

GST Revenue Collection

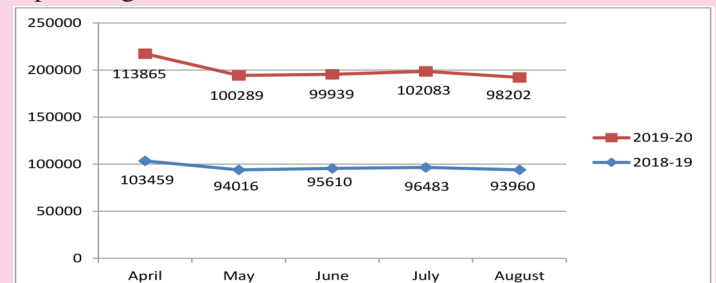
Total gross GST revenue collected in the month of August, 2019 was Rs. 98,202 crore, including Rs. 17,733 crore of CGST, Rs. 24,239 crore of SGST, Rs. 48,958 crore of IGST and Rs. 7,273 crore of Cess. Revenue growth in August, 2019 was 4.51 per cent over the same month in 2018 (August 2018, Rs. 93,960).

The snapshot of revenue collected in CGST, SGST, IGST and Cess for April – August 2019 is given below:

GST Revenue for April to August, 2019 (Rs. in crore)

	April	May	June	July	August
CGST	21,163	17,811	18,366	17,912	17,733
SGST	28,801	24,462	25,343	25,008	24,239
IGST	54,733	49,891	47,772	50,612	48,958
CESS	9,168	8,125	8,457	8,551	7,273
Total	1,13,865	1,00,289	99,938	1,02,083	98,203

The below chart shows trend of GST collection April-August 2019-20 vis-s-vis 2018-19.



GST Council paid Tribute to Shri Arun Jaitley

Before start of 37th meeting, the GST Council paid its tribute to Shri Arun Jaitley, Ex. Union Finance Minister and first Chairperson of GST Council, by observing two minutes silence after the tribute was read over which is reproduced below:

“The GST Council expresses its deepest condolences on passing away of Shri Arun Jaitley, erstwhile Union Finance Minister who had Chaired 32 GST Council Meetings. During discussions in GST Council Meetings leading to the roll out of GST, he showed immense patience and erudition in ensuring that all contentious issues were discussed threadbare and a solution acceptable to all was arrived at. He thus set up a very healthy precedence of arriving at decisions by consensus. His legal background lent depth to his interventions on difficult legal issues. He thus made the GST Council a shining example of Cooperative Federalism that it is today”



Recommendations of the 37th GST Council on 20.09.2019

37th meeting of the GST Council was convened on 20th September 2019 at Goa under the Chairmanship of Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman.

37th Meeting of the Goods and Services Tax Council 19-20th September 2019, Goa



Constitution of State/Area benches of GSTAT and Extension of last date for filing appeal before GSTAT

In term of provisions of Section 109 of the CGST Act, GST Council recommended constitution of GST Appellate Tribunal and its benches in following states:

Sl. No.	Name of States/UT	State Bench	Area Bench
1	Meghalaya	Shillong	No bench
2	Mizoram	Aizawl	-do-
3	Rajasthan	Jaipur	Jodhpur
4	Karnataka	--	Two Area benches at Bengaluru

In the wake of non-functionality of GST Appellate Tribunal in the States/UTs, the Council has also decided to extend the last date for filing of appeal before the GSTAT by three months from the date of order or three months from the date on which the President or the State President of the Tribunal enter office, whichever is later.

Measures for MSMEs

Considering the challenges being faced by the taxpayers on account of annual return filing, the Council has decided to exempt MSMEs from filing annual return for FY 2017-18 and FY 2018-19 as under:

- complete waiver of FORM GSTR-9A for Composition Taxpayers for the said tax periods.
- waiver of FORM GSTR-9 for taxpayers turnover below Rs. 2 crores for the said tax periods.

The Council also directed to constitute a Committee of Officers to examine simplification of forms for Annual Return and Reconciliation Statement.

Restrictions on availment of ITC

In order to nudge taxpayers to timely file their statement of outward supplies, the Council decided that the ITC to be availed by a registered taxpayer in respect of invoices or debit notes; the details of which have not been uploaded by the suppliers under sub-section (1) of section 37; shall not exceed 20% of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the suppliers under sub-section (1) of section 37.

New Return System

In order to give ample opportunity to taxpayers as well as the GSTN to adopt, it was decided to implement the New Return System from April, 2020, instead of its implementation in phased manner. Trial version of annexures of outward supplies and inward supplies has already been available for Trade and tax officials by GSTN. Many training and outreach programme to acquaint with NEW Return System are being conducted by tax administration and GSTN.

The Council approved retrospective amendment of Rule 61 (5) of CGST Rules, 2017 that FORM GSTR-3B is a return under Section 39 of the CGST Act.

Refund

The Council was informed that online refund processing functionality shall be implemented from 24th September, 2019 enabling **disbursement of refund through a Single Refund Sanctioning Authority** under an Integrated Refund System. Earlier, the refund processing was done for both Centre and State GST by one authority to whom the taxpayer was assigned administratively but disbursement was done by accounting authority of Centre and State tax department separately. The new system has done away with this and after processing is completed by the tax officer, the sanctioned amount will get credited to the bank account of the taxpayers through PFMS System.

The Council also approved that the procedure to be followed and other issues be clarified in relation to refund in following situations:

- procedure to claim refund in FORM GST RFD-01A subsequent to favourable order in appeal or any other forum;
- eligibility to file a refund application in FORM GST RFD-01A for a period and category under which a NIL refund application has already been filed.

Linking GST Registration with Aadhar

To curb/check fly-by-night operators who are taking advantage of easy registration process and to authenticate the identity of the promoters and authorized signatories, GST Council in-principle decided to link Aadhar with registration of taxpayers in phases. The first phase of linking of Aadhar would be considered for:

- Authorised signatory and proprietor in case of proprietorship concerns
- Authorised signatory and partners managing/Auth in case of partnership firms
- Authorised signatory and Karta in case of HUF
- All other authorized signatories

Taxpayers coming for new registration shall be asked whether they intend to provide their Aadhar details or not. In case they don't consent, facility of auto-approval of registration will not be available and physical verification process will be made mandatory to confirm their identity using other document.

The GST Council also in-principle decided to examine possibility of making Aadhar mandatory for claiming refunds.

Risk Management of Taxpayers

To tackle the menace of fake invoices and fraudulent refunds, the Council in-principle agreed for examination by Law Committee of the interim recommendations of Committee of Officer on Risk Based Management of taxpayers:

- To initiate the Aadhar based verification process of all new taxpayers;
- Develop modalities and timelines for similar verification of all the existing taxpayers;
- In absence of Aadhar validation, compulsory physical verification of premises;
- For risky new taxpayers (Proprietor, new PAN with no Income Tax or Business turnover, financial credentials) restrict ITC on supplies made by them to Rs. 20 lakh per month i.e. block GSTR-2A auto population to Rs. 20 lakhs per month for first 6 months;
- Further, ITC to be linked to their depositing a certain percentage of the ITC sought to be passed on in cash ledger. Considering that the average cash to allowed credit ratio is 20:80, the credit allowed to be pushed above the limit of Rs. 20 lakhs shall be 5 times the amount deposited in the cash ledger.
- GST Council with the help of GSTN to get an offence database developed and all enforcement wings to share suspect GSTINs, DINs from GST and pre-GST periods in the said database;
- Till new return is rolled out, transpose information from GSTR-1, GSTR-2A and GSTR-3B to identify taxpayers claiming excess ITC or taking ITC of duty/taxes not paid.

IT enabled and intermediary services

To bring uniformity in application of law, Council approved a clarification regarding supply of Information Technology enabled Services (ITeS) (in supersession of Circular No. 107/26/2019-GST dated 18.07.2019) being made on own account or as intermediary.

GST Acts on account of creation of UTs of J&K and Ladakh

The Council approved suitable amendments in CGST Act, UTGST Act and the corresponding SGST Act in view of creation of UTs of Jammu & Kashmir and Ladakh.

Composition scheme

Aerated drink manufactures would be excluded from availing composition scheme.

Hospitality and Tourism

Rate of GST on hotel accommodation service has been reduced. The rate matrix on accommodation service would be as below:

Sl. No.	Transaction Value per unit (Rs) per day	GST
1	Rooms priced below Rs. 1000	Nil
2	Rooms priced below Rs. 7500	12%
3	Rooms priced over Rs. 7500	18%

Rate of GST on outdoor catering services other than in premises having daily tariff of unit of accommodation of Rs 7501 reduced from present 18% with ITC to 5% without ITC. The rate would be mandatory for all kinds of catering. Catering in premises with daily tariff of unit of accommodation is Rs 7501 and above would remain at 18% with ITC.

Export Promotion

GST exemption on services provided by an intermediary to a supplier of goods or recipient of goods when both the supplier and recipient are located outside the taxable territory.

A notification would be issued under Section 13(13) of IGST Act notifying the place of supply of specified R&D services (such as Integrated discovery and development, Evaluation of the efficacy of new chemical/ biological entities in animal models of disease, Evaluation of biological activity of novel chemical/ biological entities in in-vitro assays, Drug metabolism and pharmacokinetics of new chemical entities, Safety Assessment/ Toxicology, Stability Studies, Bio Equivalence and Bio Availability Studies, Clinical trials, Bio analytical studies) provided by Indian pharma companies to foreign service recipients, as the place of effective use and enjoyment of a service i.e. location of the service recipient.

A clarification would be issued that the place of supply of chip design software R&D services provided by Indian companies to foreign clients by using sample test kits in India is the location of the service recipient and section 13(3)(a) of IGST Act, 2017 is not applicable for determining the place of supply in such cases. Exemption from GST/IGST granted to:

- Silver/Platinum by specified nominated agencies at the time of import;
- supply of Silver/Platinum by specified nominated agency to exporters for exports of Jewellery.

Inclusion of Diamond India Limited (DIL) in the list of nominated agencies eligible for IGST exemption on imports of Gold/ Silver/Platinum so as to supply at Nil GST to Jewellery exporters.

Railway Wagons, Coaches and Rolling Stocks

The Industry had requested that the rate structure had led to inversion and industry was saddled with huge accumulation of ITC affecting their cash flow. In order to address accumulation of ITC the Council decided to increase the GST from 5% to 12% without refund on goods of Chapter 86 of tariff like railway wagon, coaches, rolling stock.

Job Work Services

To address the issue of accumulation of ITC, it was decided to reduce the rate of GST on Job Work services as below:

Item	Existing	New
Job work on diamond	5%	1.5%
Machine job work, except bus body building	18%	12%

Agriculture and Warehousing

GST exempted prospectively on services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, rice, coffee and tea.

GST exempted on supply of goods and services to Food and Agriculture Organisation (FAO) for specified projects in India. GST concession @12% on pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery during the period 1.07.2017 to 31.12.2018.

Food and related goods

To bring caffeinated beverages at par with aerated waters, the Council decided to increase GST rate from 18% to 28%. Also 12% compensation cess would be leviable on caffeinated beverages.

GST rate on:

- Wet Grinders (stone as a grinder) reduced to 5% from the existing 12%.
- Dried tamarind rate reduced to Nil from existing 5%.
- Retrospective exemption provided on Fishmeal for the period 01.07.17 to 30.09.19, in view of doubts as regards taxability of fishmeal and related interpretation. However, any tax collected for this period shall be required to be deposited.

Applicability of GST rate @18% on Almond milk (HS code 22029990) would be clarified.

Mere heating of leguminous vegetables (gram/lentil) for removing moisture, or to soften and puff it or removing the skin, and not subjecting to any other processing or addition of any other ingredients (salt, oil etc.) would be classified under HS code 0713.

Defence

GST/IGST exempted on imports of specified defence goods, not being manufactured indigenously (upto 2024).

GST/IGST exempted on imported stores for Navy.

Aviation

GST rate on Marine Fuel 0.5% (FO) has been reduced to 5% from existing 18%.

Modalities would be prescribed for allowing concessions on spare parts imported temporarily by foreign airlines for repair of their aircraft, while in India in transit in terms of the Chicago Convention on Civil Aviation.

Taxability of Passenger Service Fee (PSF) and User Development Fee (UDF) levied by airport operators would be clarified.

Petroleum Products

Option provided to pay GST at the rate of 18% on transaction value at the time of disposal of specified goods for petroleum operations (on which concessional GST rate of 5% was paid at the time of original supply) provided that the goods are certified by Directorate General of Hydrocarbons (DGH) as non-serviceable.

GST rate reduced @5% on specified goods for petroleum operations undertaken under Hydrocarbon Exploration Licensing Policy (HELP).

The scope of the entry 'services of exploration, mining or drilling of petroleum crude or natural gas or both' would be clarified.

Renewable Energy

Parts like solar evacuation tubes for solar power based devices like solar water heater, solar steam, generation systems, would be eligible to 5% GST rate.

Sports

GST exempted on supply of goods and services to FIFA and other specified persons for organizing the under-17 Women's Football World Cup in India.

Medical

Council decided to clarify exclusive parts and accessories suitable for use solely or principally with a medical device (falling under headings 9018, 9019, 9021 or 9022) would fall in respective headings and attract GST at the concessional rate of 12%.

Gems and Jewellery

GST rate on cut and polished semi-precious stones reduced to 0.25% from existing 5%.

Utility items

GST rate of 12% uniformly imposed from present rates of 5%, 12%, 18% on Polypropylene/Polyethylene Woven and Non-Woven Bags and sacks, whether or not laminated, of a kind used for packing of goods.

Tobacco products

Restriction placed on refund of compensation cess on tobacco products (in case of inverted duty structure)

Mechanical sprayers

All "mechanical sprayers" falling under HS Code 8424 would attract 12% GST.

Clothing Accessories

GST rate reduced on the parts of Slide Fasteners to 12% from existing 18%.

Handicraft

GST rate on Plates and Cups made of Leaves/ flowers/ bark reduced to Nil from existing 5%.

Transportation

Validity of conditional exemption of GST on export freight by air or sea extended till 30.09.2020.

Royalty to authors

Royalty paid by publishers to authors for original literary works

attracts GST at 12% under Reverse Charge Mechanism (RCM). Now a registered author shall have an option to pay GST on royalty charged from publishers under forward charge and observe regular GST compliance.

Insurance

GST exemption is provided on "BANGLA SHASYA BIMA" crop insurance scheme of West Bengal Government.

GST exemption is provided on services of life insurance business provided or agreed to be provided by the Central Armed Paramilitary Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the respective Group Insurance Schemes of these Central Armed Paramilitary forces.

Security lending services

In order to streamline the levy on supply of securities lending service, the Council decided to levy GST on securities lending service under reverse charge mechanism (RCM). IGST shall be payable on supply of these services and in cases where CGST/SGST/UTGST have been paid, such taxpayers will not be asked to pay again.

Vehicles

Passenger vehicles of engine capacity 1500 cc in case of diesel, 1200 cc in case of petrol and length not exceeding 4000mm designed for carrying upto 9 persons attract compensation cess of 1% for petrol and 3% for diesel vehicle. Council recommended same compensation cess rate for vehicles having these specifications (length and engine capacity) but designed for carrying more than 10 persons but upto 13 persons. (Presently these vehicles attract compensation cess at the rate of 15%);

S. No	Item	Existing	New
1	Petrol Motor Vehicles Engine Cap – 1200 cc and Length – 4000 mm	15%	1%
2	Diesel Motor Vehicles Engine Cap – 1500 cc and Length – 4000 mm	18%	3%

To allow RCM to suppliers paying GST @ 5% on renting of vehicles, from registered person other than body corporate (LLP, proprietorship) when services provided to body corporate entities.

Liquor License

To notify grant of liquor licence by State Governments against payment of license fee as a "no supply" to remove implementational ambiguity on the subject.

Group photo of Hon'ble Ministers from States/UTs and officials with the Chairperson of the GST Council during 37th Meeting on 20.09.2019 at Goa



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