



## GST 28<sup>th</sup> Council Meeting

The GST Council in its 28th meeting held on 21st July 2018 in New Delhi under the Chairmanship of Shri Piyush Goyal recommended significant changes in the GST laws on reduction in GST rates, simplified compliances and migration window for tax payers.

### Highlights of the decisions taken by the GST Council in its 28th Meeting:

1. **Composition Scheme:** Upper limit of turnover for composition scheme to be raised from INR 10 million to INR 15 million (i.e. Rs 1 crore to Rs 1.5 crores)

Composition dealers may supply services (other than restaurant services) up to 10% of turnover in the preceding financial year or INR 500,000/- whichever is higher

2. **Unregistered Dealers:** On receipt of supplies from unregistered suppliers, GST under reverse charge should be applicable only on specified goods in case of certain notified class of registered persons on the recommendations of the GST Council
3. **Threshold exemption limit** for GST registration in Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand should be increased to INR 2 million from existing INR 1 million (i.e. Rs 20 lakhs from Rs 10 lakhs)
4. **Multiple registrations:** Taxpayers may opt for multiple registrations within a State / Union Territory in respect of multiple places of business located within the same State / Union territory
5. **E-commerce:** Mandatory registration required for only e-commerce operators who are required to collect tax at source
6. **Cancellation of registration:** GST registration to remain temporarily suspended while cancellation of registration is under process to provide relief from compliance requirements
7. **Non-taxable transactions:** The following transactions should be treated as non-taxable supplies under Schedule III:
  - ✓ Supply of goods from a non-taxable territory to another non-taxable territory without such goods entering into India;
  - ✓ Supply of warehoused goods to any person before clearance for home consumption; and
  - ✓ Supply of goods on high-sea sales



- 8. Input Tax Credit:** Scope of Input Tax Credit ('ITC') to be widened and made available on:
- ✓ Most of the transactions specified in Schedule III
  - ✓ Motor vehicles, vessels & aircraft used for transportation of persons having seating capacity of more than 13 (including driver)
  - ✓ Motor vehicles for transportation of money for or by a banking company or financial institution;
  - ✓ Services of general insurance, repair and maintenance in respect of motor vehicles, vessels and aircraft on which credit is available; and
  - ✓ Goods or services which are obligatory for an employer to provide to its employees, under any law for the time being in force

Further, the order of cross-utilization of ITC is proposed to be rationalized

- 9. Payment to Suppliers:** If the recipient fails to pay the supplier within 180 days from the date of issue of invoice, ITC availed by the recipient should be reversed with no interest payable
- 10. Consolidated credit / debit notes:** Taxpayers may issue consolidated credit / debit notes in respect of multiple invoices issued in a Financial Year
- 11. Pre-deposits on Appeals:** Pre-deposit payable for filing of appeal before the Appellate Authority and the Appellate Tribunal to be capped at INR 250 million and INR 500 million (i.e. Rs 25 crores and Rs 50 crores) respectively
- 12. Job Work:** The Commissioner should be empowered to extend the time limit for return of inputs and capital sent on job work upto a period of 1 year and 2 years respectively
- In case of job work, 'place of supply' of any process done on goods temporarily imported into India and then re-exported should be outside India
- 13. Export of Services:** Supply of services may qualify as exports even if payment is received in Indian Rupees if permitted by Reserve Bank of India ('RBI')
- 14. Recovery** can be made from distinct persons, even if present in different State / Union Territories

Please refer Press Release on the decisions of the GST Council on simplified GST

Recommendations: <http://pib.nic.in/PressReleaseDetail.aspx?PRID=1539568>



## Migration window:

The GST Council approved the proposal to open the migration window for taxpayers who received provisional IDs but could not complete the migration process. Taxpayers are requested to approach their jurisdictional GST nodal officers with the necessary details on or before 31 August, 2018

Please refer Press Release on the recommendations of GST Council on opening of migration window: <http://pib.nic.in/PressReleaseDetail.aspx?PRID=1539569>

## GST Returns:

- The GST Council approved the new return formats
- All taxpayers (excluding small taxpayers and a few exceptions) will be required to file one monthly return reporting outward supplies and ITC basis invoices uploaded by the supplier
- Small taxpayers having turnover below INR 50 million (i.e. Rs 5 crores) may file quarterly returns similar to main return with monthly payment facility separately for B2C supply or B2B & B2C supply
- Invoices can be uploaded continuously by the seller and viewed and locked by the buyer for availing ITC
- NIL return filers shall be given facility to file return by sending SMS

Please refer Press Release on the decisions of the GST Council on simplified GST Return: <http://pib.nic.in/PressReleaseDetail.aspx?PRID=1539570>

## GST Rate changes:

The GST Council took significant decisions relating to changes in GST rates, rationalization of rates, exemptions and clarification on levy of GST on several goods, specified handicraft items and services.

Please refer Press Releases on the decisions of the GST Council relating to GST rate changes which would be given effect to through Gazette notifications / circulars which shall have force of law.

- GST rate changes on goods: <http://pib.nic.in/PressReleaseDetail.aspx?PRID=1539574>
- GST rationalization on Services: <http://pib.nic.in/PressReleaseDetail.aspx?PRID=1539571>

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