;
 - Excess payment of tax; and
 - Any other refund

7. One more window for completion of **migration process** will be allowed:

- (a) Due date for furnishing the requisite details to the jurisdictional nodal officer by the taxpayer who did not complete Form GST REG-26 filing but received only a Provisional ID till 31st December 2017 shall be extended till 31st January 2019
- (b) Due date of filing Forms GSTR-3B & GSTR-1 for the period July 2017 to February 2019 / quarters July 2017 to December 2018 for such taxpayers shall be extended till 31st March 2019

8. **Late fee for GST Return:**

Late fee shall be waived for all taxpayers where returns (GSTR-1, GSTR-3B and GSTR-4) are filed after 22nd December 2018 but on or before 31st March 2019

9. **Restriction on generating E-way bill:**

Taxpayers who have not filed Returns for two consecutive tax periods shall be restricted from generating e-way bills. This provision shall be made effective once GSTN / NIC make available the required functionality

10. **Notification of GST (Amendment) Acts:**

Changes made by CGST (Amendment) Act, 2018, IGST (Amendment) Act, 2018, UTGST (Amendment) Act, 2018, GST (Compensation to States) Amendment Act, 2018 and the corresponding changes in SGST Acts would be notified w.e.f. 1st February 2019

The requisite Notifications / Circulars for implementing the above recommendations of the GST Council shall be issued shortly.

Please [Click Here](#) to read Press Release on the recommendations of the GST Council.

Rationalization of GST rates:

The GST Council recommended changes in GST rates, exemptions and clarifications on levy of GST on certain goods and services.

Select Goods & Services	Existing Rates	Revised Rates
<ul style="list-style-type: none">Pulleys, transmission shafts and cranks, gear boxes etc.Monitors and TVs of up to screen size of 32 inchesRe-treaded or used pneumatic rubber tyresPower banks of lithium ion batteriesDigital cameras and video camera recordersVideo game consoles and other games and sportsGST rate on cinema tickets above Rs 100	28%	18%
<ul style="list-style-type: none">Parts and accessories for the carriages for disabled persons	28%	5%
<ul style="list-style-type: none">Cinema tickets up to Rs 100Third party insurance premium of goods carrying vehicles	18%	12%
<ul style="list-style-type: none">Music Books	12%	0%
<ul style="list-style-type: none">Vegetables (uncooked or cooked by steaming or boiling in water), frozen, branded and put in a unit containerVegetable provisionally preserved but unsuitable in that state for immediate consumption	5%	0%

GST on solar power generating plant and other renewable energy plants

- GST @ 5% has been prescribed on renewable energy devices & parts for their manufacture falling under chapter 84, 85 or 94. Other goods or services used in these plants shall attract applicable GST
- In case where specified goods attracting 5% GST are supplied along with services of construction etc. and other goods for solar power plant:
 - 70% of the gross value shall be deemed as the value of supply of goods attracting 5% rate
 - remaining 30% of the aggregate value of such EPC contract shall be deemed to be taxable service attracting standard GST rate

Please [Click Here](#) to read Press Release on rate changes and clarification in goods.

Please [Click Here](#) to read Press Release on rate changes, rationalization/ clarification in services.

In-principle approval given for certain GST law amendments:

The GST Council accorded in-principle approval to the following amendments in the GST Acts:

- Constitution of a Centralized Appellate Authority for Advance Ruling ('AAAR') to deal with cases of conflicting decisions by two or more State AAAR on the same issue

(b) Interest should be charged only on the net tax liability (i.e. gross tax payable minus admissible input tax credit). In other words, interest would be leviable only on the amount payable through the electronic cash ledger

The above recommendations will be effective only after the necessary amendments in the GST Acts are carried out.

Please [Click Here](#) to read Press Release on in-principle approval given for GST law amendments.

Certain important issues referred by GST Council to various Committees / Group of Ministers ('GoM')

The GST Council referred the following issues to various Committees / GoM:

SI	Issues	Referred To
1	Extending the Composition scheme to small service providers. The rate of tax and threshold limit to be proposed	Law Committee and Fitment Committee
2	Tax rate on lotteries	Committee of States
3	Taxation of residential property in real estate sector	Law Committee and Fitment Committee
4	Threshold limit of exemption under GST regime	GoM on MSMEs

The GST Council in its next meeting would take a view on the above issues.

Please [Click Here](#) to read Press Release on issues referred by GST Council.

Formation of Group of Ministers ('GoM'):

- The GST Council has approved the proposal to form a 7 Member GoM to study the revenue trend including analysis of the reasons for structural patterns affecting the revenue collection in some of the States.
- The study would include the underlying reasons for deviation from the revenue collection targets *vis-à-vis* original assumptions discussed during the design of GST system, its implementation and related structural issues.
- The GoM will be assisted by the committee of experts from Central Government, State Governments and National Institute of Public Finance and Planning. The GoM in turn would give its recommendations to the GST Council. The members of the GoM and the Committee of experts would be announced in due course of time.

Please [Click Here](#) to read Press Release on formation of GoM.

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