

Agenda for 17th GST Council Meeting

18 June 2017

F.No. 107/17th Meeting/GST Council/2017
GST Council Secretariat

Room No.275, North Block, New Delhi
Dated: 14 June 2017

Notice for the 17th Meeting of the GST Council on 18 June 2017

The undersigned is directed to refer to the subject cited above and to say that the 17th Meeting of the GST Council will be held on 18 June 2017 at Hall No. 2-3, Vigyan Bhavan, New Delhi. The schedule of the meeting is as follows:

- Sunday, 18 June 2017 : 1130 hours onwards
2. The agenda items of the Council meeting are enclosed.
 3. In addition, an officers' meeting will be held on Sunday, 18 June 2017 from 1000 - 1100 hours at the same venue, Hall No. 2-3, Vigyan Bhavan, New Delhi.
 4. Further, a joint meeting of the GST Implementation Committee and Standing Committee on IT will be held on Sunday, 18 June 2017 after the GST Council meeting.
 5. Please convey the invitation to the Hon'ble Members of the GST Council to attend the meeting.

- *Sd* -

(Dr. Hasmukh Adhia)
Secretary to the Govt. of India and ex-officio Secretary to the GST Council
Tel: 011 23092653

Copy to:

1. PS to the Hon'ble Minister of Finance, Government of India, North Block, New Delhi with the request to brief Hon'ble Minister about the above said meeting.
2. PS to Hon'ble Minister of State (Finance), Government of India, North Block, New Delhi with the request to brief Hon'ble Minister about the above said meeting.
3. The Chief Secretaries of all the State Governments, Delhi and Puducherry with the request to intimate the Minister in charge of Finance/Taxation or any other Minister nominated by the State Government as a Member of the GST Council about the above said meeting.
4. Chairperson, CBEC, North Block, New Delhi, as a permanent invitee to the proceedings of the Council.
5. Members of the GST Implementation Committee
6. Co-Convenors of the Standing Committee on IT (with the request to convey the invitation to other members of the Committee)
7. Chairman, GST Network

Agenda items for the 17th Meeting of the GST Council on 18 June 2017

1. Confirmation of the Minutes of the 16th GST Council Meeting held on 11 June 2017
2. Approval of draft GST Rules and related Forms for:
 - i. Advance Ruling
 - ii. Appeals and Revision
 - iii. Assessment and Audit
 - iv. E-Way Bill
 - v. Anti-profiteering
3. Fitment/adjustment of GST Rates on certain items
4. Any other agenda item with the permission of the Chairperson
5. Date of the next meeting of the GST Council

TABLE OF CONTENTS

<u>Agenda No.</u>	<u>Agenda Item</u>	<u>Page No.</u>
1	Confirmation of the Minutes of the 16 th GST Council Meeting held on 11 Jun 2017	5
2	Approval of draft GST Rules and related Forms for: <ul style="list-style-type: none"> i. Advance Ruling ii. Appeals and Revision iii. Assessment and Audit iv. E-Way Bill v. Anti-profiteering 	36 42 65 91 103
3	Fitment/adjustment of GST Rates on certain items <ul style="list-style-type: none"> i. Applicability of increased turnover limit for Composition Levy to Special Category States ii. IGST on Shipping Vessels iii. Lottery 	107 108 111
4	Any other agenda item with the permission of the Chairperson <ul style="list-style-type: none"> i. High Sea Sales ii. Notifying Sections iii. Exemption under Section 9(4) of the CGST Act, 2017 iv. Fund Settlement Rules 	116 117 118 119

Discussion on Agenda Items

Agenda Item 1: Confirmation of the Minutes of the 16th GST Council Meeting held on 11 June 2017

Draft Minutes of the 16th GST Council Meeting held on 11 June 2017

The sixteenth meeting of the GST Council (hereinafter referred to as 'the Council') was held on 11 June, 2017 in Vigyan Bhawan, New Delhi, under the Chairpersonship of the Hon'ble Union Finance Minister, Shri Arun Jaitley. The list of the Hon'ble Members of the Council who attended the meeting is at **Annexure 1**. The list of officers of the Centre, the States, the GST Council and the Goods and Services Tax Network (GSTN) who attended the meeting is at **Annexure 2**.

2. The following agenda items were listed for discussion in the 16th Meeting of the Council:–

1. Confirmation of the Minutes of the 15th GST Council Meeting held on 3 June 2017
2. Approval of amendments to draft GST Rules (details to be informed subsequently)
3. Rate adjustments, if any, based on representations received from Trade and Industry
4. Any other agenda item with the permission of the Chairperson
5. Date of the next meeting of the GST Council

3.1. The Hon'ble Chairperson welcomed all the Hon'ble Members to the 16th Council Meeting.

Discussion on Agenda Items

Agenda Item 1: Confirmation of the Minutes of the 15th GST Council Meeting held on 3 June, 2017:

4. The Hon'ble Chairperson invited comments of the Hon'ble Members on the draft Minutes of the 15th Meeting of the Council (hereinafter referred to as 'Minutes') held on 3 June, 2017 before its confirmation.

4.1.1. The Secretary informed that a written request had been received from the Commissioner of Commercial Tax (CCT), Odisha, to replace the version of the Hon'ble Minister from Odisha recorded in the following paragraphs of the Minutes:

(i) In paragraph 9.8.8, to replace the version recorded in the Minutes ('the Hon'ble Minister from Odisha suggested that handloom should be charged to Nil rate of tax.....that the products of handloom were used by common people') with the following version: 'Handloom fabrics and handicraft goods were exempt in Odisha. Livelihood of more than 3.5 lakh artisan families depended on it. Handloom products were not only in demand outside the State, but were also used by the common people. He stated that he was in favour of exempting handloom fabrics and sarees.' The Council agreed to record this version in the Minutes.

(ii) In paragraph 9.8.12, to replace the version recorded in the Minutes ('the Hon'ble Minister from Odisha supported this proposal and stated that tax on *zari* would affect the livelihood of artisans') with the

following version: 'The Hon'ble Minister from Odisha supported this proposal and stated that tax on **handicrafts** would affect the livelihood of artisans'. The Council agreed to record this version in the Minutes.

(iii) In paragraph 9.9.2, to replace the version recorded in the Minutes ('The Hon'ble Minister from Odisha stated that his State was *tendu* leaf bearing State and suggested to keep the rate of tax at zero or 5% on *tendu* leaves and 18% on *bidi*') with the following version: 'The Hon'ble Minister from Odisha stated that the rate of tax on *tendu* leaf in Odisha was 5% and tax rate of *Bidi* was 10%. His State being a *tendu* leaf bearing State, he suggested to keep the rate of tax at 5% on *tendu* leaves and 18% on *bidi*'. The Council agreed to record this version in the Minutes.

(iv) In paragraph 18.5, to replace the version recorded in the Minutes ('The Hon'ble Minister from Odisha stated that the present system should continue till such period when GSTN created e-Way Bill system') with the following version: 'The Hon'ble Minister from Odisha stated that in Odisha, waybills were generated online and waybills were for inter-State movement of goods only and not for intra-State movement of goods. However, the present system should continue till such period when GSTN created e- waybill system.' The Council agreed to record this version in the Minutes.

4.1.2. The Secretary informed that there was a typographical error in paragraph 10(i) of the Minutes and a corrigendum was circulated in the Meeting today to replace the decision recorded therein ('to put cereals, pulses and flour put up in unit container and bearing a registered brand name in the exempt category instead of the proposed rate of 5%') with the following: 'to ~~put tax~~ cereals, pulses and flour put up in unit container and bearing a registered brand name ~~in the exempt category~~ **at the rate of 5%** instead of ~~the proposed rate of 5%~~ **keeping them in the exempt category**'. The Council agreed to the proposed replacement in paragraph 10(i) of the Minutes.

4.1.3. The Secretary stated that during the officers' meeting held in the morning today, Shri Raghwendra Kumar Singh, Commissioner, Commercial Taxes (CCT), Madhya Pradesh, had pointed out that in paragraph 9.10.4. of the Minutes, the statement attributed to the Hon'ble Minister from Madhya Pradesh regarding expressing a preference for taxing gold at the rate of 5% was actually made by the CCT, Madhya Pradesh, and suggested to make a suitable modification in the paragraph to this effect. The Council agreed to this suggestion.

4.1.4. The Hon'ble Minister from Punjab stated that in paragraph 4.4.1. with reference to the discussion on licence fee for liquor in the GST regime, it was recorded that 'the ACS, Haryana, stated that the decision of the Hon'ble Chairperson was that for the transition phase, some decision would be taken so that the States did not lose financially'. He observed that the Hon'ble Chairperson had also agreed to the suggestion of the ACS, Haryana, and this should be recorded in the Minutes. The Council agreed to this suggestion and to record the following: 'The Hon'ble Chairperson observed that the officers of the Central Government and the State Governments should sit together and take a view on the issue'.

5. In view of the above discussion, for Agenda item 1, the Council decided to adopt the Minutes of the 15th Meeting of the Council with the changes as recorded below: -

5.1. In paragraph 9.8.8., to replace the version of the Hon'ble Minister from Odisha with the following version: 'Handloom fabrics and handicraft goods were exempt in Odisha. Livelihood of more than 3.5 lakh artisan families depended on it. Handloom products were not only in demand outside the State, but were also used by the common people. He stated that he was in favour of exempting handloom fabrics and sarees.'

5.2. In paragraph 9.8.12, to replace the version of the Hon'ble Minister from Odisha with the following version: 'The Hon'ble Minister from Odisha supported this proposal and stated that tax on handicrafts would affect the livelihood of artisans'.

5.3. In paragraph 9.9.2, to replace the version of the Hon'ble Minister from Odisha with the following version: 'The Hon'ble Minister from Odisha stated that the rate of tax of *tendu* leaf in Odisha was 5% and tax rate on *Bidi* was 10%. His State being a *tendu* leaf bearing State, he suggested to keep the rate of tax at 5% on *tendu* leaves and 18% on *bidi*'.

5.4. In paragraph 18.5, to replace the version of the Hon'ble Minister from Odisha with the following version: 'The Hon'ble Minister from Odisha stated that in Odisha, waybills were generated online and waybills were for inter-State movement of goods only and not for intra-State movement of goods. However, the present system should continue till such period when GSTN created e-waybill system.'

5.5. To replace the text in paragraph 10(i) with the following: 'to tax cereals, pulses and flour put up in unit container and bearing a registered brand name at the rate of 5% instead of keeping them in the exempt category'.

5.6. To suitably modify paragraph 9.10.4. to indicate that the statement attributed to the Hon'ble Minister from Madhya Pradesh regarding expressing a preference for taxing gold at the rate of 5% was made by the CCT, Madhya Pradesh.

5.7. To add the following in paragraph 4.4.1. after the version of ACS, Haryana: 'The Hon'ble Chairperson observed that the officers of the Central Government and the State Governments should sit together and take a view on the issue.'

Agenda Item 2: Approval of amendments to draft GST Rules and related Forms (i) Accounts and Records Rules; (ii) Accounts and Records Forms:

6.1. Introducing this Agenda item, the Secretary stated that the draft GST Rules on Accounts and Records were put in the public domain for comments of the stakeholders. He stated that based on the comments received, the Law Committee of Officers had suggested certain changes to the Rules. He added that two additional changes were proposed during the meeting of officers of the Central Government and the State Governments held on 11 June, 2017 and these were circulated in writing to the Hon'ble Members of the Council just before the start of the Meeting. He invited Shri Upender Gupta, Commissioner (GST Policy Wing), CBEC, to brief the Council about the changes proposed. The Commissioner, (GST Policy Wing), CBEC, stated that four important changes had been proposed by the Law Committee and two changes were proposed today during the officers' meeting which were as follows:

(i) Sub-rule (2) of Rule 1 provided that accounts and records shall be maintained separately for each activity like manufacturing, trading and provision of services. The trade had represented that this would be very cumbersome and the relevant rule was proposed to be amended which would permit a taxpayer to maintain a combined record for all his economic activities.

(ii) Sub-rule (5) of Rule 1 provided that a taxpayer shall maintain particulars of all the suppliers from whom he received goods or to whom he supplied goods. Based on representations received, it was now proposed to limit this requirement of record keeping only for transactions with registered persons.

(iii) Sub-rule (8) of Rule 1 provided that a log of all changes in registers, accounts and documents shall be maintained but, taking into account the representations received, it was now proposed that log of changes need not be maintained for those changes which were for correcting mistakes of clerical nature.

(iv) It was proposed to make an addition in sub-rule (16) of Rule 1 to provide that where accounts and documents were maintained manually, these would be kept at every related place of business mentioned in the certificate of registration and if these were maintained electronically, they shall be accessible at every related place where these were maintained digitally.

(v) The Law Committee of Officers had proposed to delete sub-rule (3) of Rule 2 which provided that a registered person, would on demand, produce accounts of the audit trail and interlinkages, including the source documents, whether paper or electronic, and the financial accounts, record layout, data dictionary and explanation of codes used. However, during the meeting of officers of the Central Government and the State Governments on 11 June, 2017, the consensus was that this provision should not be deleted and should be kept in a modified form to facilitate access to documents of the taxpayers. The revised provision is as follows: “Where the accounts and records are stored electronically by any registered person, he shall, on demand, provide the details of such files, passwords of such files where necessary for access and any information which is required for such access along with sample copy in print form of the information stored in such files”.

(vi) During the meeting of officers of the Central Government and the State Governments on 11 June, 2017, it was also suggested to make an amendment in sub-rule (4) of Rule 3 to provide that any person engaged in the business of transporting goods shall maintain record of goods transported, delivered and goods stored in transit by him **along with GSTIN of the registered consignor or consignee**, for each of his branches.

6.2. After discussion, the Council approved the Rules and related Forms on Accounts and Records including the changes made therein.

7. For **agenda item 2**, the Council approved the GST Rules on Accounts and Records and the related Form along with the amendments proposed by the Law Committee of Officers and during the officers’ meeting held just prior to the Council meeting on 11 June 2017 as enumerated at paragraph 6 above.

Agenda Item 3: Rate adjustments, if any, based on representations received from Trade and Industry:

Discussion on GST rates for goods:

8.1. Introducing the above agenda item, the Secretary recalled that during the 15th Meeting of the Council (held on 3 June, 2017), it was decided that all representations regarding reduction in rates were to be submitted within a day or two of the conclusion of the 15th Council Meeting, and these were to be considered by the Fitment Committee and its recommendations were to be placed before the Council in its next Meeting. He informed that the Fitment Committee met on 7-8 June, 2017 and examined the representations received from the Central Government and/or State Governments, subsequent to the declaration of the GST rates as approved by the Council in its 14th Meeting (held in Srinagar on 18-19 May 2017). He informed that the Fitment Committee examined these representations with reference to the present tax incidence [estimates based on present Central Excise duty/embedded Central Excise duty, VAT rates/weighted average VAT rates {provided by the Fitment Committee members during the meeting}, cascading on account of VAT on excise duty, CST, octroi, entry tax, etc.] and has recommended reduction of tax rates in 66 cases. He further drew attention to the addendum to agenda item 3 circulated on 10 June 2017 in which certain IGST exemptions and rate of tax on job work services related to printing of books, journals and periodicals were proposed.

8.2. The Hon’ble Deputy Chief Minister of Delhi stated that before taking up discussion on individual items, he wanted to place before the Council a general point relating to small scale industries. He stated that in Delhi, 90% of units in sectors like footwear, toys, electrical fittings and plastic goods had a turnover below Rs. 1.5 crore and due to Central Excise exemption, they paid a lower rate of tax than the present rate slabs of 18% to 28% recommended by the Council. He stated that this would adversely affect the ‘Make in India’ campaign. He added that keeping this in mind, he would suggest certain changes in tax rates during discussion on individual items. The Hon’ble Minister from Telangana stated that a large

number of small and medium enterprises (SMEs) in his State had a turnover below Rs. 1.5 crore. He stated that the marble industry was very big in his State, which was exempt from Central Excise duty up to a turnover of Rs. 1.5 crore and it was now proposed to be taxed at the rate of 28%. He stated that there were several cheap varieties of marble slabs costing between Rs. 10 and Rs. 15 per square feet and the rate of tax for such goods should be lower.

8.3. The Hon'ble Minister from Chhattisgarh suggested to increase the turnover limit for availing Composition scheme from the present Rs. 50 lakh to Rs. 1 crore and to reduce the rate of tax for the manufacturing sector under the Composition scheme from 2% to 1%. The Hon'ble Deputy Chief Minister of Delhi and the Hon'ble Minister from Punjab supported this suggestion and expressed that this would help the SMEs. The Hon'ble Minister from Maharashtra suggested that the turnover limit for availing Composition scheme for manufacturers and restaurants should be increased to Rs. 1 crore. The Hon'ble Minister from Telangana supported this proposal. The Secretary stated that the Composition scheme might not be attractive to relatively bigger units as they could not avail the input tax credit on their purchases and their buyers could not get input tax credit on sales made by them. The Hon'ble Minister from Chhattisgarh stated that the traders had the choice not to opt for the Composition scheme. The Secretary invited comments from the officers as well. The Hon'ble Chairperson stated that discussion on this subject should also cover the revenue aspect.

8.4. Shri R.K. Tiwari, Additional Chief Secretary (ACS), Uttar Pradesh, stated that his State had a large number of SMEs falling within the annual turnover of Rs. 1 crore and if all of them opted for Composition scheme, they would suffer a very large scale revenue loss to the tune of about Rs. 50,000 crore. The Hon'ble Deputy Chief Minister of Gujarat stated that his State also had a very large number of SMEs. He proposed to increase the turnover limit for Composition scheme to Rs. 75 lakh so that loss of revenue to the Government was comparatively less and suggested to keep the rate of tax at 2%. Dr. P.D. Vaghela, CCT, Gujarat, stated that originally, they had opposed the proposal to extend the benefit of Composition scheme to manufacturers as this could lead to evasion of tax. He stated that some industries should not be extended the benefit of Composition scheme as this could lead to windfall profit for them, particularly where the rate of tax on inputs was Nil. He gave the example of the ice cream manufacturing units which would procure milk at the Nil rate of tax and pay minimal duty on their final product. He further observed that the rate of tax of 2% under the Composition scheme for manufacturers was too low. He also pointed out that only three States extended the benefit of Composition scheme to manufacturers.

8.5. The Hon'ble Minister from Andhra Pradesh stated that SMEs in his State as well as in the country as a whole were in doldrums and seeking concessions. He stated that GST should not have adverse impact on SMEs and there should be a different treatment for them as the largest number of employment came from this sector. He suggested to increase the turnover limit for Composition scheme to Rs.1 crore. The Hon'ble Minister from Telangana stated that the small-scale industries would be adversely affected as no Central Excise duty was presently charged on the units with a turnover upto Rs. 1.5 crore. The Secretary stated that States were charging VAT on all units with turnover of more than Rs. 10 lakh and except for three States, Composition scheme for manufacturers was to be extended for the first time in the other States.

8.6. The Hon'ble Minister from Rajasthan stated that there was a mistake in calculation of total tax incidence on granite and marble. He observed that marble was not a luxury item and its price ranged from Rs. 15 per square feet to Rs. 1,500 per square feet and there were mostly small suppliers of marble. He added that marble was a labour intensive sector which provided employment to lakhs of people and units with turnover of less than Rs. 1.5 crore should be taxed at the rate of 18% instead of 28%. He added that if tax rate on marble was kept very high, it would lead to large scale evasion of tax and there were also chances of the consumer shifting from local marble to imported marble. The Hon'ble Minister from Uttarakhand suggested to keep the turnover limit of Composition scheme at Rs. 1.5 crore and to reduce

the rate of tax to 1% as otherwise the SME sector would collapse. The Hon'ble Chairperson enquired regarding the revenue impact of this suggestion. The Hon'ble Minister from Uttarakhand stated that if the rate was kept low, the turnover of these units would increase and more revenue would come to the State. The Hon'ble Minister from West Bengal stated that there was a need to strike a balance between safeguarding revenue for the States and to protecting the interest of SMEs. He expressed his support for the proposal made by the Hon'ble Minister from Chhattisgarh. He observed that manufacturers with turnover below Rs. 1.5 crore did not pay any Central Excise duty but units with turnover above Rs. 10 lakh were paying VAT, and hence there was justification to levy some tax on them. He suggested that the turnover limit for Composition scheme could be kept at Rs. 75 lakh. He observed that if the scheme of Composition was extended to units having annual turnover upto Rs. 1 crore, the rate of tax under the Composition scheme could be tweaked but if the turnover limit for Composition was kept at Rs. 75 lakh, then the present rate of tax could be maintained. He observed that it was important to safeguard the SME sector as they had made an investment of Rs. 1,000 crore in this sector which gave employment to about 6,000 workers.

8.7. The Hon'ble Minister from Kerala stated that the turnover limit for Composition scheme should be increased to Rs. 1 crore and the rate of tax under the Composition scheme could be increased for various segments: for traders 2%, for manufacturers 3% and for restaurants 5% but have a differentiated rate of tax between air-conditioned and non-air-conditioned restaurants, with the latter being taxed only at the rate of 2%. The Hon'ble Chairperson observed that the principles enunciated by the Hon'ble Minister from West Bengal were valid and there was merit in the suggestions made by the Hon'ble Deputy Chief Minister of Delhi and the Hon'ble Minister from Chhattisgarh to safeguard the interest of SMEs. The Hon'ble Minister from Telangana stated that, in his State, about 49,377 units had turnover between Rs. 20 lakh and Rs. 1.5 crore from which revenue came to only Rs. 565 crore. He suggested to keep the turnover limit for availing Composition scheme for SMEs to Rs. 1.5 crore but to increase the rate of tax. He observed that this would encourage local industries. The Hon'ble Minister from Jammu & Kashmir stated that if the turnover limit for availing Composition scheme was kept at Rs. 1 crore or Rs. 1.5 crore, in some States, almost 100% of units could fall in the Composition scheme. He observed that the description of SMEs would differ from State to State and data was needed to analyse gains and losses to different States. The Hon'ble Minister from Haryana agreed with the observations of the Hon'ble Minister from Jammu & Kashmir and stated that there was a need to protect SMEs to generate employment but it was equally important to arrive at a rational limit for availing Composition scheme. He suggested that an officers' committee could examine this issue further.

8.8. The Hon'ble Chief Minister of Puducherry stated that the impact of increasing the turnover threshold for availing Composition scheme would need to be examined and to be placed before the Council. He observed that if a dealer had a daily turnover of Rs. 15,000, he would cross the threshold of Rs. 20 lakh and would start paying tax. He observed that 28% tax rate for hotels with room rent above Rs. 5,000 per night would affect the business of hotels and suggested that hotels with room rent between Rs. 5,000 and Rs. 10,000 per night should be charged at the rate of 18% and hotels with room rent above Rs. 10,000 per night should be charged at the rate of 28%. The Principal Secretary, Telangana, stated that the main problem was in calculating the incidence of tax rate. He informed that the granite industry was willing to pay tax at the rate of 14.5% but for units with turnover below Rs. 1.5 crore, the tax rate of 28% was very high. He suggested that to calculate the tax incidence for units with turnover below Rs. 1.5 crore, only the tax incidence of VAT should be taken into account and as a general principle, such units should be charged tax at one slab lower than the presently proposed rate. The Hon'ble Minister from Kerala stated that the revenue of the consuming State should also be protected and the proposed reduction in the rate of tax would adversely affect the revenue of the consuming States.

8.9. The CCT, Gujarat, stated that the scheme of Composition was discussed at length in the Officers' Committee and the rate of 2% for manufacturers was fixed as a thumb rule, rather than after any scientific

analysis. He pointed out that if all manufacturers got the benefit of the Composition scheme, then Gujarat would lose about Rs. 150 crore revenue from ice cream manufacturers alone as their input, namely, milk was exempt from tax whereas ice cream was taxed at the rate of 28%. He informed that his State had worked out a GST rate for composition for different manufacturing sectors but after discussion, it was felt that this would not be viable. He stated that revenue of the States of North-East would be hit very hard if all manufacturers were allowed to come under the Composition scheme. The Secretary stated that a negative list of industries that would not be extended the benefit of Composition scheme would be prepared. The CCT, Gujarat, informed that they had already prepared such a list. The Hon'ble Deputy Chief Minister of Gujarat suggested that it would be desirable to discuss first the negative list of manufacturers under the Composition scheme before discussing the Composition rate so that revenue was protected.

8.10. Shri Sanjeev Kaushal, ACS, Haryana, stated that the Composition scheme was presently available to a very few manufacturers. They extended the benefit of Composition scheme to plywood manufacturers at the rate of Rs. 9.7 lakh for one press and taking an approximate monthly turnover for a press to be Rs. 3 crore to Rs. 5 crore, the tax came to about 3% per month. He stated that the Composition scheme was also allowed for brick kiln owners at the rate of about 2% to 3% per month. He stated that the preponderance of SMEs was in those sectors which were reserved for small scale industries till 2006-07, and suggested that the sectors with preponderance of SMEs could be listed and incidence of Central Excise could be reduced by half and the combined incidence of tax could be worked out accordingly. The ACS, Uttar Pradesh, stated that extending the Composition benefit to manufacturing units which were presently paying VAT would bring down the effective rate of taxation from the present about 10% (VAT rate 14.5% *minus* input tax credit roughly at the rate of 4%) to 2%. He also expressed an apprehension that this gave an opportunity to the units to split their books of account. He further stated that if the Composition limit was increased to Rs. 1 crore, their State would suffer a loss of revenue of about Rs. 7,000 to Rs. 10,000 crore. He suggested that if the turnover limit under the Composition scheme was proposed to be increased to Rs. 1 crore, the Composition rate for manufacturing units should be fixed at the rate ranging from 7% to 10% to make the rate revenue neutral.

8.11. The Hon'ble Deputy Chief Minister of Delhi pointed out that for manufacturers of goods like electrical fittings, footwear and toys, there was strong competition from goods imported from China. Even a slight increase in the rate of tax would make them uncompetitive *vis-à-vis* the imported goods leading to closure of SMEs in Delhi which in turn would lead to loss of jobs and decline in consumption and people might even move out of Delhi. The Hon'ble Deputy Chief Minister of Gujarat stated that imports from China would also attract IGST, and therefore, they would not become cheaper. The Hon'ble Chairperson enquired whether the proposal was to increase the Composition limit only for manufacturers or also for traders and restaurants. The Hon'ble Minister from Punjab stated that the Composition limit should be increased only for manufacturers and that manufacturers of marble, granite and air-conditioners should be kept in the negative list. He also expressed a fear that units might create multiple entities by splitting them amongst the family members. Shri V.K. Garg, Advisor (Financial Resources) to Chief Minister, Punjab, stated that for products falling under the tax bracket of 28%, the Composition rate could be kept at 5% to 6% and observed that the scheme of Composition would normally be availed by those units which directly sold their products to consumers.

8.12. The Secretary invited Shri Prakash Kumar, Chief Executive Officer (CEO), Goods and Services Tax Network (GSTN), to present the data available with GSTN on the Composition dealers. The CEO, GSTN, stated that he had sought data on the Composition dealers from the States one year back and the data was received from 10 States. He stated that as per the data, the Composition dealers as a percentage of the total dealers and the threshold for composition dealers (in brackets) were as follows: Andhra Pradesh – 36% (Rs. 50 lakh); West Bengal – 22% (Resellers - Up to Rs. 50 lakh and Works Contractors - Unlimited; Karnataka – 8% (Hoteliers - Rs. 25 lakh and Contractors – No limit); Maharashtra – 4%

(Restaurant, Caterers, Eating houses, etc/Second hand Motor Car Dealers – No turnover limit, Bakers – First Rs. 50 lakh and Retailers – Previous Year turnover should be less than Rs. 50 lakh and Works Contractors – No limit); Kerala – 12% (Rs. 60 lakh); Chhattisgarh – 17% (Rs. 60 lakh); Tamil Nadu – 7% (Rs. 50 lakh); Jharkhand – 2% (Rs. 50 lakh); Haryana – 4% (Ply board and Brick kiln – According to capacity) and Odisha – 7% (Rs. 50 lakh).

8.13. Shri Uday Singh Kumawat, Joint Secretary (Revenue) stated that the Committee on Dual Control, Threshold and Exemptions set up by the Empowered Committee had estimated in its report that the VAT revenue from dealers with turnover of less than Rs. 1.5 crore was 7.2% of the total VAT revenue collected. He further stated that the total VAT revenue for 2015-16 reported by the State Governments was around Rs. 4.2 lakh crores. This would translate to Rs. 30,000 crore of revenue only from VAT from this category of taxpayers. He further mentioned that if one calculated the tax incidence on this sector on a Compounding basis pre-GST, a 30% value added estimation with 14.5% VAT rate of products made by taxpayers of this sector (as had been mentioned by the Principal Secretary from Uttar Pradesh) translated to 4.35%. If embedded Central Excise duty on the products were added to the tune of about 4%-5% even on a conservative estimate, the tax incidence on this category of tax payers on a compounding basis pre-GST came to 8%-9%. He further mentioned that against this, the Council had already approved a Compounding rate of 2% on taxpayers with turnover below Rs. 50 lakh. Any further increase in threshold for compounding along with the fact that compounding option encouraged taxpayers to split up their units, as the Hon'ble Deputy Chief Minister of Gujarat mentioned, could have serious adverse revenue implications.

8.14. The Hon'ble Minister from Chhattisgarh stated that in order to increase employment in the States, 10-year Sales Tax holiday for large industries was part of the industrial policy of almost all States. Under the GST regime too, to encourage industrial investment, many States were planning to reimburse SGST portion to the industries. He added that the SMEs had the largest employment potential and that the Central Excise exemption to SMEs should, to the extent possible, be protected under the GST regime. He, therefore, suggested to increase the turnover limit for Composition scheme to Rs. 1 crore and to reduce the rate of Compounding tax to 1% and expressed that this would not lead to large scale revenue loss. The Hon'ble Minister from Goa stated that States had been giving subsidies for water, power, etc. to encourage industrial investment for employment generation. He added that SMEs should not be seen only through the prism of revenue. He observed that SMEs had a big role to play in the success of 'Make in India' policy. He supported the proposal to increase the threshold limit for Composition scheme and observed that this might lead to gain for some States and loss for others but it would serve the larger national purpose of encouraging 'Make in India' policy. The ACS, Tamil Nadu, stated that if the turnover limit for Composition was increased to Rs. 75 lakh, the revenue loss would not be much. He stated that keeping in view the fact that all inter-State suppliers would be outside the scheme of Composition and the method of calculation of turnover was based on all-India aggregate turnover of persons having the same Permanent Account Number (PAN), increasing the turnover limit for Composition scheme to Rs. 1 crore annually would not affect the revenue much. He pointed out that the limit of Rs. 50 lakh turnover for Composition scheme was set in 2006 and keeping in view the inflation, there was justification to increase this turnover limit to Rs. 75 lakh or Rs. 1 crore. The Hon'ble Minister from Telangana suggested to make a Committee of officers to assess the gains and losses. He supported the view of the Hon'ble Minister from Goa that employment was a very important issue and for this, States were already giving subsidies on power, water and land.

8.15. The Hon'ble Chairperson observed that many States were agreeable to increase the turnover threshold to Rs. 1 crore per annum and enquired the views of the Hon'ble Members regarding what should be the tax rate and whether it should be graded in respect of turnover up to Rs. 50 lakh and above Rs. 50 lakh to Rs. 1 crore. The Hon'ble Chief Minister of Puducherry suggested that data could be collected from all States and also sounded a note of caution that increasing the turnover limit could lead to traders

splitting their units to remain within the threshold limit. The Hon'ble Minister from West Bengal stated that a turnover limit of Rs. 1 crore annually for Composition scheme appeared acceptable though as per their rough calculation, it could lead to loss of revenue of about 3%-4%. He observed that the Composition scheme was voluntary and many taxpayers in his State chose not to opt for this scheme. As regards rates of tax, he suggested that traders could be taxed at the rate of 1%-2% and manufacturers at the rate of 3%-4%. The Hon'ble Chairperson stated that rough calculation indicated that products in the 28% rate slab would, in terms of revenue, break even if the Composition rate was fixed at 5% and products in the 18% rate slab would break even, if the Composition rate was fixed at 3%. The Hon'ble Minister from West Bengal stated that this could be a sensible approach but it could lead to complications in the tax regime.

8.16. The Hon'ble Chairperson observed that as rates were prescribed in the law (Section 10 of the CGST Act and the SGST Acts), changing the rate of Composition would require amendment in the law which was not possible at this stage. He, therefore, suggested to only increase the annual turnover threshold for Composition from Rs. 50 lakh to Rs. 75 lakh and to keep the rates unchanged. The Secretary stated that on a rough calculation, taking into account items in the 18% rate slab, on which there was no Central Excise duty and 9% VAT, an annual turnover limit of Rs. 80 to Rs. 85 lakh for Composition would be the break-even point and so he suggested to keep the annual turnover threshold at Rs. 75 lakh. The Hon'ble Minister from Chhattisgarh reiterated to keep the Composition threshold as Rs. 1 crore annual turnover and stated that raw materials would attract Nil rate of tax only where they came from mining sector whereas in many cases, the raw materials would also attract tax at the rate of 28%. He stated that it would not be possible to make an estimate of revenue calculation for increasing the Composition threshold. He also suggested that there was no necessity to have a negative list of manufacturers for exclusion from the Composition scheme. The Hon'ble Chairperson observed that the considerations of protection of revenue and that of the interest of SMEs needed to be balanced and the revenue loss could be minimized by having a negative list of manufacturers ineligible for the Composition scheme. The Hon'ble Minister from Maharashtra and the Hon'ble Deputy Chief Minister of Gujarat also stated that there should be a negative list of manufacturers who would not be allowed to avail the Composition scheme. The ACS, Uttar Pradesh, stated that only smaller SMEs should be kept under the Composition scheme and the bigger ones should come under the normal system of taxation with input tax credit and audit. He pointed out that under the Composition scheme, the raw materials also went out of the audit trail. He observed that for new units under the SME sector, a provision could be made to refund VAT and this would maintain the sanctity of accounts. He observed that the Composition scheme was distortionary and it should not be allowed for the larger units. The CCT, Gujarat, also observed that the Composition scheme was distortionary and did not permit an audit trail. He suggested that States could give incentive to SMEs through Direct Benefit Transfer (DBT) route. The Hon'ble Minister from West Bengal observed that if the annual turnover limit for Composition was kept at Rs. 1 crore, then a negative list of manufacturing sectors could be kept but if the turnover threshold was Rs. 75 lakh, the revenue loss would not be very high and the Council could take a decision regarding keeping a negative list of manufacturing sectors. The Hon'ble Minister from Telangana once again suggested to keep the turnover threshold for the Composition scheme at Rs. 1 crore. The Hon'ble Chairperson suggested that since the rates under the Composition scheme could not be changed, the annual turnover threshold could be kept at Rs. 75 lakh for all taxpayers eligible for the scheme and to have a list of manufacturers who shall be ineligible for Composition scheme. The Council agreed to these proposals.

Discussion on rate of tax for specific goods:

8.17. The Secretary stated that the Fitment Committee had reviewed 133 items and in several cases, it had recalculated the weighted VAT rate after getting the VAT rates from the States. He said that due to such recalculation, the Committee had suggested a lower incidence of tax on several goods. He added that on some goods like school bags and rucksacks, a higher rate of 28% appeared to be odd and were

proposed to be reduced to 18%. He stated that the rate reduction was suggested for 66 items and further suggested that the Council should take up for discussion only those goods where Hon'ble Members had some objection and the proposed rate for other goods could be taken as approved. With this understanding, he invited comments of the Hon'ble Members on the list of products presented in the agenda notes for agenda item 3 and the discussion on the same is recorded as below:-

(i) **Pasta, Macaroni (Sl. No. 14 of the List):** The Hon'ble Minister from Uttarakhand stated that pasta and macaroni should not be taxed at the rate of 18% as they were made from *maida* and the procedure was almost similar to that for *sewiyen* which was to be taxed at the rate of 5%. Shri Alok Shukla, Joint Secretary (TRU-I), CBEC, stated that the present incidence of tax on pasta and macaroni was about 23% and these goods were already recommended to be taxed at a lower rate of 18%. The Council agreed not to change the already approved rate of tax for pasta and macaroni at the rate of 18%.

(ii) **Cakes:** The Hon'ble Minister from Goa stated that when *mithai* was to be taxed at the rate of 5%, cakes should also be taxed at the rate of 5% as it was made at every home in Goa. Shri Anurag Goel, CCT, Assam, stated that cakes made at home would be Nil rated and if the tax rate was reduced, the benefit would go to the bakery industry which was not warranted. The Council agreed not to change the already approved rate of tax of 18% for cakes.

(iii) **Fishnet:** The Hon'ble Minister from Goa stated that when tyre cord fabric was proposed to be taxed at the rate of 5%, there was no justification to tax fishnet at the rate of 18%. He further stated that the tax rate of 18% on fishnet would lead to increase in the cost of fish by Rs. 30 to Rs. 50 per kg. The Secretary stated that the raw material for fishnet was polyester which was to be taxed at the rate of 18% and if fishnet was taxed at 5%, large scale refund would arise due to duty inversion. The Hon'ble Minister from Goa stated that they did not want input tax credit on fishnet nor refund due to duty inversion and simply wanted the tax rate to be lowered from 18% to 5%. The Joint Secretary (TRU-I), CBEC, stated that fishnet was taxable at the rate of 12% and not 18% and that value addition in the manufacture of fishnet was such that the difference in the rate between the raw material and the finished goods could be absorbed and the entire tax could be paid through input tax credit. He added that if tax rate was reduced to 5%, fishnet would get imported in large quantities. The Hon'ble Chairperson stated that fishnet manufacturers would get input tax credit on raw material which was also proposed to be taxed at the rate of 12%. The Council agreed not to change the already approved rate of tax of 12% for fishnet.

(iv) **Farsan (Sl. No. 24 of the List):** The Hon'ble Minister from Maharashtra suggested to tax *farsan* at the rate of 5% at par with the rate of tax for sweets. The Joint Secretary (TRU-I), CBEC, stated that the present incidence of tax on *farsan* was more than 12%. The Council agreed not to change the already approved rate of tax for *farsan* at the rate of 12%.

(v) **Malt (Sl. No. 10 of the List):** The Hon'ble Minister from Haryana pointed out that the present incidence of tax on malt was about 29.58% whereas the proposed rate of tax under GST was 18% and wanted to know why there was so much variation in the rate and why there was a departure from the agreed principle of fitment of rates. The Secretary explained that all intermediate products were proposed to be taxed at the rate of 18% and malt was also an intermediate product used for making drinks like Horlicks and it was for this reason that it was kept in the 18% tax bracket. The Council agreed not to change the already approved rate of tax for malt at the rate of 18%.

(vi) **LT Switch Gears and Switch Boards and Electronic components (Sl. No. 114 & 115 of the List):** The Hon'ble Minister from Haryana pointed out that for these goods, the proposed 28% rate of tax was higher than the current incidence of tax of about 21.89%. The CCT, Gujarat, stated that there were different rates of VAT for switches for household use and industrial use due to which the current incidence of tax was coming lower than the proposed tax rate and that the issue was discussed in the Fitment Committee and it was felt that in order to avoid the scope for mis-declaration and duty evasion, a uniform

rate of 28% could be kept on these goods. The Council agreed not to change the already approved rate of tax for these goods at the rate of 28%.

(vii) **Other Dry Fruits and Nuts (Sl. No. 8 of the List):** The Hon'ble Minister from Uttar Pradesh stated that since cashew nut was being taxed at the rate of 5%, *singhada* and *makhana* should not be taxed at the rate of 12%. He further stated that as it was consumed by people during fasting, it was exempt from VAT and proposed that it should also be exempted under GST. The Secretary raised a question whether these goods would fall in the category of dry fruits and the ACS, Uttar Pradesh, clarified that they would fall in this category. Joint Secretary (TRU-I), CBEC clarified that fresh *singhada* (chestnut) was classifiable under HS 0802 and was at 0% rate of tax whereas dried *singhada* (chestnut) was to be taxed at the rate of 12%, as in the case of other dry fruits (other than cashew and raisins). Similarly, *makhana* fresh was at 0% whereas *makhana* dried was at 12%. After discussion, the Council agreed not to make any change in the tax rate of 12% for these products.

(viii) **Masala powder (Sl. No. 19 of the List):** The Hon'ble Minister from Tamil Nadu stated that curry, other spices and mixture of spice powder known as *masala* powder should be taxed at a lower rate of 5% instead of the proposed rate of 18%. He stated that condiments, being mixed seasonings, could be taxed at a different rate but pure spice mixture should be at a lower rate and the entry should also be clarified suitably. The Joint Secretary (TRU-I), CBEC stated that the Supplementary Note (3) to Chapter 9 provides that the addition of other substances to spices shall not affect their inclusion in spices provided the resulting mixtures retain the essential character of spices and spices also include products commonly known as "masalas" and it would be taxable at the rate of 5% under Chapter 9. The Council agreed to this proposal.

(ix) **Instant Coffee (Sl. No. 17 of the List):** The Hon'ble Chief Minister of Puducherry observed that 28% rate of tax on instant coffee was too high. The Secretary explained that such coffee was sold only by multinational brands and the benefit of lower tax rate might not get passed on to the consumers. He further clarified that coffee powder other than instant coffee was to be taxed at a lower rate of 5%. The Council agreed not to change the already approved rate of tax for instant coffee at the rate of 28%.

(x) **Fruit and vegetable items and other food products; Pickles, Murabba, Chutney; Ketchup and Sauces (Sl. No. 15, 16 & 18 of the List):** The Hon'ble Minister from Uttarakhand stated that the tax on these goods was proposed to be lowered from 18% to 12% but in order to encourage reprocessing of agricultural products, they should be taxed at a still lower rate of 5%. He stated that fruits worth crores were lost every year in India due to spoilage of vegetables and fruit. He further stated that in India, only 2% of agricultural and fruit products were reprocessed whereas it was done on a very large scale in countries like USA and China. He added that VAT was only charged at the rate of 5%, and therefore, the rate of tax could be brought down to 5% and this would encourage the growth of food processing industry in India. The Secretary stated that the combined incidence of tax on fruit, vegetables, pickles, etc. was about 13% and the proposed tax rate at the rate of 12% was reasonable. The Council agreed to change the proposed rate of tax from 18% to 12% on these products.

(xi) **Ayurvedic medicines (Sl. No. 33 of the List):** Hon'ble Deputy Chief Minister of Delhi suggested that ayurvedic medicines should be taxed at a lower rate of 5%. The Secretary stated that the current incidence of tax on ayurvedic medicines was about 13%, and therefore, it would be reasonable to tax them at 12%, as proposed in the agenda notes. The Council agreed to this proposal.

(xii) **Granite Slabs (Sl. No. 29 of the List):** The Hon'ble Minister from Telangana stated that presently there was only 2% CST (Central Sales Tax) on granite slabs and levying 28% tax on them was too high. He stated that lakhs of people were employed in this sector and the cost of slabs varied from Rs. 16 per square feet to Rs. 80 per square feet. He suggested to reduce the rate of tax on granite slabs. He further stated that the present incidence of tax on granite slabs was only about 16.32%, and therefore, it should

be taxed at the rate of 12%. The Hon'ble Minister from Karnataka stated that it was ironic that on a luxury consumption item like granite slab, there was no Central Excise duty. He added that there could be evasion of tax if the rate of tax was kept at 28%. The Secretary stated that evasion was earlier possible due to lower rate of CST at 2% but now all suppliers of this good supplying inter-State would be required to pay tax at the rate of 28%. He added that taxpayers whose annual turnover was below Rs. 75 lakh could sell these goods in the State at a lower Composition rate and the rest would pay tax at the rate of 28%. The Hon'ble Minister from Telangana warned that the granite industry would be finished due to such high incidence of tax. The Hon'ble Minister from West Bengal stated that if the rate was reduced, import of granite slabs would go up. The Hon'ble Chairperson observed that other States were not agreeable to reduce the rate of tax on this good. Joint Secretary (TRU-I), CBEC clarified that the issue was deliberated during the 14th Council Meeting (held on 18-19 May, 2017) and after discussion, it was decided to prescribe a uniform rate of 28% on marble slabs as well as granite slabs to avoid misclassification and disputes. The Council agreed not to change the already approved rate of tax for granite slabs at 28%.

(xiii) **Insulin (Sl. No. 34 of the List):** The Hon'ble Minister from Jharkhand stated that rate of medicines had been generally reduced and the rate of tax on insulin should also be reduced from the proposed rate of 12%. The Hon'ble Deputy Chief Minister of Gujarat stated that a very large number of people used insulin and it should be taxed at the rate of 5%. He added that since tax on dental wax was proposed to be reduced from 28% to 18%, tax on insulin should also be reduced from 12% to 5%. The Hon'ble Ministers from Maharashtra and West Bengal supported this proposal. The Secretary suggested that insulin formulations of all types could be taxed at the rate of 5%. The Council agreed to tax insulin of all types at the rate of 5%.

(xiv) **Bio gas (Sl. No. 31 of the List):** The Hon'ble Minister from Haryana suggested that bio gas should be kept in the exempt category like e-vehicle. The Secretary stated that the rate of tax on bio gas plants was kept at par with other renewable energy devices such as wind and solar energy and thus, a tax rate of 5% on bio gas would enable pass through of the input tax credit. The Hon'ble Minister from Haryana stated that the input for bio gas was waste, and therefore, no input tax credit was involved. The Hon'ble Minister from Uttar Pradesh suggested that machines operated on bio diesel should also be taxed at the rate of 5%. The Secretary stated that all machines were in the tax slab of 18%. The Secretary stated that for bio gas, tax was proposed to be lower at 5% instead of the earlier approved rate of 12% as the current incidence of tax was about 8.6%. The Council agreed to the proposed rate of 5% for bio gas.

(xv) **Marble slabs (Sl. No. 30 of the List):** The Hon'ble Minister from Rajasthan stated that there was no Central Excise duty on marble and granite for manufacturers up to an annual turnover of Rs. 1.5 crore and that a tax rate of 28% would make the domestic products very costly. The Secretary stated that imported marble would also be charged to IGST at the rate of 28% and in addition, Customs Duty was also leviable. The Hon'ble Minister from Telangana stated that the current incidence of tax on granite slabs was about 16.32% and enquired why it was proposed to be taxed at the rate of 28%. The Joint Secretary (TRU-I), CBEC, stated that the rate of tax on granite and marble tiles was 28%, and therefore, the intermediate products i.e. the granite and marble slabs were also kept in the tax bracket of 28%. He further clarified that the issue was deliberated during the 14th Council Meeting (held on 18-19 May, 2017) and after discussion, it was decided to prescribe a uniform tax rate of 28% on marble slabs as well as granite slabs to avoid misclassification and disputes. The CCT, Assam, stated that the revenue for his State would be affected if the tax rate was reduced from 28%. The Council agreed not to change the already approved rate of tax for marble slabs and granite slabs at the rate of 28%.

(xvi) **Mineral Water (Sl. No. 27 of the List):** The Hon'ble Minister from Tamil Nadu stated that water was sold in bottles, sachets and 20-litre cans and a lower rate of tax should be applied for sachets and 20-litre cans. The Joint Secretary (TRU-I), CBEC, stated that the rate of tax on mineral water was 18% as approved earlier by the Council and the same rate was proposed to be retained by the Fitment Committee

and the rate shown against both columns as 28% was a typographical error. The Secretary stated that water supplied in 20-litre cans could be taxed at a lower rate of 12%. The CCT, Gujarat, stated that States had removed such classification and it was not desirable to reintroduce them. Shri Ritvik Pandey, CCT, Karnataka supported the view of the CCT, Gujarat. He also expressed an apprehension that as cans could be refilled, the taxpayer would declare even supplies of bottled water as supplies in 20-litre cans. The Secretary stated that it would not be difficult to detect this kind of mis-declaration. The Hon'ble Deputy Chief Minister of Delhi stated that there would be more scope for evasion of tax if more rate slabs were kept. The ACS, Uttar Pradesh, supported the proposal to keep the same tax rate on mineral water supplied in different forms. The Hon'ble Minister from Jharkhand observed that very few people drank mineral water and suggested to increase the tax rate to 28%. After discussion, the Council agreed not to change the already approved rate of tax for mineral water at 18%.

(xvii) **Children's picture, drawing or coloring books (Sl. No. 57 of the List):** The Hon'ble Minister from Jharkhand suggested that the tax on these items should be reduced from the proposed rate of 12% to 5% as it was meant for use by children. The Hon'ble Minister from West Bengal stated that it would be bad optics to tax these goods at the rate of 12% and the Council should not be seen to be taxing coloring books for children at a high rate. The Secretary stated that if tax was lowered, the producers of these goods would become eligible to claim refund on the input tax credit on paper leviable to tax at the rate of 12%. The Hon'ble Deputy Chief Minister of Delhi stated that since books were kept at Nil rate, there was no justification to levy tax on children's picture, drawing or coloring books. He added that today young parents from all strata of society gave such books to their children. The Secretary informed that even the producers of books had requested to levy tax on them as they suffered an embedded tax of 8% to 9% but this suggestion was not acted upon as levying tax on books would have caused public uproar as it was connected to the freedom of speech. The Hon'ble Deputy Chief Minister of Delhi stated that text books and picture books did not have much difference. The Hon'ble Deputy Chief Minister of Gujarat stated that in his State, books were given free to about 1 crore children. After discussion, the Council agreed to exempt tax on children's picture, drawing or coloring books instead of the proposed tax rate of 12%.

(xviii) **Spectacle Cases; Glasses for Corrective Spectacles and Flint Buttons (Sl. No. 49 & 67 of the List):** The Hon'ble Deputy Chief Minister of Delhi stated that manufacturers of spectacle cases were small entrepreneurs and instead of taxing them at 28%, it would be desirable to tax them at the rate of 12%, particularly when glasses for corrective spectacles were proposed to be taxed at the rate of 12%. The Joint Secretary (TRU-I), CBEC stated that the present incidence of tax on the spectacle cases was around 29.58% and that the manufacturers would get credit of tax paid on inputs. He suggested that no rate rationalization was required. The Council agreed not to change the rate of tax on spectacle cases proposed at the rate of 28%.

(xix) **Ply board (Particle board, fiber board) and Plywood (Sl. No. 53 of the List):** The Hon'ble Minister from Kerala stated that ply boards made of agro-waste products and other particle boards were competitive products, and therefore, there should be no rate differential between them. The Secretary stated that the particle boards were made of saw dust and if rate for both kinds of product was kept the same, then there would not be much market for boards made out of bagasse. The Hon'ble Minister from Kerala stated that saw dust was also virtually the same as an agro waste product. The Hon'ble Minister from Uttarakhand stated that when timber and wood was being charged to tax at the rate of 18%, the tax rate on ply board should be reconsidered and should be taxed at a lower rate of 18%. The Hon'ble Chairperson stated that the present incidence of tax on this product was 29.58%. The Hon'ble Minister from Uttarakhand stated that the rate of tax on ply board should be reduced so that the forest cover was not cut for use in construction activities. The Hon'ble Minister from Haryana stated that ply board industry supported agro-forestry programme of the Government and informed that poplar and eucalyptus were new agriculture produce developed for industrial production of ply board, etc. He also observed that it was a labour intensive industry; was presently in the Compounding scheme and did not have much input

tax credit. He pointed out that if malt was to be charged at the rate of 18% on the consideration that it was an intermediate product, then ply board should also be considered as an intermediate product used in making houses, furniture, etc. The Hon'ble Minister from Punjab supported the view of the Hon'ble Minister from Haryana. The Secretary stated that ply board was in the nature of finished goods. The Hon'ble Minister from Kerala stated that rubber wood based board (at Sl. No. 51 of the List) should be treated as plywood as they were competitive products. The Hon'ble Minister from Jammu & Kashmir stated that if rate of tax on goods was to be based on goods of special importance in various States, then this was akin to going back to the VAT regime. The Hon'ble Chairperson stated that if rate was to be reduced on a large number of goods, then one would need to consider how to make up for the lost revenue. The Hon'ble Minister from Haryana stated that taxing ply board at the rate of 18% would improve compliance as a high rate of 28% would make it highly evasion prone commodity. The CCT, Assam observed that while deciding the rates, the interest of the consuming States should also be kept in mind. After discussion, the Council agreed to keep the tax rate on ply board (Particle board, fiber board) and plywood at the proposed rate of 28%.

(xx) **Laundry detergents and dish washing products (Sl. No. 38 of the List):** The Hon'ble Minister from Odisha stated that laundry detergent was an item of mass consumption and also played an important role in *Swacha Bharat* campaign and suggested that it should be taxed at a lower rate. The Hon'ble Minister from Karnataka stated that as soaps were being taxed at the rate of 18%, laundry detergents should also be taxed at the rate of 18%. The Secretary stated that the volume of turnover of these products was very high and reduction in rate of duty would lead to a loss of revenue of about Rs. 5,000-10,000 crore. He suggested that any lowering of rate could be considered after observing the revenue trend. The Hon'ble Chairperson observed that the current incidence of tax on these products was about 29.58%. The Council agreed to keep the rate of tax for these products at 28%.

(xxi) **Kites (Sl. No. 56 of the List):** The Hon'ble Minister from Jharkhand stated that there was no justification to tax kites at the rate of 5% as it was not a mass consumption item and today kite flying was limited to some specific festival. In this view, he suggested to tax it at a higher rate. The Hon'ble Deputy Chief Minister of Gujarat stated that in his State, all sections of society, including the poor, flew kite during the festival season and it was also manufactured by the poor artisans and so the proposed rate of 5% was justified. The Council agreed to keep the rate of tax for kite at 5%.

(xxii) **Human hair, dressed, thinned, bleached or otherwise worked (Sl. No. 60 of the List):** The Hon'ble Minister from Jharkhand stated that poor persons did not use wigs and there was no justification to keep the rate of tax on human hair as Nil and that this product should be taxed. The Joint Secretary (TRU-I), CBEC stated that the products mentioned under this heading were intermediate products which were subject to chemical treatment, combing, etc. before they were made into wigs. He informed that the rate of tax on wigs was fixed at 28%. The Hon'ble Minister from West Bengal stated that very poor people collected hair in its normal state, cleaned and bleached it and then sent it to Gujarat for making wigs which was a high-end product. The Hon'ble Minister from Haryana raised a question as to why the rate of tax on this product was proposed to be brought down from 28% to Nil on the recommendation of only one State whereas Council was not agreeable to reduce the rate of tax on ply board which was demanded by at least five States. The Secretary stated that the volume of sale of ply board was very high and there would be substantial revenue loss if rate of tax on ply board was reduced. The Council agreed to keep the rate of tax for human hair dressed, thinned, bleached or otherwise worked at Nil.

(xxiii) **Bamboo based products (Sl. No. 50 of the List):** The Hon'ble Minister from Kerala suggested that rate of tax on bamboo based products should be reduced. The Joint Secretary (TRU-I), CBEC stated that the present incidence of tax on these products was about 18.65%. After discussion, the Council agreed to keep the rate of tax for bamboo based products at 18%.

(xxiv) **Coir mats, matting and floor covering (Sl. No. 58 of the List):** The Hon'ble Minister from Kerala suggested that the products coming from handloom industry should be exempted and the other categories of coir mats, etc. should be taxed at the rate of 5%. The Secretary stated that handloom was made across various sectors and it was a very big item in the textile industry. He added that it was very difficult to distinguish between textiles made from handloom and power loom, and therefore, all were proposed to be taxed at same rate. He stated that the same logic applied for coir mats etc. The Council agreed to keep the rate of tax for coir mats etc. at 5%.

(xxv) **Agarbatti (Sl. No. 37 of the List):** The Hon'ble Minister from Karnataka stated that they had earlier suggested that *agarbatti* should be taxed at a lower rate but it was not considered and the tax rate was kept at 12% and now it was suddenly reduced to 5%. He stated that he was happy at this reduction in rate but wanted to bring the position of his State on record.

(xxvi) **Fly Ash Bricks (Sl. No. 61 of the List):** The Hon'ble Minister from Telangana stated that the rate of tax on fly ash bricks should be reduced to 5% instead of the presently proposed rate of 12% as a lot of fly ash was produced as waste material in the large number of thermal power stations located in his State and these thermal power stations had to spend money to dispose of fly ash. The Secretary stated that the Fitment Committee had recommended a tax rate of 18% which had already been reduced to 12% during the 14th Council Meeting (held on 18-19 May, 2017) and requested not to reopen this issue. The Hon'ble Chairperson stated that there was no strong justification to further reduce the tax rate on fly ash bricks. The Council agreed to keep the rate of tax for fly ash brick, along with fly ash blocks at 12%.

(xxvii) **Electric Conductors not exceeding 1000 V; Electric Wires and Cables Industrial (Sl. No. 105, 106 and 109 of the List):** The Hon'ble Minister from Bihar suggested that the rate of tax on electric conductors and electric wires and cables for industrial use should be reduced from the presently proposed rate of 28% as these goods were used for village electrification and increase in price of these goods would cause higher financial burden to the States. The Secretary stated that the rate of tax on these goods was fixed on the basis of the present incidence which was in the range of around 29.5% to 26.9%. The Council agreed to keep the rate of tax for electric conductors and electric wires and cables for industrial use at the rate of 28%.

(xxviii) **Tractor Components (Engines; Tyres and Tubes; Transaxles and parts thereof, Gear box and parts thereof and Hydraulics) (Sl. No. 75, 76 and 77 of the List):** The Hon'ble Minister from Haryana stated that when tractors were to be taxed at the rate of 12%, it was not justifiable to tax parts and components of tractors at the rate of 18% and 28%. He observed that a lot of repair activities took place for tractors and their spare parts were easily distinguishable and were only used in tractors. The Joint Secretary (TRU-I), CBEC, stated that tractor parts that were distinguishable as exclusively being used in tractors were proposed to be taxed at the rate of 18% by taking a carve out in Chapter heading 4011 (tyres and tubes) and in Chapter heading 8708 (parts and accessories of motor vehicles) and other parts, including engines, were proposed to be taxed at the rate of 28% in order to avoid misclassification and duty evasion. The Hon'ble Chief Minister of Puducherry stated that when the rate of tax on fixed speed diesel engines (Sl. No.74 of the List) was reduced from 28% to 12%, there was no justification to levy tax on tractor engines at the rate of 28%. The Secretary clarified that for the sake of parity, the rate of tax on submersible pumps and fixed speed diesel engines of up to 15HP was kept at 12%. He further pointed out that tractor engines would get full input tax credit and would be eligible for refund of input tax credit because the final goods, namely, tractors were charged to tax at the rate of 12%. After further discussion, the Council agreed not to further reduce the rate of tax on these goods.

(xxix) **Phul-jhadoo (Sl. No. 130 of the List):** The Hon'ble Deputy Chief Minister of Delhi stated that even plastic *jhadoo* should be kept at Nil rate of tax instead of being taxed at 5%. The Secretary stated that other than *phul-jhadoo*, there would be input tax credit for other types of *jhadoo*, and therefore, they

were proposed to be taxed at the rate of 5% to avoid embedding of tax in the final product. The Council agreed to keep Nil rate of tax for *phul bahari jhadoo* and 5% for other types of *jhadoo*.

(xxx) **Rough precious and semi-precious stones (Sl. No. 68 of the List):** The Hon'ble Minister from Rajasthan stated that these should be taxed at Nil rate instead of the proposed rate of 0.25% because these were not that precious in nature and all of them were exported. The Secretary stated that a very low rate of 0.25% was proposed on these goods as it was only meant to establish an audit trail. The Council agreed to keep the proposed rate of tax at 0.25% for rough precious and semi-precious stones.

(xxxi) **Bamboo furniture (Sl. No. 127 of the List):** The Hon'ble Minister from Kerala stated that the proposed 28% rate of tax on bamboo furniture was prohibitively high and this would affect the producers of North-Eastern States. The Hon'ble Minister from Maharashtra stated that the Government of India had been encouraging bamboo products and the rate of 28% was too high. He added that China had developed bamboo furniture on a large scale and India should also encourage the same. The Hon'ble Chairperson suggested that the rate of tax on bamboo furniture could be brought down to 18% from 28%. The Council agreed to this suggestion.

(xxxii) **Hybrid cars:** The Hon'ble Minister from Karnataka stated that due to imposition of 15% Compensation Cess on large hybrid cars, the rate of tax under GST would become higher than the present incidence of tax on hybrid cars. He stated that this could not be the intention of the Council and it was not fair to penalize an environment friendly good. The Secretary stated that a detailed note on costing of hybrid cars would be shared with him. He added that fuel efficiency of hybrid cars was 20%-25% more than normal cars and this was incentive enough for the consumers to pay a higher price inclusive of a higher tax. He added that the study had indicated that even when duty was reduced, the car manufacturers did not pass the benefit of the same to the consumers. The Hon'ble Minister from Karnataka reiterated that in addition to the cost of fitting extra equipment, there would be an additional cost for these cars due to imposition of 15% Compensation Cess, which was not desirable for an environment-friendly product. The Hon'ble Minister from Kerala stated that he did not support taxing an environment-friendly product at a high rate. The Hon'ble Minister from Goa stated that 15% Compensation Cess should not be imposed on environment-friendly car. The Hon'ble Chairperson stated that the note on hybrid cars should be circulated by the Secretariat to all the Hon'ble Members of the Council after which, if need be, it could be discussed during the next meeting of the Council.

(xxxiii) **Molasses:** The Hon'ble Minister from Karnataka stated that they had concerns on the rate of tax on molasses and invited the CCT, Karnataka, to explain the issue. The CCT, Karnataka, stated that under the VAT regime, the tax paid on molasses was set off against the excise duty on clearance of alcoholic liquor for human consumption. In the GST regime, as alcoholic liquor for human consumption was out of GST, credit could not be taken for the tax paid on molasses. The Secretary stated that this kind of cascading would be an issue for all commodities which were not being subsumed in GST.

(xxxiv) **Textiles:** The Hon'ble Minister from Punjab stated that they had sent in writing that the tax rate for man-made fibre should be 18%, for yarn 12% and for cloth 5%. The Secretary stated that man-made fibre and man-made yarn were to be taxed at the rate of 18%. He stated that on fabric, 5% tax would help in the flow of credit and no tax would need to be paid in cash though refund of the accumulated credit was not allowed. The Hon'ble Minister from Punjab stated that fabric was being taxed at the rate of 5% but tax on job workers' charges would be 18%. He suggested to reduce the rate of tax on job work to 5% since no tax refund was being allowed. The Advisor (Financial Resources) to Chief Minister, Punjab stated that small job workers, who bought yarn and made cloth, would be wiped out as no refund was being allowed on credit overflow whereas the bigger manufacturers who bought fibre and made yarn and fabric in their own units would not suffer any disadvantage. The Hon'ble Minister from Rajasthan stated that there should be fibre neutrality for textile industry so that there was lesser accumulation of input tax credit for smaller units, in ratio of integrated textile units. He added that accumulation of input tax credit

would make all the difference and would put the small units at a disadvantage. The Advisor to Chief Minister, Punjab stated that this distortion could be addressed by charging tax on fibre at the rate of 18%, on yarn at the rate of 12% and on garments at the rate of 5%. The Secretary stated that Agenda Item No. 3 also included a proposal to levy 5% tax on job work services in relation to Textile yarns (other than man-made fibre/filament) and textile fabrics instead of the present rate of 18%. After discussion, the Council decided not to change the rates for man-made fibre and yarn.

(xxxv) **Cullet and other waste and scrap of glass; glass in the mass:** The CCT, Madhya Pradesh, stated that the rate of tax on these products should be reduced from 18% to 5% as presently, alcohol industry mostly used recycled bottles, which gave employment to a large number of rag pickers. He added that this also helped to reduce pollution which could be caused due to piling of scrap bottles in the environment, if they were not reused. He added that the present rate of VAT on this item varied from 0% to 5%. After discussion, the Council decided not to change the rate of tax on these goods.

(xxxvi) **IGST Exemptions:** The Secretary stated the certain IGST exemptions were proposed to be continued/introduced due to reasons like bilateral commitments between India and Pakistan/Bangladesh for regulation of bus services (notification 4/99-Customs dated 08.01.1999); technical exemption for temporary import/re-import (notification 40/2015-Cus dated 21.07.2015; 9/2012-Cus dated 09.03.2012); and declaring inter-State movement of any mode of conveyance for carrying goods or passengers or both or for repairs and maintenance as neither a supply of goods nor a supply of service. The Council approved these proposals.

9. For **agenda item 3**, the Council approved the rates of GST on **supply of goods** as presented in the agenda notes with the following modifications:-

(i) For Composition scheme, to increase the annual turnover threshold from Rs. 50 lakh to Rs. 75 lakh for eligible taxpayers and to have a list of manufacturers who shall be ineligible for Composition scheme. However, no clear decision was taken regarding the applicability of this decision to the Special Category States;

(ii) To tax insulin formulations of all types at the rate of 5% instead of the proposed rates of 12%/5%;

(iii) to exempt tax on children's picture, drawing or coloring books instead of the proposed tax rate of 12%;

(iv) To tax bamboo furniture at the rate of 18% instead of the proposed rate of 28%;

(v) Approved the exemption from IGST on certain imports, namely, bilateral commitments between India and Pakistan/Bangladesh for regulation of bus services; technical exemption for temporary import/re-import; and to declare inter-State movement of any mode of conveyance for carrying goods or passengers or both or for repairs and maintenance as neither a supply of goods nor a supply of services.

Discussion on GST rates of tax for services:

10. Presenting the agenda item regarding rates for services, the Secretary stated that the Fitment Committee of Officers in its meeting held on 8th June, 2017 at New Delhi had considered various proposals in respect of exemptions and rates of tax relating to services covering the following issues: (i) Proposals for exemption from tax; (ii) Tax rate on job work services provided in Textile, Diamond processing and jewellery sector and printing of books, journals and periodicals (Chapter heading 4901, 4902 of HSN); (iii) Tax proposals on Legal Services; (iv) Tax proposals on Sponsorship Services; (v) tax rate on admission to cinema theatres. He took up discussion on each of these issues separately.

Proposals for exemption from tax:

10.1. The Secretary stated that the Fitment Committee had recommended exemption from GST on four different categories of services. He stated that the first proposal was a recommendation to exempt from tax the Insurance services provided under *Mukhya Mantri Vyapari Durghatna Beema Yojana*. The ACS, Uttar Pradesh informed that traders were issued *Mukhya Mantri Vyapari Durghatna Beema Yojana* for an amount of Rs. 5 lakh and the Government paid the entire premium and that it should be exempted from tax. The Council agreed to the proposal.

10.2. The Secretary stated that the second proposal on exemption related to services provided to Government, a local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or to any function entrusted to a Municipality under Article 243W of the Constitution. He stated that in the Officers meeting held in the morning, it had been suggested that only supply of pure service contract provided to Government, a local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or any function entrusted to a Municipality under Article 243W of the Constitution may be exempted. After discussion, the Council agreed to the proposal.

10.3. The Secretary stated that the third proposal on exemption related to services provided to the Government under any insurance scheme for which total premium was paid by the Government. He informed that the recommendation of the Fitment Committee was to exempt services provided to the Government under any insurance scheme provided 100% premium was paid by the Central Government or the State Government. The ACS, Uttar Pradesh recalled that during the Officers' meeting held today in the morning, he had stated that under some of the Government of India schemes, even if part premium was paid by the Government, Service Tax on the same was exempted. The Secretary stated that where 100% premium was paid by the Government, the exemption from tax already stood approved by the Council. However, if there were other schemes where Government paid part premium and if a State Government wanted exemption from tax, it should be brought before the Council for approval. Secretary also added that since insurance schemes where 100% premium was paid by the Government have been decided to be exempted, there would be no need to separately exempt *Mukhya Mantri Vyapari Durghatna Beema Yojana* of Uttar Pradesh. The Council approved the proposal.

10.4. The Secretary informed that the fourth proposal on exemption related to services provided to the Government under any training programme for which total expenditure was borne by the Government. He informed that the recommendation of the Fitment Committee was to exempt services provided to the Government under any training programme provided hundred percent expenditure for training programme is borne by the Central Government or the State Government. After discussion, the Council approved the proposal.

GST Rate on job work services provided in the sectors of Textile; Diamond processing and Jewellery; and Printing of books, journals and periodicals

10.5. The Secretary stated that the appropriate rate of tax on job work services provided in the sectors of textiles, diamond cutting and polishing and gold jewellery and printing of books, journals and periodicals were examined by the Fitment Committee in its meeting held on 8th June, 2017. The Committee noted that the Council had decided the rate of tax on textile fabrics at 5%, and on cut and polished diamonds and gold jewellery at 3%, but various job work services provided in these sectors would attract tax at the standard rate of 18%. The Committee felt that this could create tax inversion and consequent input tax credit accumulation in these sectors. It would also create a tax disadvantage for manufacturers who outsourced intermediate processes to job workers *vis-a-vis* those manufacturers who carried out all the processes in house. This would discourage outsourcing and would be against the interest of a large number of small job workers in these sectors. He recalled that in the 14th Meeting of the Council (held on 18-19

May 2017), it was decided to withdraw the exemption in respect of job-work services relating to textiles and cut and polished diamonds and gold jewellery and as a result, these job-work services would attract the standard rate of 18%.

10.5.1. The Secretary informed that to resolve this issue, the Fitment Committee had recommended that job work services in relation to (a) textile yarns (other than manmade fibre/filament) and textile fabrics and (b) cut and polished diamonds; precious and semi- precious stones, or plain and studded jewellery of gold and other precious metals, falling under chapter 71 of the HS Code, could be taxed at the rate of 5%. He explained that tax on job-work service charge was with reference to job charges only while tax on supply of goods was with reference to the full value of goods supplied.

10.9.2. The Secretary informed that an additional agenda note had been circulated pointing out similar difficulties for job work services in relation to printing of books, journals and periodicals. He explained that the tax rate on supply of newspapers, journals, periodicals and printed books (including braille books) was Nil and the rate on selling of space for advertisements in print media was at 5%. He recalled that keeping in view the fact that sale of space for advertisements in newspapers would attract tax at the rate of 5%, the Council had decided that job work services in relation to printing of newspapers would attract tax at the rate of 5%. However, job work services in relation to printing of books, journals and periodicals would attract the tax rate of 18% as against the currently applicable Nil rate of Service Tax. He recalled that the Council in its 14th Meeting (held on 18-19 May 2017) had decided to withdraw the exemption in respect of job-work services relating to printing and as a result, these job-work services would attract the standard rate of 18%. He observed that this could create tax inversion and consequent input tax credit accumulation in case of journals and periodicals and additional cost in case of books. This would also create a tax disadvantage for publishers of books, journals and periodicals who outsourced printing to job workers *vis-a-vis* those publishers who carried out all processes in house. This would discourage outsourcing and would be against the interest of job workers in these sectors. He added that this would also create disparity between job workers/printers who printed newspapers and those who printed books, journals and periodicals. In view of this, it had been decided in the officers meeting that like job work services in relation to printing of newspapers, job work services in relation to printing of books (including braille books), journals and periodicals, could also be taxed at the rate of 5%. He requested that the Council may approve this recommendation.

10.9.3. The Hon'ble Minister from West Bengal stated that he supported the proposed tax rate on job work for textile; diamond processing and jewellery; and printing of books, journals and periodicals. He suggested that a similar rate of tax at 5% should also be prescribed for job work on raw hide and tanned hide. He stated that presently, the rate of tax on such job work was 18% whereas the rate of tax on finished leather was 12% and on the same analogy, this would lead to accumulation of input tax credit. The Council approved this suggestion.

Legal Services

10.10. The Secretary explained that the Fitment Committee had proposed to tax the services provided by partnership firm of advocates and LLPs (Limited Liability Partnership) under forward charge. He stated that this would help them utilise their input tax credit. However, it was proposed to exempt individual advocates (including senior advocates) from obtaining registration under CGST/SGST Act [section 23 (2) of the CGST Act].

10.10.1. Explaining the rationale for the proposal, he stated that services provided by (i) an individual advocate or a partnership firm of advocates to another advocate or partnership firm of advocates or (ii) an individual advocate or a partnership firm of advocates to any person other than business entity were exempt from tax under GST regime. Services provided by an individual advocate or firm of advocates by

way of legal services were under reverse charge for payment of tax. He further explained that a partnership firm did not include an LLP, but a firm of advocates was said to include LLP. Therefore, an individual advocate providing services to LLP would be taxable under reverse charge in the GST regime and legal services provided by an LLP to a business entity would also be liable to tax under reverse charge. He stated that some of the law firms had asked for putting tax liability for them in forward charge instead of reverse charge. He added that in this proposal, individual advocates are proposed to be exempted from registration under GST so that they did not face compliance burden and the liability was cast on business entity on reverse charge basis for GST compliance.

10.10.2. The Secretary informed that this issue was discussed during the Officers' meeting held today in the morning and it was felt that *status quo* should be maintained and tax should be paid on reverse charge basis. The Council decided not to approve the proposal to tax the services provided by partnership firms of advocates and LLPs under forward charge and to maintain *status quo* of charging tax under reverse charge. The Council approved that individual advocates (including senior advocates) shall be exempt from registration requirement but decided to maintain *status quo* in respect of mode of taxation of legal services by partnership firm of advocates and LLP.

Sponsorship Services

10.11. The Secretary explained that under this agenda item, it was proposed to tax the sponsorship services provided by body corporate [as defined in section 2 (11) of Companies Act 2013] under forward charge as this would help them utilise their input tax credit. He stated that the Fitment Committee had proposed to exempt individual sponsorship service providers (including players) from obtaining registration under CGST/SGST Act [section 23 (2) of the CGST Act]. He stated that the justification for exemption from registration for individuals providing sponsorship service was that they would face no compliance burden and the same would be cast on business.

10.11.1. The Secretary further informed that during the Officers' meeting held today in the morning, similar concerns were raised on this proposal as in respect of the law firms and it was felt that tax on sponsorship services provided by body corporates should not be allowed under forward charge basis and it should continue to be under reverse charge. The Council approved this proposal. Council approved the proposal to exempt individual sponsorship service providers (including players) from registration but decided to maintain *status quo* in respect of mode of taxation of sponsorship services.

GST Rate on admission to Cinema Theatres

10.12. The Secretary informed that the Fitment Committee could not reach a consensus on the rate of tax on admission to cinema theatres; It had presented in the agenda note, the view points of the different States. Gujarat wanted the rate of tax on admission to cinema theatres to be reviewed and to be reduced from 28% to 18%, so that the local bodies were also able to tax the same. West Bengal wanted a lower rate of tax for regional films or no tax below a certain threshold, say Rs 100 per ticket for regional films. West Bengal had informed that presently Bengali films attracted lower rate of entertainment tax, and their representative was of the view that a lower rate was required to support and promote the regional film industry. Karnataka stated that they had issued a Government Order that no cinema theatre including multiplexes would charge more than Rs. 200 per ticket for a regional film. Rajasthan and Kerala supported the rate of tax at 28% (as approved by the Council) for admission to cinema theatres for all films. They did not want a carve-out for regional films as it would be distortionary. Haryana wanted to continue with the tax rate of 28% for admission to cinema theatres. Uttar Pradesh did not support a lower rate for regional films and stated that if a lower rate was provided for films in regional language of the States, the benefit should also be extended to Hindi films screened in Uttar Pradesh as Hindi was the regional language in their State.

10.12.1. During the deliberations of the Fitment Committee, the officers of the Central Government had explained that the weighted average all-India incidence of entertainment tax rates on admission to cinema

theatres was about 30.8%. Further, revenue to be protected worked out to about Rs. 4,500 crore per year (based on 2015-16 data of entertainment tax of the Department of Revenue). Moreover, as Entry 62 of List II had been replaced with an entry that enables the local bodies to levy entertainment tax, it was decided that compensation cess may not be levied on admission to cinema theatres. It was also pointed out that regional films enjoyed a lower tax rate only in the State concerned. The States did not levy a lower rate of entertainment tax on all regional films but only films in their language. As the country was going in for One India-One Tax under GST, it might not be possible to have a lower rate in different States for different regional films. It would be better if the States reimbursed the regional film industry or the cinema theatres screening regional films in any manner that would best promote regional films.

10.12.2. The Hon'ble Minister from West Bengal stated that almost 90% of the States had Nil rate of tax on regional cinema and not to have a lower rate of tax on regional cinema would tantamount to killing regional diversity. The Hon'ble Minister from Andhra Pradesh stated that there should be difference between the rate of tax for national films and regional films. He suggested that the rate of tax for regional films should be Nil. The Hon'ble Minister from Kerala suggested that tax should be imposed on all cinema tickets. The Hon'ble Minister from Tamil Nadu stated that films made in the local language of the State should be subject to a lower rate of tax. He suggested that if the rate of tax on all types of films was kept at 28% and then local bodies also imposed additional tax on the films, it would amount to double taxation and would put a very heavy burden on the public. He suggested that the tax rate on films should be kept at 12%. The Hon'ble Minister from Telangana suggested to keep the rate of tax at 12% so that local bodies could impose additional tax and get some revenue. The Hon'ble Minister from Karnataka stated that regional language cinema was a sign of cultural diversity and it should be encouraged. The Hon'ble Chairperson stated that the rate of entertainment tax across the States varied from 20% to 110% and the weighted all-India average rate of entertainment tax was about 31%. He observed that several States granted tax exemption to regional films and it was the only item under GST where local bodies could also impose tax. He observed that States could give refund of SGST for regional language films as each State would have different regional language. The Hon'ble Chief Minister of Puducherry stated that States did not have adequate resources to provide reimbursement. The Hon'ble Minister from Uttar Pradesh opposed the suggestion of exempting regional cinema from tax and stated that this would lead to loss of revenue for every State. The Hon'ble Deputy Chief Minister of Delhi stated that the Government as well as the society supported some kinds of cinema and theatre, and this should be encouraged through imposition of lower rate of tax. The Hon'ble Chief Minister of Puducherry stated that there was still some difference in the film viewing habits between rural and urban areas/population. The Hon'ble Minister from Kerala stated that he had discussed this issue with a few film organisations and they had expressed willingness to pay tax at the rate of 28% as they would be eligible for input tax credit. He proposed that for supporting regional cinema, the States could resort to Direct Benefit Transfer scheme.

10.12.3. The Hon'ble Minister from West Bengal stated that during discussion on CSD (Canteen Stores Department) in the 15th Meeting of the Council (held on 3 June 2017), it was decided that the Central Government and the State Governments would equally share the burden of refunding the tax to CSD. He suggested that the same approach should be adopted in the case of regional films. The Hon'ble Minister from Karnataka supported this suggestion. The Hon'ble Chairperson suggested that there could be two rates of entertainment tax - one 28% normal rate and the second 18% for tickets sold below a certain value. The Hon'ble Minister from West Bengal suggested that the ticket value for 18% tax rate could be Rs. 200. The Secretary suggested that the ticket rate could be Rs. 100. The Hon'ble Deputy Chief Minister of Delhi stated that no cinema in Delhi would be covered under the exemption scheme if the ticket value was kept at Rs. 100. The Hon'ble Minister from Maharashtra suggested that the rate of tax on admission to cinema theatres should be kept at 18% so that there was room for local bodies to levy tax over and above this rate. He added that a service charge of 10% was also being charged by every State for cleaning the theatres. The Hon'ble Chairperson stated that normal ticket for cinema theatres, particularly

multiplexes, was Rs.400 to Rs.500 per head. The Hon'ble Minister from Karnataka stated that differential rate of tax on cinema theatre based on the ticket price would not serve the purpose of the vernacular language. The Principal Secretary, Telangana, stated that the rate of 28% was optically very high and suggested to keep the rate at 18%. He stated that this would also enable local bodies to levy additional tax.

10.12.4. The Hon'ble Chairperson stated that in order to encourage cinema as a means of entertainment for middle class, it would be desirable to keep a lesser rate of tax for some types of cinema whereas others could be charged tax at the rate of 28%. He suggested to charge tax at a lower rate for tickets sold below Rs. 100. The Hon'ble Minister from Kerala stated that the tax imposed at the level of the producer and the distributor would be 18%, and if tax on the final product was 12%, then the question was as to who would bear this extra 6%. He suggested that the minimum rate of tax should be 18%. The Secretary stated that the ticket rate in multiplexes was never less than Rs. 100. The Hon'ble Minister from Kerala reiterated that tax on cinema tickets should not be less than 18% even for tickets sold at a price below Rs. 100. The Hon'ble Ministers from Haryana and Andhra Pradesh supported this proposal. The Hon'ble Minister from Maharashtra reiterated his reservation and suggested that the rate of tax on admission to cinema theatre should be 18%. After further discussion, the Council agreed that the rate of tax on admission to cinema theatres shall be 28% with the exception that the rate of tax shall be 18% if the price of the ticket for admission to cinema theatre was Rs. 100 or less.

11. For **agenda item 2**, in respect of rate of tax on supply of services, the Council approved the following:

11.1. To exempt from tax, supply of pure services provided to Government, a local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or any function entrusted to a Municipality under Article 243W of the Constitution;

11.2. To exempt from tax, services provided to the Government under any insurance scheme provided hundred percent premium was paid by the Central Government or the State Government and this would also cover the *Mukhya Mantri Vyapari Durghatna Beema Yojana* of Uttar Pradesh;

11.3. If there were insurance schemes where Government paid part premium and if any Government wanted exemption from tax, it shall be brought before the Council for approval;

11.4. To exempt services provided to the Government under any training programme provided hundred percent expenditure for training programme is borne by the Central Government or the State Government;

11.5. To tax job work services in relation to the following services at the rate of 5%: (a) textile yarns (other than manmade fibre/filament) and textile fabrics; (b) cut and polished diamonds; precious and semi-precious stones, or plain and studded jewellery of gold and other precious metals; (c) printing of books (including braille books), journals and periodicals; (d) raw hide and tanned hide;

11.6. To exempt individual advocates (including senior advocates) from obtaining registration under CGST/SGST Act [Section 23 (2) of the CGST Act] and to continue with the status quo in respect of mode of taxation of legal services by partnership firm of advocates and LLPs;

11.7. To exempt individuals providing sponsorship service from registration under the GST regime and to continue with the status quo in respect of mode of taxation of sponsorship services;

11.8. To tax admission to cinema theatres at the rate of 28% with the exception that the rate of tax shall be 18% if the price of the ticket for admission to cinema theatre was Rs. 100 or less.

Agenda Item 4: Any other agenda item with the permission of the Chairperson:

12. Introducing this agenda item, the Secretary stated that with the permission of the Chairperson, the following two additional agenda items had been placed before the Council: (i) Notification of certain sections of the GST Acts; (ii) Amendment in Rule 19 of the Registration Rules for additional method of authentication. He took up discussion on these two agenda items.

(i) Notification of certain sections of the GST Acts

12.1. The Secretary recalled that in its 15th Meeting (held on 3 June 2017), the Council had approved to notify with effect from 19 June 2017, the Sections of the CGST Act (as also the SGST Acts in the States where the SGST Acts were enacted) containing provisions relating to registration and composition levy. He stated that some more provisions of the CGST and the SGST Acts needed to be notified. Section 2 of the CGST Act, 2017 and the IGST (Integrated Goods and Services Tax) Act 2017 contained definitions of various terms used in the respective Acts and since some of these defined terms were used in Sections relating to registration and composition levy, these would also need to be notified with effect from 19 June, 2017. Similarly, Section 14 of the IGST Act, which provides for the registration of the supplier of online information and database access or retrieval services under the Simplified Registration Scheme, was required to be notified so that such suppliers could be allowed to take registration. He further stated that during its 14th Meeting (held on 18-19 May 2017), the Council had approved the issuance of a notification under Section 146 of the CGST Act to the effect that www.gst.gov.in shall be the Common Goods and Services Tax Electronic Portal for facilitating conduct of different business processes. Therefore, it was required that section 146 of the CGST Act should be notified. He further added that during the 14th and 15th Meeting of the Council, nine GST Rules namely, registration; composition levy; payment; refund; return; input tax credit; tax invoice; valuation; and transition were approved. Section 164 of the CGST Act and Section 22 of the IGST Act provided for power to the Government to make rules, on the recommendations of the Council, to carry out the provisions of the respective Acts. In order to notify the above mentioned nine Rules, in particular Rules on Registration and Composition levy, it was essential to notify Section 164 and Section 22 of the CGST Act and the IGST Act respectively.

12.1.1. The Secretary further stated that Section 15 of the CGST Act related to valuation provisions. Section 16 to 21 of the CGST Act related to Input Tax Credit provisions. Section 31 to 34 of the CGST Act related to invoice provisions. Section 37 to 48 of the CGST Act relates to return provisions. Section 49 to 50 of the CGST Act relates to payment provisions. Section 54 to 58 of the CGST Act relates to refund provisions. Section 140 to 142 of the CGST Act and Section 21 of the IGST Act related to transition provisions. In order to notify the above-mentioned Rules (Sections related to Registration and Composition levy have been already approved), it was essential that these Sections should be notified. Similarly, Sections 22 to 30 of the CGST Act contained provisions for registration of taxpayers under GST. In terms of section 22 (1) of the CGST Act, every supplier of goods or services crossing a specified threshold of aggregate turnover was required to get registered. Section 9 (3) of the CGST Act and Section 5 (3) of the IGST Act empowered the Government to notify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both. In the 14th Meeting of the Council (held on 18-19 May 2017), list of services on which reverse charge liability would be created under GST was approved by the GST Council. In some cases, the liability under the Act had been fully cast upon the recipient of supply (100% reverse charge). In terms of Section 9 (3) and Section 5 (3) of the CGST Act and IGST Act respectively, though the supplies were taxable but the liability of payment of tax and compliance with the law had been shifted upon the recipient. Therefore, suppliers, whose supplies were taxable under 100% reverse charge basis, were required to be exempted from registration. Sub-section (2) of section 23 of the CGST Act provided that the Government, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration.

12.1.2 In view of the above, the Secretary proposed that the Council may approve the following:

- i. notifying Section 2 of the CGST Act and Section 2 of the IGST Act from 19 June, 2017;
- ii. notifying Section 14 of the IGST Act from 19 June, 2017;
- iii. notifying Section 146 of the CGST Act with effect from 19 June, 2017;

iv. notifying Section 164 of the CGST Act and Section 22 of the IGST Act with effect from 19 June, 2017;

v. notifying Section 15 (Valuation), Sections 16-21 (Input Tax Credit), Sections 31-34 (Invoice), Sections 37-48 (Returns), Sections 49-50 (Payment), Sections 54-58 (Refund) and Sections 140-142 (Transition) with effect from appointed date; and

vi. that the suppliers whose supplies are taxable under 100% reverse charge basis may be exempted, using powers under sub-section (2) of section 23, from obtaining registration;

vii. that those States which had enacted their SGST Acts could also notify the same Sections.

12.1.3. The Secretary explained that this agenda item proposed to notify all those Sections where Rules were approved so that the relevant Rules could be notified. He suggested that as Rules on Accounts and Records had been approved, Sections 35 and 36 relating to accounts and records could also now be added to the list of Sections to be notified from the appointed date. The Council approved the proposal to notify various Sections of the CGST Act contained in the agenda notes as also Sections 35 and 36 of the CGST Act. The Council also approved that the States that had enacted their SGST Acts could also notify the same Sections.

(ii) Amendment in Rule 19 of the Registration Rules for additional method of authentication

12.2. Introducing this agenda item, the Secretary stated that the Council had approved the GST Registration Rules in its 14th Meeting (held on 18-19 May, 2017). He stated that Rule 19 of the Rules provided for three modes of authentication for filing applications, including reply, if any, to the notices, returns including the details of outward and inward supplies, appeals or any other document required to be submitted under the GST Rules. Presently, the modes of authentication provided in Rule 19 of the GST Registration Rules were: (i) with digital signature certificate; (ii) with e-signature; (iii) verification through aadhaar based electronic verification code. He stated that Aadhaar had not yet been implemented in Assam due to illegal immigration problem. The Hon'ble Supreme Court has directed to first update the National Register of Citizens (NRC) and after the publication of final NRC list, the Aadhaar implementation was feasible. Presently, the process of NRC updation was going on. Therefore, the taxpayers in Assam could submit the enrolment application only with Digital Signature Certificate (DSC) which was costly (approximately Rs. 2500, valid for a period ranging from one year to three years) and cumbersome with several documentary requirements. The companies giving one-time e-signature were limited in number and their quality of service was uneven. The taxpayers in other States were able to migrate with Aadhaar based EVC which was free of cost. He stated that it was reported that this had effectively prevented the small and medium dealers of Assam from migrating to GST from the existing tax regime. Similar problem was being faced in the State of Meghalaya where Aadhaar had not yet been implemented. He stated that keeping in view the problems faced by Assam and Meghalaya, it was proposed to provide another alternative for authentication in Rule 19 of the GST Registration Rules, namely, authentication based on bank account of the taxpayer and that a suitable text in this regard was presented, in Rule 19, namely "through electronic verification service provided by banks based on net-banking or any other mode of verification provided by bank."

12.2.1. The Secretary further informed that during the meeting of the officers of the Central Government and the State Governments held on 11 June, 2017, a view was expressed that only those methods of authentication be mentioned in the Rules which were mentioned in the Information Technology Act 2000 and all other means of verification could be notified by the Central Board of Excise Customs (CBEC). The Council agreed to this proposal.

13. In respect of **agenda item 4**, the Council approved the following:

13.1. To notify Sections 2, 146 and 164 of the CGST Act, 2017 with effect from 19 June 2017 and the States that had enacted their SGST Acts could also notify the same Sections with effect from 19 June 2017;

13.2. To notify Sections 2, 14 and 22 of the IGST Act, 2017 from 19 June 2017;

13.3. To notify Sections 15, 16-21, 31-34, 35, 36, 37-48, 49, 50, 54-58, 140-142 of the CGST Act, 2017 and of the SGST Acts with effect from the appointed date;

13.4. Suppliers whose supplies are taxable under 100% reverse charge basis shall be exempted from obtaining registration by exercising powers under sub-section (2) of Section 23 of the CGST Act and the SGST Acts;

13.5. To amend Rule 19 of Registration Rules and retain only those methods of authentication as mentioned in the Information Technology Act 2000 and all other means of verification to be notified by the Central Board of Excise Customs (CBEC).

Other Issues

14. The Hon'ble Minister from West Bengal stated that there was a front-page news in today's edition of the Times of India that Delhi traders were not ready for GST implementation and that there would be serious problems if GST was implemented from 1 July, 2017 as many tasks were still to be completed. He stated that States were in a comfortable situation as they were assured of compensation for five years at a fixed annual growth rate of 14% but it should be considered at the national level and the deadline for GST implementation should be extended by one month. The Hon'ble Chairperson stated that whenever new ideas came, there would always be some people who would not be ready for implementation and this would be true even if implementation was extended to September, 2017. He further observed that when a new system was introduced, there was bound to be some glitches irrespective of the date when it was implemented. He stated that the need was to start the implementation and to be ready to address the problems that might arise. The Hon'ble Minister from West Bengal stated that the date for implementation should be reviewed objectively in the next Meeting of the Council. The Hon'ble Chief Minister of Puducherry stated that after the GSTN website was opened on 1 June, 2017, the dealers were finding it difficult to access it. He added that it was also a problem to get the digital signature certificate. He requested that the technical issues should be resolved.

15. The Hon'ble Deputy Chief Minister of Delhi stated that about six or seven States had not yet passed the SGST Act and this could potentially create problems in GST roll out. The Hon'ble Chairperson stated that all States which had not yet passed the SGST Act had indicated tentative dates by when they were likely to pass their SGST Acts.

Agenda Item 5: Date of the next meeting of the GST Council:

16. The Hon'ble Chairperson suggested that the Council could meet again on next Sunday, 18 June, 2017 in New Delhi to take up remaining issues for discussion. The Council agreed to this suggestion.

17. The meeting ended with a vote of thanks to the Chair.

Annexure – 1

List of Ministers who attended the 16th GST Council Meeting on 11 June 2017

<u>S No</u>	<u>State/Centre</u>	<u>Name of the Minister</u>	<u>Charge</u>
1	Govt. of India	Shri Arun Jaitley	Finance Minister
2	Govt. of India	Shri Santosh Kumar Gangwar	Minister of State (Finance)
3	Puducherry	Shri V. Narayanasamy	Chief Minister
4	Delhi	Shri Manish Sisodia	Deputy Chief Minister
5	Gujarat	Shri Nitinbhai Patel	Deputy Chief Minister
6	Andhra Pradesh	Shri Yanamala RamaKrishnudu	Minister - Finance, Planning, Commercial Taxes & Legislative Affairs
7	Bihar	Shri Bijendra Prasad Yadav	Minister - Commercial Taxes & Energy
8	Chhattisgarh	Shri Amar Agrawal	Finance Minister
9	Goa	Shri Mauvin Godinho	Minister - Panchayat
10	Haryana	Captain Abhimanyu	Minister - Excise & Taxation
11	Jammu & Kashmir	Dr. Haseeb Drabu	Finance Minister
12	Jharkhand	Shri C.P. Singh	Minister - Urban Development, Housing & Transport
13	Karnataka	Shri Krishna Byregowda	Minister - Agriculture
14	Kerala	Dr. Thomas Isaac	Finance Minister
15	Maharashtra	Shri Sudhir Mungantiwar	Finance Minister
-	Maharashtra	Shri Deepak Kesarkar	Minister of State (Finance)
16	Mizoram	Shri Lalsawta	Minister - Taxation
17	Odisha	Shri Shashi Bhusan Behera	Finance Minister
18	Punjab	Shri Manpreet Singh Badal	Finance Minister
19	Rajasthan	Shri Rajpal Singh Shekhawat	Minister, Industries
20	Tamil Nadu	Shri D. Jayakumar	Minister - Fisheries, Finance, Personnel & Admin. Reforms
21	Telangana	Shri Etela Rajender	Finance Minister
22	Uttar Pradesh	Shri Rajesh Agrawal	Finance Minister
23	Uttarakhand	Shri Prakash Pant	Finance Minister
24	West Bengal	Dr. Amit Mitra	Finance Minister

Annexure – 2

List of Officials who attended the 16th GST Council Meeting on 11 June 2017

<u>S No</u>	<u>State/Centre</u>	<u>Name of the Officer</u>	<u>Charge</u>
1	Govt. of India	Dr. Hasmukh Adhia	Revenue Secretary
2	Govt. of India	Ms. Vanaja N. Sarna	Chairman, CBEC
3	Govt. of India	Shri Mahender Singh	Member (GST), CBEC
4	Govt. of India	Shri R.K. Mahajan	Member (Budget), CBEC
5	Govt. of India	Shri P.K. Jain	Chief Commissioner, (AR), CESTAT, CBEC
6	Govt. of India	Shri B.N. Sharma	Additional Secretary, Dept. of Revenue
7	Govt. of India	Shri P.K. Mohanty	Advisor (GST), CBEC
8	Govt. of India	Shri P.K. Shrivastava	Joint Secretary, Ministry of Home Affairs
9	Govt. of India	Shri Alok Shukla	Joint Secretary (TRU), Dept. of Revenue
10	Govt. of India	Shri Upender Gupta	Commissioner (GST), CBEC
11	Govt. of India	Shri Udai Singh Kumawat	Joint Secretary, Dept. of Revenue
12	Govt. of India	Shri Amitabh Kumar	Joint Secretary (TRU), Dept. of Revenue
13	Govt. of India	Shri Manish Kumar Sinha	Commissioner, CBEC
14	Govt. of India	Shri G.D. Lohani	Commissioner, CBEC
15	Govt. of India	Shri Ranjit Kumar	Commissioner, CBEC
16	Govt. of India	Shri D.S.Malik	ADG, Press, Ministry of Finance
17	Govt. of India	Shri Hemant Jain	OSD to MoS (Finance)
18	Govt. of India	Shri Manu Tentiwal	PS to MoS (Finance)
19	Govt. of India	Shri S.K. Rai	Director (UT), Ministry of Home Affairs
20	Govt. of India	Shri G.G. Pai	Director, TRU
21	Govt. of India	Shri Reyaz Ahmed	Director, TRU
22	Govt. of India	Shri Somesh Chander	Director, TRU
23	Govt. of India	Ms. Aarti Saxena	Deputy Secretary, Dept. of Revenue
24	Govt. of India	Ms. Himani Bhayana	Joint Commissioner, GST Policy Wing
25	Govt. of India	Shri Promod Kumar	OSD, TRU
26	Govt. of India	Shri Paras Sankhla	OSD to FM
27	Govt. of India	Shri Ravneet Singh Khurana	Deputy Commissioner, CBEC Policy Wing
28	Govt. of India	Shri Siddharth Jain	Assistant Commissioner, GST Policy
29	Govt. of India	Ms. Rachna	Technical Officer (TRU)
30	Govt. of India	Shri Hemant Singh	Office Assistant, PIB
31	GST Council	Shri Arun Goyal	Additional Secretary
32	GST Council	Shri Shashank Priya	Commissioner
33	GST Council	Shri G.S. Sinha	Joint Commissioner

S No	State/Centre	Name of the Officer	Charge
34	GST Council	Shri Jagmohan	Joint Commissioner
35	GST Council	Ms. Thari Sitkil	Deputy Commissioner
36	GST Council	Shri Rakesh Agarwal	Assistant Commissioner
37	GST Council	Shri Kaushik TG	Assistant Commissioner
38	GST Council	Shri Shekhar Khansili	Superintendent
39	GST Council	Shri Mukesh Gaur	Superintendent
40	GST Council	Shri Sandeep Bhutani	Superintendent
41	GST Council	Shri Amit Soni	Inspector
42	GST Council	Shri Anis Alam	Inspector
43	GST Council	Shri Vikas Kumar	TA
44	GSTN	Shri Navin Kumar	Chairman
45	GSTN	Shri Prakash Kumar	CEO
46	GSTN	Shri Jagmal Singh	Vice President
47	Andaman & Nicobar	Shri S.C.L. Das	Principal Secretary (Finance)
48	Andaman & Nicobar	Shri Sanjeev Khirwar	Commissioner (Power/PWD)
49	Andhra Pradesh	Shri D.Sambasiva Rao	Special Chief Secretary
50	Andhra Pradesh	Shri J.Syamala Rao	Commissioner (Commercial Taxes)
51	Andhra Pradesh	Shri T.Ramesh Babu	Additional Commissioner (CT)
52	Andhra Pradesh	Shri D.Venkateswara Rao	OSD to Special Chief Secretary
53	Arunachal Pradesh	Shri Marnya Ete	Commissioner, Commercial Taxes
54	Arunachal Pradesh	Shri Tapas Dutta	Asst. Commissioner
55	Assam	Dr. Ravi Kota	Principal Secretary (Finance)
56	Assam	Shri Anurag Goel	Commissioner, Commercial Taxes
57	Bihar	Ms. Sujata Chaturvedi	Principal Secretary & Commissioner, Commercial
58	Bihar	Shri Arun Mishra	Additional Secretary, Commercial Taxes
59	Chandigarh	Shri Parimal Rai	Adviser/Chief Secretary
60	Chandigarh	Shri Ajit Joshi	Commissioner Excise & Tax
61	Chandigarh	Shri Bhartendu Shandilya	Deputy Resident Commissioner
62	Chhattisgarh	Shri Amitabh Jain	Principal Secretary (Finance)
63	Chhattisgarh	Shri Shankar Agrawal	Additional Commissioner, Commercial Taxes
64	Daman & Diu/Dadra &	Shri Gaurav Singh Rajawat	Commissioner, VAT
65	Delhi	Shri H. Rajesh Prasad	Commissioner, VAT
66	Delhi	Shri S.K. Kamra	Assistant Commissioner (GST)
67	Goa	Shri Dipak Bandekar	Commissioner, Commercial Taxes
68	Gujarat	Dr. P.D. Vaghela	Commissioner, Commercial Taxes

S No	State/Centre	Name of the Officer	Charge
69	Gujarat	Ms. Mona Khandhar	Secretary (Economic Affairs)
70	Haryana	Shri Sanjeev Kaushal	Additional Chief Secretary (Finance)
71	Haryana	Shri Shyamal Misra	Excise & Taxation Commissioner
72	Haryana	Shri Vidya Sagar	Additional Excise & Taxation Commissioner
73	Haryana	Shri Rajeev Chaudhary	Deputy Excise & Taxation Commissioner
74	Haryana	Shri R. Mehra	Additional Commissioner
75	Himachal Pradesh	Dr. Shrikant Baldi	Additional Chief Secretary (Finance)
76	Himachal Pradesh	Shri Pushpendra Rajput	Excise & Taxation Commissioner
77	Jammu & Kashmir	Shri Naveen K. Choudhary	Principal Secretary
78	Jammu & Kashmir	Shri Shamim Ahmed Wani	Additional Commissioner
79	Jharkhand	Shri Sanjay Kumar Prasad	Joint Commissioner
80	Jharkhand	Shri G.S. Kapardar	Assistant Commissioner
81	Karnataka	Shri Ritvik Pandey	Commissioner, Commercial Taxes
82	Karnataka	Shri Basavaraj K.S	Joint Commissioner, Commercial Taxes
83	Karnataka	Dr. M.P. Ravi Prasad	Joint Commissioner, Commercial Taxes
84	Karnataka	Shri D. Jagannatha Sagar	Joint Commissioner, Commercial Taxes
85	Kerala	Dr. Rajan Khobragade	Commissioner, Commercial Taxes
86	Madhya Pradesh	Shri Raghwendra Kumar Singh	Commissioner, Commercial Taxes
87	Madhya Pradesh	Shri Sudip Gupta	Deputy Commissioner
88	Maharashtra	Shri Rajiv Jalota	Commissioner, Commercial Taxes
89	Maharashtra	Shri Dhananjay Akhade	Joint Commissioner
90	Manipur	Shri R.K. Khurkishor	Assistant Commissioner
91	Mizoram	Shri Vanlalchhuanga	Secretary
92	Mizoram	Shri H.T. Mawia	Superintendent
93	Nagaland	Shri Abhijit Sinha	Finance Commissioner
94	Nagaland	Shri Jyoti Kalash	Principal Resident Commissioner
95	Nagaland	Shri Asangba Chuba Ao	Commissioner, Commercial Taxes
96	Odisha	Shri Saswat Mishra	Commissioner, Commercial Taxes
97	Odisha	Shri Sahadev Sahu	Joint Commissioner
98	Puducherry	Shri G. Srinivas	Commissioner, Commercial Taxes
99	Punjab	Shri V.K. Garg	Advisor to CM
100	Punjab	Shri Anurag Agarwal	Financial Commissioner
101	Punjab	Shri Vivek Pratap Singh	Excise & Taxation Commissioner
102	Punjab	Shri Pawan Garg	Deputy Excise and Taxation Commissioner
103	Rajasthan	Shri Praveen Gupta	Secretary, Finance

<u>S No</u>	<u>State/Centre</u>	<u>Name of the Officer</u>	<u>Charge</u>
104	Rajasthan	Shri Alok Gupta	Commissioner, Commercial Taxes
105	Rajasthan	Shri Ketan Sharma	Deputy Commissioner, Commercial Taxes
106	Sikkim	Ms. Dipa Basnet	Commissioner, Commercial Taxes
107	Sikkim	Shri Manoj Rai	Joint Commissioner, Commercial Taxes
108	Tamil Nadu	Dr. C. Chandramouli	Additional Chief Secretary
109	Tamil Nadu	Shri K. Gnanasekaran	Additional Commissioner, Commercial Taxes
110	Telangana	Shri Somesh Kumar	Principal Secretary
111	Telangana	Shri Anil Kumar	Commissioner, Commercial Taxes
112	Telangana	Shri Laxminarayan Jannu	Joint Commissioner
113	Tripura	Shri Shailendra Singh	Resident Commissioner, Tripura Bhavan
114	Uttarakhand	Shri Shridhar Babu Addanki	Commissioner, Commercial Taxes
115	Uttarakhand	Shri Vipin Chand	Additional Commissioner, Commercial Taxes
116	Uttarakhand	Shri Yashpal Singh	Deputy Commissioner, Commercial Taxes
117	Uttar Pradesh	Shri R.K. Tiwari	Additional Chief Secretary (Finance)
118	Uttar Pradesh	Shri Mukesh Kumar Meshram	Commissioner, Commercial Taxes
119	Uttar Pradesh	Shri S.C. Dwivedi	OSD
120	Uttar Pradesh	Shri Vivek Kumar	Additional Commissioner
121	West Bengal	Shri H K Dwivedi	Principal Secretary (Finance)
122	West Bengal	Ms. Smaraki Mahapatra	Commissioner, Commercial Taxes
123	West Bengal	Shri Khalid A. Anwar	Senior Joint Commissioner

Agenda Item 2: Approval of draft GST Rules and related Forms

The draft rules on Assessment & Audit and e-way bills as drafted by the Law Committee were put in public domain on 13 April 2017 for feedback from the trade and industry. Similarly, the Rules relating to Advance Ruling and Appeals & Revisions as drafted by the Law Committee were put in public domain on 19 April 2017 for inviting comments and feedback from the stakeholders.

2. Based on the feedback received from the concerned stakeholders, the following 4 draft rules have been modified by the Law Committee:

- i. Rules on Advance Ruling and Forms thereto
- ii. Rules on Appeal and Revision and Forms thereto
- iii. Rules on Assessment and Audit and Forms thereto
- iv. Rules on e-way bills and Forms thereto

3. The draft e-Way Bill being circulated is as recommended by the Law Committee. However, the Revenue Secretary has reservations on certain provisions of the draft law and these will be discussed during the officers' meeting and in the Council meeting.

4. The Anti-profiteering provisions were discussed in the 15th GST Council meeting held on 3 June 2017. Accordingly, Rules on Anti-profiteering were drafted taking into account the same.

5. These five Rules and related Forms are placed before the Council for discussion and approval.

i. Advance Ruling Rules

1. Qualification and appointment of members of the Authority for Advance Ruling

The Central Government and the State Government shall appoint an officer having the experience of not less than three years in the rank of Joint Commissioner as member of the Authority for Advance Ruling.

2. Form and manner of application to the Authority for Advance Ruling

- (1) An application for obtaining an advance ruling under sub-section (1) of section 97 of the Act shall be made on the common portal in **FORM GST ARA-1** and shall be accompanied by a fee of five thousand rupees, to be deposited in the manner specified in section 49 of the Act.
- (2) The application referred to in sub-rule (1), the verification contained therein and all relevant documents accompanying such application shall be signed in the manner specified in rule Registration.19.

3. Certification of copies of the advance rulings pronounced by the Authority

A copy of the advanced ruling shall be certified to be a true copy of its original by any member of the Authority for Advance Ruling.

4. Form and manner of appeal to the Appellate Authority for Advance Ruling

- (1) An appeal against the advance ruling issued under sub-section (6) of section 98 of the Act shall be made on the common portal in **FORM GST ARA-2** and shall be accompanied by a fee of ten thousand rupees, to be deposited in the manner specified in section 49 of the Act.
- (2) The appeal referred to in sub-rule (1), the verification contained therein and all relevant documents accompanying such appeal shall be signed, -
 - (a) in case of concerned officer or jurisdictional officer, by an officer authorized in writing by such officer; and
 - (b) in the case of an applicant, in the manner specified in rule Registration.19.

5. Certification of copies of the advance rulings pronounced by the Authority

A copy of the advance ruling pronounced by the Appellate Authority for Advance Ruling and duly signed by the Members shall be sent to-

- (a) the applicant and the appellant;
- (b) the concerned officer of central tax and State / Union territory tax;
- (c) the jurisdictional officer of central Tax and State / Union territory tax; and
- (d) the Authority,

in accordance with the provisions of sub-section (4) of section 101 of the Act.

DRAFT

GOODS AND SERVICES TAX RULES, 2017

ADVANCE RULING FORMS


List of Forms

Sr. No.	Form No.	Description
1.	GST ARA-01	Application Form for Advance Ruling
2.	GST ARA-02	Application Form for Appeal to the Appellate Authority for Advance Ruling

Form GST ARA -01

[See Rule -----]

Application Form for Advance Ruling

1.	GSTIN Number/ User-id			
2.	Legal Name of Applicant			
3.	Trade Name of Applicant (Optional)			
4.	Status of the Applicant [registered / un-registered]			
5.	Registered Address / Address provided while obtaining user id			
6.	Correspondence address, if different from above			
7.	Mobile No. [with STD/ISD code]			
8.	Telephone No. [with STD/ISD code]			
9.	Email address			
10.	Jurisdictional Authority			<<name, designation, address>>
11.	i. Name of authorized representative			Optional
	ii. Mobile No.		iii. Email Address	
12.	Nature of activity(s) (proposed / present) in respect of which advance ruling sought			
	A. Category 			
	Factory / Manufacturing	Wholesale Business	Retail Business	
	Warehouse/Deport	Bonded Warehouse	Service Provision	
	Office/Sale Office	Leasing Business	Service Recipient	
	EOU/ STP/ EHTP	SEZ	Input Service Distributor (ISD)	
	Works Contract			
	B. Description (in brief)	In case the size of the description exceeds ____ words, please submit facts as separate attachment. Link		
13.	Issue/s on which advance ruling required (Tick whichever is applicable) :-			
	(i) classification of goods and/or services or both	<input type="checkbox"/>		
	(ii) applicability of a notification issued under the provisions of the Act	<input type="checkbox"/>		
	(iii) determination of time and value of supply of goods or services or both	<input type="checkbox"/>		
	(iv) admissibility of input tax credit of tax paid or deemed to have been paid	<input type="checkbox"/>		

	(v) determination of the liability to pay tax on any goods or services or both	<input type="checkbox"/>
	(vi) whether applicant is required to be registered under the Act	<input type="checkbox"/>
	(vii) whether any particular thing done by the applicant with respect to any goods and/or services or both amounts to or results in a supply of goods and/or services or both, within the meaning of that term	<input type="checkbox"/>
14.	Question(s) on which advance ruling is required	
15.	Statement of relevant facts having a bearing on the question(s) raised.	
16.	Statement containing the applicant's interpretation of law and/or facts, as the case may be, in respect of the aforesaid question(s) (i.e. applicant's view point and submissions on issues on which the advance ruling is sought).	
17.	I hereby declare that the question raised in the application is not (tick) - <input checked="" type="checkbox"/>	
	a. Already pending in any proceedings in the applicant's case under any of the provisions of the Act b. Already decided in any proceedings in the applicant's case under any of the provisions of the Act	
18.	Payment of the prescribed fees	CIN and Date (in case over the counter payment)

VERIFICATION

I, _____ (name in full and in block letters), son/daughter/wife of _____ do hereby solemnly declare that to the best of my knowledge and belief what is stated above and in the annexure(s), including the documents are correct. I am making this application in my capacity as _____ (designation) and that I am competent to make this application and verify it.

Place _____

Name of Applicant/Authorized Signatory

Date _____

Designation

DSC/EVC/ E-Sign

Form GST ARA -02
[See Rule -----]
Appeal to the Appellate Authority for Advance Ruling

Sr. No.	Particulars	Remarks
1	Advance Ruling No.	
2	Date of communication of the advance ruling	DD/MM/YYYY
3	GSTIN / User id of the appellant	
4	Legal Name of the appellant.	
5	Trade Name of the appellant (optional).	
6	Address of appellant at which notices may be sent	
7	Email Address of the appellant	
8	Mobile number of the appellant	
9	Jurisdictional officer / concerned officer	
10	Designation of jurisdictional officer / concerned officer	
11	Email Address of jurisdictional officer / concerned officer	
12	Mobile number of jurisdictional officer / concerned officer	
13	Whether the appellant wishes to be heard in person?	Yes/No
14.	The facts of the case (in brief)	
15.	Ground of Appeal	
16.	Payment of the prescribed fees	CIN and Date (in case over the counter payment)
	<p style="text-align: center;">Prayer</p> <p>In view of the foregoing, it is respectfully prayed that the Ld. Appellate Authority, <Place> may be pleased to:</p> <ol style="list-style-type: none"> set aside/modify the impugned advance ruling passed by the Authority for Advance Ruling as prayed above; grant a personal hearing; and pass any such further or other order (s) as may be deemed fit and proper in facts and circumstances of the case. <p>And for this act of kindness, the appellant, as is duty bound, shall every pray.</p>	

VERIFICATION

I, _____ (name in full and in block letters), son/daughter/wife of _____ do hereby solemnly declare that to the best of my knowledge and belief what is stated above and in the annexure(s), including the documents are correct. I am making this application in

my capacity as _____ (designation) and that I am competent to make this application and verify it.

Place _____

Name of Appellant/Authorized Signatory

Date _____

Designation

Signature

ii. Appeals and Revision Rules

1. Appeal to the Appellate Authority

- (1) An appeal to the Appellate Authority under sub-section (1) of section 107 of the Act shall be filed in **FORM GST APL-01**, ~~{either}~~ electronically ~~{or otherwise}~~ as may be notified by the Commissioner, and a provisional acknowledgement shall be issued to the appellant immediately.
- (2) The grounds of appeal and the form of verification as contained in **FORM GST APL-01** shall be signed in the manner specified in rule Registration.19.
- (3) A hard copy of the appeal in **FORM GST APL-01** shall be submitted in triplicate to the Appellate Authority and shall be accompanied by a certified copy of the decision or order appealed against along with the supporting documents within seven days of filing the appeal under sub-rule (1) and a final acknowledgement, indicating appeal number shall be issued thereafter in **FORM GST APL-02** by the Appellate Authority or an officer authorised by him in this behalf:

Provided that where the hard copy of the appeal and documents are submitted within seven days from the date of filing the **FORM GST APL-01**, the date of filing of the appeal shall be the date of issue of provisional acknowledgement and where the hard copy of the appeal and documents are submitted after seven days, the date of filing of the appeal shall be the date of submission of documents.

Explanation. – The appeal shall be treated as filed only when the final acknowledgement, indicating the appeal number is issued.

2. Application to the Appellate Authority

- (1) An application to the Appellate Authority under sub-section (2) of section 107 of the Act shall be made in **FORM GST APL-03**, ~~{either}~~ electronically ~~{or otherwise}~~ as may be notified by the Commissioner.
- (2) A hard copy of the application in **FORM GST APL-03** shall be submitted in triplicate to the Appellate Authority and shall be accompanied by a certified copy of the decision or order appealed against along with the supporting documents within seven days of filing the application under sub-rule (1) and an appeal number shall be generated by the Appellate Authority or an officer authorised by him in this behalf.

3. Appeal to the Appellate Tribunal

- (1) An appeal to the Appellate Tribunal under sub-section (1) of section 112 of the Act shall be filed either electronically or otherwise as may be notified by the Registrar, in **FORM GST APL-05**, on the common portal and a provisional acknowledgement shall be issued to the appellant immediately.
- (2) A memorandum of cross-objections to the Appellate Tribunal under sub-section (5) of section 112 of the Act shall be filed in quintuplicate to the Registrar in **FORM GST APL-06**.
- (3) The appeal and the memorandum of cross objections shall be signed in the manner specified in rule Registration.19.
- (4) A hard copy of the appeal in **FORM GST APL-05** shall be submitted to the Registrar in quintuplicate and shall be accompanied by a certified copy of the decision or order appealed against along with the supporting documents and ~~a~~-fees as specified in sub-rule (5) within seven days of filing of the appeal under sub-rule (1) and a final acknowledgement, indicating the appeal number shall be issued thereafter in **FORM GST APL-02** by the Registrar:

Provided that where the hard copy of the appeal and documents are submitted within seven days from the date of filing the **FORM GST APL-05**, the date of filing of the appeal shall be the date of issue of provisional acknowledgement and where the hard copy of the appeal and documents are submitted after seven days, the date of filing of the appeal shall be the date of submission of documents.

Explanation. – The appeal shall be treated as filed only when the final acknowledgement indicating the appeal number is issued.

(5) The fees for filing of appeal or and restoration of appeal shall be one thousand rupees for every one lakh rupees of tax or input tax credit involved or the difference in tax or input tax credit involved or the amount of fine, fee or penalty determined in the order appealed against, subject to maximum of twenty five thousand rupees.

(6) There shall be no fee for application made before the Appellate Tribunal for rectification of errors referred to in sub-section (10) of section 112.

4. Application to the Appellate Tribunal

(1) An application to the Appellate Tribunal under sub-section (3) of section 112 of the Act shall be made electronically, in **FORM GST APL-07**, on the common portal.

(2) A hard copy of the application in **FORM GST APL-07** shall be submitted to the Registrar in quintuplicate and shall be accompanied by a certified copy of the decision or order appealed against along with supporting documents within seven days of filing the application under sub-rule (1) and an appeal number shall be generated by the Registrar.

5. Production of additional evidence before the Appellate Authority or the Appellate Tribunal

(1) The appellant shall not be allowed to produce before the Appellate Authority or the Appellate Tribunal any evidence, whether oral or documentary, other than the evidence produced by him during the course of the proceedings before the adjudicating authority or, as the case may be, the Appellate Authority except in the following circumstances, namely –

- (a) where the adjudicating authority or, as the case may be, the Appellate Authority has refused to admit evidence which ought to have been admitted; or
- (b) where the appellant was prevented by sufficient cause from producing the evidence which he was called upon to produce by the adjudicating authority or, as the case may be, the Appellate Authority; or
- (c) where the appellant was prevented by sufficient cause from producing before the adjudicating authority or, as the case may be, the Appellate Authority any evidence which is relevant to any ground of appeal; or
- (d) where the adjudicating authority or, as the case may be, the Appellate Authority has made the order appealed against without giving sufficient opportunity to the appellant to adduce evidence relevant to any ground of appeal.

(2) No evidence shall be admitted under sub-rule (1) unless the Appellate Authority or the Appellate Tribunal records in writing the reasons for its admission.

(3) The Appellate Authority or the Appellate Tribunal shall not take any evidence produced under sub-rule (1) unless the adjudicating authority or an officer authorised in this behalf by the said authority has been allowed a reasonable opportunity -

- (a) to examine the evidence or document or to cross-examine any witness produced by the appellant; or
- (b) to produce any evidence or any witness in rebuttal of the evidence produced by the appellant under sub-rule (1).

- (4) Nothing contained in this rule shall affect the power of the Appellate Authority or the Appellate Tribunal to direct the production of any document, or the examination of any witness, to enable it to dispose of the appeal.

6. Order of Appellate Authority or Appellate Tribunal

- (1) The Appellate Authority shall, along with its order under sub-section (11) of section 107 of the Act, issue a summary of the order in **FORM GST APL-04** clearly indicating the final amount of demand confirmed.
- (2) The jurisdictional officer shall issue a statement in **FORM GST APL-04** clearly indicating the final amount of demand confirmed by the Appellate Tribunal.

7. Appeal to the High Court

- (1) An appeal to the High Court under sub-section (1) of section 117 of the Act shall be filed in **FORM GST APL-08**.
- (2) The grounds of appeal and the form of verification as contained in **FORM GST APL-08** shall be signed in the manner specified in rule Registration.19.

8. Demand confirmed by the Court

The jurisdictional officer shall issue a statement in **FORM GST APL-04** clearly indicating the final amount of demand confirmed by the High Court or, as the case may be, Supreme Court.

89. Disqualification for misconduct of an authorised representative

Where an authorised representative, other than those referred to in clause (b) or clause (c) of sub-section (2) of section 116 of the Act is found, upon an enquiry into the matter, guilty of misconduct in connection with any proceedings under the Act, the Commissioner may, after providing him an opportunity of being heard, disqualify him from appearing as an authorised representative.

DRAFT

GOODS AND SERVICES TAX RULES, 2017

APPEAL AND REVISION FORMS

<u>Sr. No</u>	<u>Form No.</u>	<u>Content</u>
1.	GST APL-01	Application Form for filing appeal to Appellate Authority
2.	GST APL-02	Acknowledgement of submission of appeal
3.	GST APL-03	Application Form for appeal to the Appellate Authority under sub section (2) of Section 107 of the < CGST/ SGST > Act, < 2017 >
4.	GST APL-04	Summary of the demand after issue of order by the Appellate Authority, Tribunal or Court
5.	GST APL-05	Application Form for Appeal to the Appellate Tribunal
6.	GST APL-06	Application Form for filing Cross-Objections to the First Appellate / Appellate Tribunal
7.	GST APL-07	Application Form to file appeal the Appellate Tribunal under sub section (3) of Section 112 of the < CGST/ SGST > Act, < 2017 >
8.	GST APL -08	Application Form to file Appeal to the High Court Judicature at<Name of the Place >under section 117 of the State/Centre Goods and Service Tax Act, 2017

[See Rule -----]

1. GSTIN/ Temporary ID/UIN –
2. Legal name of the appellant -
3. Trade name, if any –
4. Address -
5. Order no. - Order date -
6. Designation and address of the officer passing the order appealed against -
7. Date of communication of the order appealed against -
8. Name of the authorized representative -
9. Details of the case under dispute -
 - (i) Brief issue of the case under dispute -
 - (ii) Description and classification of goods/ services in dispute-
 - (iii) Period of dispute-
 - (iv) Amount under dispute:

	CGST	SGST/UTGST	IGST	Cess
a) Tax/ Cess				
b) Interest				
c) Penalty				
d) Fees				
e) Other charges				

10. Whether the appellant wishes to be heard in person – Yes / No

12. Grounds of appeal: -

13. Prayer: -

14. Amount of demand created, admitted and disputed

Particulars of demand/ refund	Particulars		CGST	SGST/ UTGST	IGST	Cess	Total amount	
	Amount of demand created (A)	a) Tax/ Cess					< total >	< total >
		b) Interest					< total >	

		c) Penalty					< total >	
		d) Fees					< total >	
		e) Other charges					< total >	
	Amount of demand admitted (B)	a) Tax/ Cess					< total >	< total >
		b) Interest					< total >	
		c) Penalty					< total >	
		d) Fees					< total >	
		e) Other charges					< total >	
	Amount of demand disputed (C)	a) Tax/ Cess					< total >	< total >
		b) Interest					< total >	
		c) Penalty					< total >	
		d) Fees					< total >	
		e) Other charges					< total >	

15. Details of payment of admitted amount and pre-deposit:-

(a) Details of payment required

Particulars			CGS T	SGST/ UTGST	IGS T	Ces s	Total amount	
	a) Admitted amount	Tax/ Cess					< total >	< total >

		Interest					< total >	
		Penalty					< total >	
		Fees					< total >	
		Other charges					< total >	
	b) Pre-deposit (10% of disputed tax)	Tax/ Cess					< total >	

(b) Details of payment of admitted amount and pre-deposit (pre-deposit 10% of the disputed tax and cess)

Sr. No.	Description	Tax payable	Paid through Cash/ Credit Ledger	Debit entry no.	Amount of tax paid			
					IGST	CGST	SGST/UTGST	CESS
1	2	3	4	5	6	7	8	9
1.	IGST		Cash Ledger					
			Credit Ledger					
2.	CGST		Cash Ledger					
			Credit Ledger					
3.	SGST/UTGST		Cash Ledger					
			Credit Ledger					
4.	CESS		Cash Ledger					
			Credit Ledger					

(c) Interest, penalty, late fee and any other amount payable and paid

Sr. No.	Description	Amount payable				Debit entry no.	Amount paid			
		IGST	CGST	SGST/UTGST	CES		IGST	CGST	SGST/UTGST	CES
1	2	3	4	5	6	7	8	9	10	11
1.	Interest									
2.	Penalty									
3.	Late fee									
4.	Others (specify)									

16. Whether appeal is being filed after the prescribed period - Yes / No

17. If 'Yes' in item 17 –

(a) Period of delay –

(b) Reasons for delay -

Verification

☐ I, < _____ >, hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing _____ has _____ been _____ concealed _____ therefrom.

Place:

Date:

<Signature>

Name of the Applicant:

Form GST APL – 02
[See Rule < __ >]

Acknowledgment for submission of appeal

<Name of applicant><GSTIN/Temp ID/UIN/Reference Number with date >

Your appeal has been successfully filed against < Application Reference Number >

1. Reference Number-
2. Date of filing-
3. Time of filing-
4. Place of filing-
5. Name of the person filing the appeal-
6. Amount of pre-deposit-
7. Date of acceptance/rejection of appeal-
8. Date of appearance-
Time:

Date:

9. Court Number/ Bench

Court:

Bench:

Place:

Date:

< Signature >

Name:
Designation:

On behalf of Appellate Authority/Appellate
Tribunal/ Commissioner / Additional or Joint
Commissioner

Form GST APL - 03*[See Rule < __ >]***Application to the Appellate Authority under sub-section (2) of Section 107**

1. Name and designation of the appellant Name-
Designation-
Jurisdiction-
State/Center-
Name of the State-
2. GSTIN/ Temporary ID /UIN-
3. Order no. Date-
4. Designation and address of the officer passing the order appealed against-
5. Date of communication of the order appealed against-
6. Details of the case under dispute-
 - (i) Brief issue of the case under dispute-
 - (ii) Description and classification of goods/ services in dispute-
 - (iii) Period of dispute-
 - (iv) Amount under dispute-

	CGST	SGST/UTGST	IGST	Cess
a) Tax/ Cess				
b) Interest				
c) Penalty				
d) Fees				
e) Other charges				

7. Statement of facts-
8. Grounds of appeal-
9. Prayer-
10. Amount of demand in dispute, if any -

Particulars of demand/refund , if any	Particulars		CGS T	SGST/UTGS T	IGS T	Ces s	Total amount	
	Amount of demand created, if any (A)	a) Tax/ Cess					< total >	< total >
		b) Interest					< total >	

		c) Penalty					< total >	
		d) Fees					< total >	
		e) Other charge s					< total >	
	Amount under dispute (B)	a) Tax/ Cess					< total >	< total >
		b) Interest					< total >	
		c) Penalty					< total >	
		d) Fees					< total >	
		e) Other charge s					< total >	

Place:

Date:

< Signature >

Name of the Applicant Officer:

Designation:

Jurisdiction:

[Refer Rule < >]

Date of

1. GSTIN/ Temporary ID/UIN -
2. Name of the appellant-
3. Address of the appellant-
4. Order appealed against- Number- Date-
5. Appeal no. Date-
6. Personal Hearing –
7. Order in brief-
8. Status of order- Confirmed/Modified/Rejected
9. Amount of demand confirmed:

[illegible]

Date:

< Signature >

< Name of the Appellate Authority>
Designation:
Jurisdiction:

[See Rule -----]

1. GSTIN/ Temporary ID /UIN -
2. Name of the appellant -
3. Address of the appellant –
4. Order appealed against- Number- Date-
5. Name and Address of the Authority passing the order appealed against -
6. Date of communication of the order appealed against -
7. Name of the representative -
8. Details of the case under dispute:

- (i) Brief issue of the case under dispute
- (ii) Description and classification of goods/ services in dispute
- (iii) Period of dispute
- (vi) Amount under dispute:

	CGST	SGST/UTGST	IGST	Cess
a) Tax/ Cess				
b) Interest				
c) Penalty				
d) Fees				
e) Other charges				

- (vii) Market value of seized goods

9. Whether the appellant wishes to be heard in person?
10. Statement of facts
11. Grounds of appeal
12. Prayer

- ### 13. Details of demand created, disputed and admitted

Particulars of demand	Particulars		CGST	SGST/UTGST	IGST	Cess	Total amount	
	Amount demanded/ rejected >.	a) Tax/ Cess					< total >	< total >

	if any (A)	b) Interest					< total >	
		c) Penalty					< total >	
		d) Fees					< total >	
		e) Other charges					< total >	
	Amount under dispute (B)	a) Tax/ Cess					< total >	< total >
		b) Interest					< total >	
		c) Penalty					< total >	
		d) Fees					< total >	
		e) Other charges					< total >	
	Amount admitted (C)	a) Tax/ Cess					< total >	< total >
		b) Interest					< total >	
		c) Penalty					< total >	
		d) Fees					< total >	
		e) Other charges					< total >	

14. Details of payment of admitted amount and pre-deposit:

(a) Details of amount payable :

Particulars			CGST	SGST/UTGST	IGST	Cess	Total amount	
	a) Admitted amount	Tax/ Cess					< total >	< total >

		Interest					< total >	
		Penalty					< total >	
		Fees					< total >	
		Other charges					< total >	
	b) Pre-deposit (20% of disputed tax)	Tax/ Cess					< total >	

(b) Details of payment of admitted amount and pre-deposit (pre-deposit 20% of the disputed admitted tax and cess)

Sr. No.	Description	Tax payable	Paid through Cash/ Credit Ledger	Debit entry no.	Amount of tax paid			
					IGST	CGST	SGST/UTGST	CESS
1	2	3	4	5	6	7	8	9
1.	IGST		Cash Ledger					
			Credit Ledger					
2.	CGST		Cash Ledger					
			Credit Ledger					
3.	SGST/UTGST		Cash Ledger					
			Credit Ledger					
4.	CESS		Cash Ledger					
			Credit Ledger					

(c) Interest, penalty, late fee and any other amount payable and paid:

Sr. No.	Description	Amount payable				Debit entry no.	Amount paid			
		IGST	CGST	SGST/UTGST	CESS		IGST	CGST	SGST/UTGST	CESS
1	2	3	4	5	6	7	8	9	10	11
1.	Interest									
2.	Penalty									
3.	Late fee									
4.	Others (specify)									

Verification

☐ I, < _____ >, hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been _____ concealed _____ therefrom.

Place:

Date:

< Signature >

Name of the Applicant/

Officer:

Designation of officer:
Jurisdiction of the officer:

Form GST APL – 06

[See Rule < __ >]

Cross-objections before the Appellate Authority / Appellate Tribunal

Sr. No.	Particulars				
1	Appeal No. -		Date of filing -		
2	GSTIN/ Temporary ID/UIN-				
3	Name of the appellant-				
4	Permanent address of the appellant-				
5	Address for communication-				
6	Order no.			Date-	
7.	Designation and Address of the officer passing the order appealed against-				
8.	Date of communication of the order appealed against-				
9.	Name of the representative-				
10.	Details of the case under dispute-				
(i)	Brief issue of the case under dispute-				
(ii)	Description and classification of goods/ services in dispute-				
(iii)	Period of dispute-				
(iv)	Amount under dispute	IGST	CGST	SGST/UTGST	Cess
	a) Tax				
	b) Interest				
	c) Penalty				
	d) Fees				
	e) Other charges (specify)				
(v)	Market value of seized goods-				
11	State or Union Territory and the Commissionerate (Centre) in which the order or decision was passed (Jurisdiction details)-				
12	Date of receipt of notice of appeal or application filed with the Appellate Tribunal by the appellant or the Commissioner of SGST/CGST/UTGST, as the case may be-				

13	Whether the decision or order appealed against involves any question relating to place of supply - Yes No					
14	In case of cross-objections filed by a person other than the Commissioner of SGST/UTGST/CGST					
	(i) Name of the Adjudicating Authority- (ii) Order Number and date of Order- (iii) GSTIN/UIN/Temporary ID- (iv) Amount involved:					
	Head	Tax	Interest	Penalty	Refund	Total
	IGST					
	CGST					
	SGST/UTGST					
	Cess					
15	Details of payment					
	Head	Tax	Interest	Penalty	Refund	Total
	IGST					
	CGST					
	SGST/UTGST					
	Cess					
	Total					
16	In case of cross-objections filed by the Commissioner SGST/UTGST/CGST:					
	(i)	Amount of tax demand dropped or reduced for the period of dispute				
	(ii)	Amount of interest demand dropped or reduced for the period of dispute				
	(iii)	Amount of refund sanctioned or allowed for the period of dispute				
	(iv)	Whether no or lesser amount imposed as penalty				
		TOTAL				

17	Reliefs claimed in memorandum of cross -objections.	
18	Grounds of Cross objection	
	<p style="text-align: center;">VERIFICATION</p> <p>I, _____ the respondent, do hereby declare that what is stated above is true to the best of my information and belief.</p> <p>Verified today, the _____ day of _____ 20...</p> <p>_____</p> <p>Place: Date:</p> <div style="display: flex; justify-content: space-between;"> <div> <p>Applicant Taxpayer</p> </div> <div> <p style="border: 1px solid black; padding: 2px;"><Signature></p> <p>Signature of the Authorized Representative/ Tax Official/</p> </div> </div> <div style="text-align: right; margin-top: 20px;"> <p>Name of the Applicant/ Officer: Designation of officer: Jurisdiction of officer:</p> </div>	

Form GST APL – 07
[See Rule -----]

Application to the Appellate Tribunal under sub section (3) of Section 112

1. Name and Designation of the appellant Name:
Designation
Jurisdiction
State/Center-
Name of the State:
2. GSTIN/ Temporary ID /UIN-
3. Appellate Order no. Date-
4. Designation and Address of the Appellate Authority passing the order appealed against-
5. Date of communication of the order appealed against-
6. Details of the case under dispute:
 - (i) Brief issue of the case under dispute-
 - (ii) Description and classification of goods/ services in dispute-
 - (iii) Period of dispute-
 - (iv) Amount under dispute:

Description	CGST	SGST/UTGST	IGST	Cess
a) Tax/ Cess				
b) Interest				
c) Penalty				
d) Fees				
e) Other charges				

7. Statement of facts-
8. Grounds of appeal-
9. Prayer-
10. Amount demanded, disputed and admitted:

Particulars of demand, if any	Particulars		CGS T	SGS T/UT GST	IGS T	Cess	Total amount	
	Amount of demand created, if any (A)	a) Tax/ Cess					< total >	< total >
		b) Interest					< total >	
		c) Penalty					< total >	

		d) Fees					< total >	
		e) Other charges					< total >	
	Amount under dispute (B)	a) Tax/ Cess					< total >	< total >
		b) Interest					< total >	
		c) Penalty					< total >	
		d) Fees					< total >	
		e) Other charges					< total >	

Place:

Date:

< Signature >

Name of the Officer:

Designation:

Jurisdiction:-

Form GST APL – 08
[See Rule-----]

Appeal to the High Court under section 117

1. Appeal filed by -----Taxable person / Government of <-->
2. GSTIN/ Temporary ID/UIN-

Name of the appellant/ officer-

Designation / Jurisdiction—

3. Permanent address of the appellant, if applicable-
4. Address for communication-
5. Order appealed against Number Date-
6. Name and Address of the Appellate Tribunal passing the order appealed against-
7. Date of communication of the order appealed against-
8. Name of the representative
9. Details of the case under dispute:
 - (i) Brief issue of the case under dispute with synopsis
 - (ii) Description and classification of goods/ services in dispute
 - (iii) Period of dispute
 - (iv) Amount under dispute

Description	CGST	SGST/UTGST	IGST	Cess
a) Tax/ Cess				
b) Interest				
c) Penalty				
d) Fees				
e) Other charges				

- (v) Market value of seized goods

10. Statement of facts

11. Grounds of appeal
12. Prayer
13. Annexure(s) related to grounds of appeal

Verification

☐ I, < _____ >, hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been _____ concealed _____ therefrom.

Place:

Date:

<Signature>

Name of the Officer:
Designation:
Jurisdiction

iii. Assessment and Audit Rules

1. Provisional Assessment

(1) Every registered person requesting for payment of tax on a provisional basis in accordance with the provisions of sub-section (1) of section 60 shall furnish an application ~~in FORM GST ASMT-01~~, along with the documents in support of his request, electronically, in FORM GST ASMT-01 through on the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner.

(2) The proper officer may, on receipt of the application under sub-rule (1), issue a notice in **FORM GST ASMT-02** requiring the registered person to appear in person or furnish additional information or documents in support of his request and the applicant shall file a reply to the notice in **FORM GST ASMT – 03**.

(3) The proper officer shall issue an order in **FORM GST ASMT-04**, either rejecting the application, stating the grounds for such rejection or allowing payment of tax on a provisional basis indicating the value or the rate or both on the basis of which the ~~provisional~~ assessment is to be allowed made on a provisional basis and the amount for which the bond is to be executed and security to be furnished not exceeding twenty five per cent. of the amount covered under the bond.

(4) The registered person shall execute a bond in accordance with the provisions of sub-section (2) of section 60 in **FORM GST ASMT-05** along with a security in the form of a bank guarantee for an amount as determined under sub rule (3):

Provided that a bond furnished to the proper officer under the *Central/State* Goods and Services Tax Act or Integrated Goods and Services Tax Act shall be deemed to be a bond furnished under the provisions of this Act and the rules made thereunder.

Explanation.- For the purposes of this rule, the term “amount” shall include the amount of integrated tax, central tax, State tax or Union territory tax and cess payable in respect of ~~such the~~ transaction.

(5) The proper officer shall issue a notice in **FORM GST ASMT-06**, calling for information and records required for finalization of assessment under sub-section (3) of section 60 and shall issue a final assessment order, specifying the amount payable by the registered person or the amount refundable, if any, in **FORM GST ASMT-07**.

(6) The applicant may file an application in **FORM GST ASMT- 08** for release of security furnished under sub-rule (4) after issue of order under sub-rule (5).

(7) The proper officer shall release the security furnished under sub-rule (4), after ensuring that the applicant has paid the amount specified in sub-rule (5) and issue an order in **FORM GST ASMT-09** within a period of seven working days from the date of receipt of the application under sub-rule (6).

2. Scrutiny of returns

(1) Where any return furnished by a registered person is selected for scrutiny, the proper officer shall scrutinize the same in accordance with the provisions of section 61 with reference to the information available with him, and in case of any discrepancy, he shall issue a notice to the said person in **FORM GST ASMT-10**, informing him of such discrepancy and seeking his explanation thereto within such time, not exceeding ~~fifteen-thirty~~ days from the date of service of the notice or such further period as may be ~~specified in the notice permitted by him~~ and also quantifying the amount of tax, interest and any other amount payable in relation to such discrepancy.

(2) The registered person may accept the discrepancy mentioned in the notice issued under sub-rule (1), and pay the tax, interest and any other amount arising from such discrepancy and inform the same or furnish an explanation for the discrepancy in **FORM GST ASMT-11** to the proper officer.

(3) Where the explanation furnished by the ~~taxable-registered~~ person or the information submitted under sub-rule (2) is found to be acceptable, the proper officer shall inform ~~the-registered-person~~him accordingly in **FORM GST ASMT-12**.

3. Assessment in certain cases.

(1) The order of assessment made under sub-section (1) of section 62 shall be issued in **FORM GST ASMT-13**.

(2) The proper officer shall issue a notice to ~~an-unregistered~~ taxable person in accordance with the provisions of section 63 in **FORM GST ASMT-14** containing the grounds on which the assessment is proposed to be made on best judgment basis and after allowing a time of fifteen days to such person to furnish his reply, if any, pass an order in **FORM GST ASMT-15**.

(3) The order of summary assessment under sub-section (1) of section 64 shall be issued in **FORM GST ASMT-16**.

(4) The person referred to in sub-section (2) of section 64 may file an application for withdrawal of the summary assessment order in **FORM GST ASMT-17**.

(5) The order of withdrawal or, as the case may be, rejection of the application under sub-section (2) of section 64 shall be issued in **FORM GST ASMT-18**.

4. Audit

(1) The period of audit to be conducted under sub-section (1) of section 65 shall be a financial year or multiples thereof.

(2) Where it is decided to undertake the audit of a registered person in accordance with the provisions of section 65, the proper officer shall issue a notice in **FORM GST ADT-01** in accordance with the provisions of ~~within the time specified in~~ sub-section (3) of the said section.

(3) The proper officer authorised to conduct audit of the records and books of account of the registered person shall, with the assistance of the team of officers and officials accompanying him, verify the documents on the basis of which the books of account are maintained and the returns and statements furnished under the Act and the rules made there under, the correctness of the turnover, exemptions and deductions claimed, the rate of tax applied in respect of supply of goods or services or both, the input tax credit availed and utilized, refund claimed, and other relevant issues and record the observations in his audit notes.

(4) The proper officer may inform the registered person of the discrepancies noticed, if any, ~~noticed~~ as observations of the audit and the said person may file his reply and the proper officer shall finalise the findings of the audit after due consideration of the reply furnished.

(5) On conclusion of the audit, the proper officer shall inform the findings of audit to the registered person in accordance with the provisions of sub-section (6) of section 65 in **FORM GST ADT-02**.

5. Special Audit

(1) Where special audit is required to be conducted ~~under-in accordance with the provisions of~~ section 66, the officer referred to in the said section shall issue a direction in **FORM GST ADT-03** to the registered person to get his records audited by ~~the-a~~ chartered accountant or a cost accountant specified in the said direction.

(2) On conclusion of special audit, the registered person shall be informed of the findings of special audit in **FORM GST ADT-04**.

DRAFT

GOODS AND SERVICES TAX RULES, 2017

ASSESSMENT FORMS

Form GST ASMT - 01*[See rule ----]***Application for Provisional Assessment under section 60**

1. GSTIN	
2. Name	
3. Address	

4. Details of Commodity / Service for which tax rate / valuation is to be determined

Sr. No.	HSN/SAC	Name of commodity /service	Tax rate				Valuation	Average monthly turnover of the commodity / service
			CGST	SGST/ UTGST	IGST	Cess		
1	2	3	4	5	6	7	8	9
5. Reason for seeking provisional assessment								
6. Documents filed								

7. Verification-

I _____ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature of Authorized Signatory

Name

Designation / Status -----

Date -----

Form GST ASMT - 02

[See rule ----]

Reference No.:

Date:

To

_____ GSTIN

-----Name

_____ (Address)

Application Reference No. (ARN)

Dated

Notice for Seeking Additional Information / Clarification / Documents for provisional assessment

Please refer to your application referred to above. While examining your request for provisional assessment, it has been found that the following information/documents are required for processing the same:

<< text >>

You are, therefore, requested to provide the information /documents within a period of << 15 days>> from the date of service of this notice to enable this office to take a decision in the matter. Please note that in case no information is received by the stipulated date your application is liable to be rejected without any further reference to you.

☐ You are requested to appear before the undersigned for personal hearing on << Date --- Time ---Venue --->>.

Signature

Name

Designation

Form GST ASMT – 03

[See rule ----]

Reply to the notice seeking additional information

1. GSTIN		
2. Name		
3. Details of notice vide which additional information sought	Notice No.	Notice date
4. Reply		
5. Documents filed		

6. Verification-

I _____ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature of Authorized Signatory

Name

Designation / Status -----

Date

Form GST ASMT – 04

[See rule ----]

Reference No.:

Date

To

GSTIN -

Name -

Address -

Application Reference No. (ARN)

Dated

Order of Acceptance or Rejection of Provisional Assessment

This has reference to your application mentioned above and reply dated-----, furnishing information/documents in support of your request for provisional assessment. Upon examination of your application and the reply, the provisional assessment is allowed as under:

<< text >>

The provisional assessment is allowed subject to furnishing of security amounting to Rs.-----
----- (in words) in the form of ----- (mode) and bond in the prescribed format by -----
---- (date).

Please note that if the bond and security are not furnished within the stipulated date, the provisional assessment order will be treated as null and void as if no such order has been issued.

Or

This has reference to your application mentioned above and reply dated-----, furnishing information/documents in support of your request for provisional assessment.

Your request for provisional assessment has been examined and it has not been found to be acceptable due to the following reasons:

<< text >>

Signature

Name

Designation

Form GST ASMT - 05*[See rule ----]***Furnishing of Security**

1. GSTIN					
2. Name					
3. Order vide which security is prescribed			Order No.	Order date	
4. Details of the security furnished					
Sr. No.	Mode	Reference no. / Debit entry no. (for cash payment)	Date	Amount	Name of Bank
1	2	3	4	5	6

Note – Hard copy of the bank guarantee and bond shall be submitted on or before the due date mentioned in the order.

5. Declaration -

(i) The above-mentioned bank guarantee is submitted to secure the differential tax on the supply of goods and/or services in respect of which I/we have been allowed to pay taxes on provisional basis.

(ii) I undertake to renew the bank guarantee well before its expiry. In case I/We fail to do so the department will be at liberty to get the payment from the bank against the bank guarantee.

(iii) The department will be at liberty to invoke the bank guarantee provided by us to cover the provisional assessment in case we fail to furnish the required documents/ information to facilitate finalization of provisional assessment.

Signature of Authorized Signatory

Name

Designation / Status -----

Date -----

Form GST ASMT - 06

[See rule ----]

Reference No.:

Date:

To

GSTIN -

Name -

Address -

Application Reference No. (ARN)

Date

Provisional Assessment order no. -

Date ----

Notice for seeking additional information / clarification / documents for final assessment

Please refer to your application and provisional assessment order referred to above. The following information / documents are required for finalization of provisional assessment:

<< text >>

You are, therefore, requested to provide the information /documents within a period of << 15 days>> from the date of receipt of this notice to enable this office to take a decision in the matter. Please note that in case no information is received by the stipulated date your application is liable to be rejected without making any further reference to you.

☐ You are requested to appear before the undersigned for personal hearing on << Date --- Time ---Venue --->>.

Signature

Name

Designation

Form GST ASMT – 07

[See rule-----]

Reference No.:

Date

To

GSTIN

Name

Address

Provisional Assessment order No.

dated

Final Assessment Order

Preamble - << Standard >>

In continuation of the provisional assessment order referred to above and on the basis of information available / documents furnished, the final assessment order is issued as under:

Brief facts –

Submissions by the applicant -

Discussion and finding -

Conclusion and order -

The security furnished for the purpose can be withdrawn after compliance with the order by filing an application.

Signature

Name

Designation

Form GST ASMT - 08*[See rule ----]***Application for Withdrawal of Security**

1. GSTIN					
2. Name					
3. Details vide which security furnished			ARN	Date	
4. Details of the security to be withdrawn					
Sr. No.	Mode	Reference no. / Debit entry no. (for cash payment)	Date	Amount	Name of Bank
1	2	3	4	5	6

5. Verification-

I _____ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature of Authorized Signatory

Name

Designation / Status -

Date -

Form GST ASMT – 09

[See rule-----]

Reference No.:

Date

To

_____ GSTIN

----- Name

_____ Address

Application Reference No.

dated

Order for release of security or rejecting the application

This has reference to your application mentioned above regarding release of security amounting to Rs. ----- [----- Rupees (in words)]. Your application has been examined and the same is found to be in order. The aforesaid security is hereby released. **Or**

Your application referred to above regarding release of security was examined but the same was not found to be in order for the following reasons:

<< text >>

Therefore, the application for release of security is rejected.

Signature

Name

Designation

Date

Form GST ASMT - 10

[See rule ----]

Reference No.:

Date:

To _____

GSTIN:

Name :

Address :

Tax period -

F.Y. -

Notice for intimating discrepancies in the return after scrutiny

This is to inform that during scrutiny of the return for the tax period referred to above, the following discrepancies have been noticed:

<< text >>

You are hereby directed to explain the reasons for the aforesaid discrepancies by -----
(date). If no explanation is received by the aforesaid date, it will be presumed that you have nothing to say in the matter and proceedings in accordance with law may be initiated against you without making any further reference to you in this regard.

Signature

Name

Designation

Form GST ASMT - 11*[See rule ----]***Reply to the notice issued under section 61 intimating discrepancies in the return**

1. GSTIN			
2. Name			
3. Details of the notice		Reference No.	Date
4. Tax Period			
5. Reply to the discrepancies			
Sr. No.	Discrepancy	Reply	

6. Amount admitted and paid, if any -

Act	Tax	Interest	Others	Total

7. Verification-

I _____ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature of Authorized Signatory

Name

Designation / Status -----

Date –

Form GST ASMT-12

[See rule ----]

Reference No.:

Date:

To

GSTIN

Name

Address

Tax period -

F.Y. -

ARN -

Date -

Order of acceptance of reply against the notice issued under section 61

This has reference to your reply dated ----- in response to the notice issued vide reference no. - ----- dated --- . Your reply has been found to be satisfactory and no further action is required to be taken in the matter.

Signature

Name

Designation

Form GST ASMT - 13

[See rule ----]

Reference No.:

Date:

To _____

GSTIN -

Name -

Address -

Tax Period -

F.Y. –

Return Type -

Notice Reference No.-

Date -

Assessment order under section 62

Preamble - << standard >>

The notice referred to above was issued to you under section 46 of the Act for failure to furnish the return for the said tax period. From the records available with the department, it has been noticed that you have not furnished the said return till date.

Therefore, on the basis of information available with the department, the amount assessed and payable by you is as under:

Introduction

Submissions, if any

Discussions and Findings

Conclusion

Amount assessed and payable (Details at Annexure):

(Amount in Rs.)

Sr. No.	Tax Period	Act	Tax	Interest	Penalty	Others	Total
1	2	3	4	5	6	7	8
Total							

Please note that interest has been calculated upto the date of passing the order. While making payment, interest for the period between the date of order and the date of payment shall also be worked out and paid along with the dues stated in the order.

You are also informed that if you furnish the return within a period of 30 days from the date of service of this order, the order shall be deemed to have been withdrawn; otherwise, proceedings shall be initiated against you after the aforesaid period to recover the outstanding dues.

Signature

Name

Designation

Form GST ASM - 14

[See rule ----]

Reference No:

Date:

To _____

Name

Address

Tax Period --

F.Y. -----

Show Cause Notice for assessment under section 63

It has come to my notice that you/your company/firm, though liable to be registered under section ----- of the Act, have/has failed to obtain registration and failed to discharge the tax and other liabilities under the said Act as per the details given below:

Brief Facts –

Grounds –

Conclusion -

OR

It has come to my notice that your registration has been cancelled under sub-section (2) of section 29 with effect from ----- and that you are liable to pay tax for the above mentioned period.

Therefore, you are hereby directed to show cause as to why a tax liability along with interest not be created against you for conducting business without registration despite being liable for registration and why penalty should not be imposed for violation of the provisions of the Act or the rules made thereunder.

In this connection, you are directed to appear before the undersigned on ----- (date) at ----- (time)

Signature

Name

Designation

Form GST ASM - 15

[See rule ----]

Reference No.:

Date:

To

Temporary ID

Name

Address

Tax Period -

F.Y. –

SCN reference no. -

Date -

Assessment order under section 63

Preamble - << standard >>

The notice referred to above was issued to you to explain the reasons for continuing to conduct business as an un-registered person, despite being liable to be registered under the Act.

OR

The notice referred to above was issued to you to explain the reasons as to why you should not pay tax for the period as your registration has been cancelled under sub-section (2) of section 29 with effect from-----

Whereas, no reply was filed by you or your reply was duly considered during proceedings held on ----- date(s).

On the basis of information available with the department / record produced during proceedings, the amount assessed and payable by you is as under:

Introduction

Submissions, if any

Conclusion (to drop proceedings or to create demand)

Amount assessed and payable:- (details at Annexure)

(Amount in Rs.)

Sr No.	Tax Period	Act	Tax	Interest	Penalty	Others	Total
1	2	3	4	5	6	7	8
Total							

Please note that interest has been calculated upto the date of passing the order. While making payment, interest for the period between the date of order and the date of payment shall also be worked out and paid along with the dues stated in the order.

You are hereby directed to make the payment by << date >> failing which proceedings shall be initiated against you to recover the outstanding dues.

Signature
Name

Form GST ASM - 16

[See rule ----]

Reference No.:

Date:

To

GSTIN/ID

Name

Address

Tax Period -

F.Y. –

Assessment order under section 64

Preamble - << standard >>

It has come to my notice that un-accounted for goods are lying in stock at godown ----- (address) or in a vehicle stationed at ----- (address & vehicle detail) and you were not able to, account for these goods or produce any document showing the detail of the goods.

Therefore, I proceed to assess the tax due on such goods as under:

Introduction

Discussion & finding

Conclusion

Amount assessed and payable (details at Annexure)

(Amount in Rs.)

Sr. No.	Tax Period	Act	Tax	Interest, if any	Penalty	Others	Total
1	2	3	4	5	6	7	8
Total							

Please note that interest has been calculated upto the date of passing the order. While making payment, interest for the period between the date of order and the date of payment shall also be worked out and paid along with the dues stated in the order.

You are hereby directed to make the payment by << date >> failing which proceedings shall be initiated against you to recover the outstanding dues.

Signature

Name

Form GST ASM – 17

[See rule ----]

Application for withdrawal of assessment order issued under section 64

1. GSTIN /ID		
2. Name		
3. Details of the order	Reference No.	Date of issue of order
4. Tax Period, if any		
5. Grounds for withdrawal		
6. Verification-		
I _____ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.		
Signature of Authorized Signatory		
Name _____		
Designation / Status -----		
Date -		

Form GST ASM - 18

[See rule ----]

Reference No.:

Date:

GSTIN/ID

Name

Address

ARN -

Date –

Acceptance or Rejection of application filed under section 64 (2)

The reply furnished by you vide application referred to above has been considered and found to be in order and the assessment order no. ----- dated ----- stands withdrawn.

OR

The reply furnished by you vide application referred above has not been found to be in order for the following reasons:

<<Text box>>

Therefore, the application filed by you for withdrawal of the order is hereby rejected.

Signature

Name

Designation

DRAFT

GOODS AND SERVICES TAX RULES, 2017

AUDIT FORMS

Form GST ADT - 01

[See rule]

Reference No.:

Date:

To,

GSTIN

Name

Address

Period - F.Y.(s) -

Notice for conducting audit

Whereas it has been decided to undertake audit of your books of account and records for the financial year(s) to in accordance with the provisions of section 65. I propose to conduct the said audit at my office/at your place of business on -----.

And whereas you are required to:-

- (i) afford the undersigned the necessary facility to verify the books of account and records or other documents as may be required in this context, and
- (ii) furnish such information as may be required and render assistance for timely completion of the audit.

You are hereby directed to attend in person or through an authorised representative on (date) at.....(place) before the undersigned and to produce your books of account and records for the aforesaid financial year(s) as required for audit.

In case of failure to comply with this notice, it would be presumed that you are not in possession of such books of account and proceedings as deemed fit may be initiated as per the provisions of the Act and the rules made thereunder against you without making any further correspondence in this regard.

Signature ...

Name

Designation

Form GST ADT – 02

[See rule]

Reference No.:

Date:

To,

GSTIN

Name

Address

Audit Report No. dated

Audit Report under section 65(6)

Your books of account and records for the F.Y..... has been examined and this Audit Report is prepared on the basis of information available / documents furnished by you and the findings are as under:

Short payment of	Integrated tax	Central tax	State /Union territory tax	Cess
Tax				
Interest				
Any other amount				

[Upload pdf file containing audit observation]

You are directed to discharge your statutory liabilities in this regard as per the provisions of the Act and the rules made thereunder, failing which proceedings as deemed fit may be initiated against you under the provisions of the Act.

Signature

Name

Designation

Form GST ADT - 03

[See rule]

Reference No.:

Date:

To,

GSTIN

Name

Address

Tax period - F.Y.(s) -

Communication to the registered person for conduct of special audit under section 66

Whereas the proceedings of scrutiny of return /enquiry/investigation/..... are going on;

And whereas it is felt necessary to get your books of account and records examined and audited by(name), chartered accountant / cost accountant nominated by the Commissioner;

You are hereby directed to get your books of account and records audited by the said chartered accountant / cost accountant.

Signature

Name

Designation

Form GST ADT – 04
[See rule]

Reference No.:

Date:

To,

GSTIN

Name

Address

Information of Findings upon Special Audit

Your books of account and records for the F.Y..... has been examined by -----
(chartered accountant/cost accountant) and this Audit Report is prepared on the basis of
information available / documents furnished by you and the findings/discrepancies are as under:

Short payment of Tax	Integrated tax	Central tax	State /Union territory tax	Cess
Interest				
Any other amount				

[Upload pdf file containing audit observation]

You are directed to discharge your statutory liabilities in this regard as per the provisions of the Act and the rules made thereunder, failing which proceedings as deemed fit may be initiated against you under the provisions of the Act.

Signature

Name

Designation

iv. E-Way Bill Rules

1. Information to be furnished prior to commencement of movement of goods and generation of e-way bill

(1) Every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees—

- (i) in relation to a supply; or
- (ii) for reasons other than supply; or
- (iii) due to inward supply from an unregistered person,

shall, before commencement of movement, furnish information relating to the said goods in **Part A of FORM GST INS-06**, electronically, on the common portal and

(a) where the goods are transported by the registered person as a consignor or the recipient of supply as the consignee, whether in his own conveyance or a hired one or by railways or by air or by vessel, the said person or the recipient may generate the e-way bill in **FORM GST INS-06** electronically on the common portal after furnishing information in **Part B of FORM GST INS-06**; or

(b) where the e-way bill is not generated under clause (a) and the goods are handed over to a transporter for transportation by road, the registered person shall furnish the information relating to the transporter in **Part B of FORM GST INS-06** on the common portal and the e-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in **Part A of FORM GST INS-06**:

Provided that the registered person or, as the case may be, the transporter may, at his option, generate and carry the e-way bill even if the value of the consignment is less than fifty thousand rupees:

Provided further that where the movement is caused by an unregistered person either in his own conveyance or a hired one or through a transporter, he or the transporter may, at their option, generate the e-way bill in **FORM GST INS-06** on the common portal in the manner prescribed in this rule:

Provided also that where the goods are transported for a distance of less than ten kilometers from the place of business of the supplier to the place of business of the transporter for further transportation, the supplier or the transporter may not furnish the details of conveyance in **Part B of FORM GST INS-06**.

Explanation 1.— For the purposes of this sub-rule, where the goods are supplied by an unregistered supplier to a recipient who is registered, the movement shall be said to be caused by such recipient if the recipient is known at the time of commencement of movement of goods.

Explanation 2.— The information in Part A of **FORM GST INS-06** shall be furnished by the consignor or the recipient of the supply as consignee where the goods are being transported by railways or by air or by vessel.

(2) Upon generation of the e-way bill on the common portal, a unique e-way bill number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal.

(3) Any transporter transferring goods from one conveyance to another in the course of transit shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in **FORM GST INS-06**;

Provided that where the goods are transported for a distance of less than ten kilometers from the place of business of the transporter finally to the place of business of the recipient, the details of conveyance may not be updated in the e-way bill.

(4) After the e-way bill has been generated in accordance with the provisions of sub-rule (1), where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of e-way bills generated in respect of each such consignment electronically on the common portal and a consolidated e-way bill in **FORM GST INS-07** maybe generated by him on the common portal prior to the movement of goods.

(5) Where the consignor or the consignee has not generated **FORM GST INS-06** in accordance with provisions of sub-rule (1) and the value of goods carried in the conveyance is more than fifty thousand rupees, the transporter shall generate **FORM GSTINS-06** on the basis of invoice or bill of supply or delivery challan, as the case may be, and may also generate a consolidated e-way bill in **FORM GST INS-07** on the common portal prior to the movement of goods.

(6) The information furnished in **Part A** of **FORM GST INS-06** shall be made available to the registered supplier on the common portal who may utilize the same for furnishing details in **FORM GSTR-1**:

Provided that when information has been furnished by an unregistered supplier in **FORM GST INS-06**, he shall be informed electronically, if the mobile number or the e mail is available.

(7) Where an e-way bill has been generated under this rule, but goods are either not being transported or are not being transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner, within 24 hours of generation of the e-way bill:

Provided that an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 3.

(8) An e-way bill or a consolidated e-way bill generated under this rule shall be valid for the period as mentioned in column (3) of the Table below from the relevant date, for the distance the goods have to be transported, as mentioned in column (2):

Table

Sr. no.	Distance	Validity period
(1)	(2)	(3)
1.	Less than 100 km	One day
2.	100 km or more but less than 300km	Three days
3.	300 km or more but less than 500km	Five days
4.	500 km or more but less than 1000km	Ten days
5.	1000 km or more	Twenty days

Provided that the Commissioner may, by notification, extend the validity period of e-way bill for certain categories of goods as may be specified therein:

Provided further that where, under circumstances of an exceptional nature, the goods cannot be transported within the validity period of e-way bill the transporter may generate another e-way bill after updating the details in **Part B** of **FORM GSTINS-06**.

Explanation.—For the purposes of this rule, the “relevant date” shall mean the date on which the e-way bill has been generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as twenty-four hours.

(9) The details of e-way bill generated under sub-rule (1) shall be made available to the recipient, if registered, on the common portal, who shall communicate his acceptance or rejection of the consignment covered by the e-way bill.

(10) Where the recipient referred to in sub-rule (9) does not communicate his acceptance or rejection within seventy-two hours of the details being made available to him on the common portal, it shall be deemed that he has accepted the said details.

(11) The e-way bill generated under rule 1 of the CGST rules or GST rules of any other State or Union territory shall be valid in the State or Union territory.

(12) Notwithstanding anything contained in this rule, no e-way bill is required to be generated where—

- (a) the goods being transported are specified in Annexure 1;
- (b) the goods are being transported by a non-motorized conveyance; and
- (c) the goods are being transported from the port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs.

Explanation. - The facility of generation and cancellation of e-way bill may also be made available through SMS.

2. Documents and devices to be carried by a person-in-charge of a conveyance

(1) The person in charge of a conveyance shall carry—

- (a) the invoice or bill of supply or delivery challan, as the case may be; and
- (b) a copy of the e-way bill or the e-way bill number, either physically or mapped to a Radio Frequency Identification Device (RFID) embedded on to the conveyance in such manner as may be notified by the Commissioner.

(2) A registered person may obtain an Invoice Reference Number from the common portal by uploading, on the said portal, a tax invoice issued by him in **FORM GST INV-1**, and produce the same for verification by the proper officer in lieu of the tax invoice and such number shall be valid for a period of thirty days from the date of uploading.

(3) Where the registered person uploads the invoice under sub-rule (1), the information in **Part A** of **FORM GST INS-06** shall be auto-populated by the common portal on the basis of the information furnished in **FORM GST INV-1**.

(4) The Commissioner may, by notification, require a class of transporters to obtain a unique RFID and get the said device embedded on to the conveyance and map the e-way bill to the RFID prior to the movement of goods:

(5) Notwithstanding anything contained in clause (b) of sub-rule (1), where circumstances so warrant, the Commissioner may, by notification, require the person-in-charge of conveyance to carry the following documents instead of the e-way bill:

- (a) tax invoice or bill of supply or bill of entry; or

- (b) a delivery challan, where the goods are transported other than by way of supply.

3. Verification of documents and conveyances

- (1) The Commissioner or an officer empowered by him in this behalf may authorise the proper officer to intercept any conveyance to verify the e-way bill or the e-way bill number in physical form for all inter-State and intra-State movement of goods.
- (2) The Commissioner shall get RFID readers installed at places where verification of movement of goods is required to be carried out and verification of movement of vehicles shall be done through such RFID readers where the e-way bill has been mapped with RFID.
- (3) Physical verification of conveyances shall be carried out by the proper officer as authorized by the Commissioner or an officer empowered by him in this behalf:

Provided that on receipt of specific information of evasion of tax, physical verification of a specific conveyance can also be carried out by any officer after obtaining necessary approval of the Commissioner or an officer authorized by him in this behalf.

4. Inspection and verification of goods

- (1) A summary report of every inspection of goods in transit shall be recorded online by the proper officer in **Part A** of **FORM GST INS- 08** within twenty-four hours of inspection and the final report in **Part B** of **FORM GST INS- 08** shall be recorded within three days of the inspection.
- (2) Where the physical verification of goods being transported on any conveyance has been done during transit at one place within the State or in any other State, no further physical verification of the said conveyance shall be carried out again in the State, unless specific information relating to evasion of tax is made available subsequently.

5. Facility for uploading information regarding detention of vehicle

Where a vehicle has been intercepted and detained for a period exceeding thirty minutes, the transporter may upload the said information in **FORM GST INS-09** on the common portal.

Annexure 1

List of exempted items under GST (exempted from the provisions of E-Way Bill)

1. Live animals and live poultry, ducks, geese and guinea fowls (Chapter 1)
2. Meat and edible offal, fresh or chilled (Chapter 2)
3. Fish, crustaceans, molluscs and other aquatic invertebrates, fresh or chilled; live fish (Chapter 3)
4. Fresh milk, other than UTH milk, and cream (0401)
5. Eggs (0407)
6. Human hair, unworked, whether or not washed or scoured; waste of human hair (0501)
7. Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage (Chapter 6)
8. Edible vegetables, roots and tubers, fresh or chilled; sago pith (Chapter 7)
9. Coconuts, fresh or dried (0801); bananas, including plantains, fresh or dried (0803); all other edible fruit and nuts, fresh (Chapter 8); and peel of citrus fruit or melons, fresh (Chapter 8)
10. Dried leguminous vegetables, shelled, whether or not skinned or split, other than those put up in unit containers under a registered brand name
11. Cereals, other than those put up in unit containers under a registered brand name
12. Atta, besan, suji, dalia and maida, other than those put up in unit containers under a registered brand name
13. Liquefied petroleum gas for supply to household and non domestic exempted category (NDEC) customers
14. Kerosene oil sold under PDS
15. Aquatic feed, poultry feed and cattle feed including grass, hay, straw and husks of cereals and pulses (Chapter 23)
16. Salt, all types (Chapter 2501)
17. Human blood (3002)
18. All types of contraceptives (3006); condoms and contraceptives (4014)
19. Organic manure, other than those sold in unit containers under a registered brand name
20. Books (4901), newspapers, journals; and periodicals (4902); children's picture, drawing or colouring books (4903)
21. Kumkum, bindi, alta and sindoor, kajal (other than kajal pencil sticks) [3304]
22. Puffed rice (Muri), flattened or beaten rice (chiura) parched rice, commonly known as khoi, parched paddy or rice coated with sugar or gur, commonly known as Murki [1904]
23. Pappad (1905)
24. Earthen pot and clay lamps (6912)
25. Spacecraft (including satellites) and suborbital and spacecraft launch vehicles and parts and components thereof
26. Postal baggage transported by Department of Posts
27. Natural or cultured pearls and precious or semi-precious stones; precious metals and metals clad with precious metal (Chapter 71)
28. Jewellery, goldsmiths' and silversmiths' wares and other articles (Chapter 71)
29. Currency
30. Used personal and household effects

Annexure 2

(This Annexure is NOT part of the e-Way Bill Rules. It is being included for information only)

List of exempted items under GST (not exempted from the provisions of E-Way Bill)

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
1.	0201 to 0209	Meat, other than in frozen state and put up in unit containers
2.	0209	Pig fat, free of lean meat, and poultry fat, not rendered or otherwise extracted, salted, in brine, dried or smoked, other than put up in unit containers
3.	0210	Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal, other than put up in unit containers
4.	3	Fish seeds, prawn / shrimp seeds whether or not processed, cured or in frozen state
5.	0403	Curd; Lassi; Butter milk
6.	0409	Natural honey, other than put up in unit container and bearing a registered brand name
7.	0506	All goods i.e. Bones and horn-cores, unworked, defatted, simply prepared (but not cut to shape), treated with acid or gelatinised; powder and waste of these products
8.	0507 90	All goods i.e. Hoof meal; horn meal; hooves, claws, nails and beaks; antlers; etc.
9.	0511	Semen including frozen semen
10.	0712	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared
11.	9	All goods of seed quality
12.	0901	Coffee beans, not roasted
13.	0902	Unprocessed green leaves of tea
14.	0910 11 10	Fresh ginger, other than in processed form
15.	0910 30 10	Fresh turmeric, other than in processed form
16.	1102	Flour [other than those put up in unit container and bearing a registered brand name]
17.	1103	Cereal groats, meal and pellets, other than those put up in unit container and bearing a registered brand name
18.	1104	Cereal grains hulled
19.	1105, 1106	Flour [other than those put up in unit container and bearing a registered brand name]
20.	12	All goods of seed quality
21.	1301	Lac and Shellac
22.	1404 90 40	Betel leaves
23.	1701	Cane jaggery (gur)
24.	1702	Palmyra jaggery
25.	1905	Bread (branded or otherwise), <u>except</u> when served for consumption and pizza bread
26.	2106	Prasadam supplied by religious places like temples, mosques, churches, gurudwaras, dargahs, etc.
27.	2201	Water [other than aerated, mineral, purified, distilled, medicinal, ionic, battery, de-mineralized and water sold in sealed container]
28.	2201	Non-alcoholic Toddy, Neera
29.	2202 90 90	Tender coconut water other than put up in unit container and bearing a registered brand name
30.	Chapter 23	Concentrates & additives, wheat bran & de-oiled cake
31.	3825	Municipal waste, sewage sludge, clinical waste
32.	3926	Plastic bangles
33.	4401	Firewood or fuel wood
34.	4402	Wood charcoal (including shell or nut charcoal), whether or not agglomerated
35.	4802 / 4907	Judicial, Non-judicial stamp papers, Court fee stamps when sold by the Government Treasuries or Vendors authorized by the Government
36.	4817 / 4907	Postal items, like envelope, Post card etc., sold by Government
37.	48 / 4907	Rupee notes when sold to the Reserve Bank of India

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
38.	4907	Cheques, loose or in book form
39.	4905	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed
40.	5001	Silkworm laying, cocoon
41.	5002	Raw silk
42.	5003	Silk waste
43.	5101	Wool, not carded or combed
44.	5102	Fine or coarse animal hair, not carded or combed
45.	5103	Waste of wool or of fine or coarse animal hair
46.	52	Gandhi Topi
47.	52	Khadi yarn
48.	5303	Jute fibres, raw or processed but not spun
49.	5305	Coconut, coir fibre
50.	63	Indian National Flag
51.	6703	Human hair, dressed, thinned, bleached or otherwise worked
52.	7018	Bangles (except those made from precious metals)
53.	8201	Agricultural implements manually operated or animal driven i.e. Hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry.
54.	8445	Amber charkha
55.	8803	Parts of goods of heading 8801
56.	9021	Hearing aids
57.	92	Indigenous handmade musical instruments
58.	9603	Muddhas made of sarkanda and phool bahari jhadoo
59.	9609	Slate pencils and chalk sticks
60.	9610 00 00	Slates
61.	9803	Passenger baggage

FORM GST INS-06*(See Rule __)***E-Way Bill**

PART-A		
A.1	GSTIN of Recipient	
A.2	Place of Delivery	
A.3	Invoice/Challan Number	
A.4	Invoice/Challan Date	
A.5	Value of Goods	
A.6	HSN Code	
A.7	Reason for Transportation	
A.8	Transport Document Number	
PART-B		
B.	Vehicle Number	

Notes:

1. HSN Code in column A.6 shall be indicated at minimum four digit.
2. Transport Document number indicates Goods Receipt Number/ Railway Receipt Number/ Airway Bill Number/ Bill of Lading Number.
3. Place of Delivery shall indicate the PIN Code of place of delivery.
4. Reason for Transportation shall be chosen from one of the following:

Code	Description
1	Supply
2	Export/Import
3	Job Work
4	SKD/CKD
5	Recipient not known
6	Sales Return
7	For own use
0	Others

FORM GST INS-07*(See Rule __)***Consolidated E-Way Bill**

Number of E-Way Bills	
E-Way Bill Number	

FORM GST INS-08*(See Rule __)***Verification Report**

Part A	
Name of the Officer	
Place of inspection	
Time of inspection	
Vehicle Number	
E-Way Bill Number	
Invoice/Challan/Bill Date	
Invoice/Challan/Bill Number	
Name of person in-charge of vehicle	
Description of goods	
Declared quantity of goods	
Declared value of goods	
Brief description of the discrepancy	
Whether goods were detained?	
If yes, date and time of release of vehicle	
Part B	
Actual quantity of goods	
Actual value of the Goods	
Tax payable	
Integrated tax	
Central tax	
State/UT tax	
Cess	
Penalty payable	
Integrated tax	
Central tax	
State/UT tax	
Cess	
Details of Notice	
Date	
Number	
Summary of findings	

FORM GST INS-09

(See Rule __)

Report of detention

E-Way Bill Number	
Approximate Location of detention	
Period of detention	
Name of Officer in-charge	(if known)
Date	
Time	

Form GST INV – 1
(See Rule -----)

Generation of Invoice Reference Number

[Invoice Reference no. -- Date --]

1. GSTIN		
2. Legal Name		
3. Trade name, if any		
4. Address		
5. Serial No. of Invoice		
6. Date of Invoice		
Details of Recipient (Billed to)		Details of Consignee (Shipped to)
Name		Name
Address		Address
State (name & code)		State (name & code)
GSTIN/Unique ID/Temp. ID, if available		GSTIN/Unique ID/ Temp. ID, if available
Type of supply –		
(i) Supplies attracting reverse charge		
(ii) Supplies made through e-commerce attracting TCS		
(iii) B to B supplies (including UIN holders)		
[other than (i) & (ii)]		
(iv) B to C supplies		
(v) Export		
(vi) Supplies made to SEZ		
(vii) Deemed export		

Sr. No.	Description of Goods	HS N	Qty.	Unit	Price (per unit)	Total value	Discount, if any	Taxable value	CGST		SGST		IGST		Cess	
									Rate	Amt.	Rate	Amt.	Rate	Amt.	Rate	Amt.
	Freight Insurance Packing and Forwarding Charges etc.															
Total Invoice Value (In figure)																
Total Invoice Value (In Words)																

Signature

Name of the Signatory
Designation / Status

v. Anti-profiteering Rules

In exercise of the powers conferred by section 164 read with section 171 of the Central Goods and Services Tax Act, 2017(12 of 2017) the Central Government hereby makes the following rules, namely:

1. Short title, extent and commencement.-

- (1) These rules may be called the Anti-profiteering Rules, 2017.
- (2) They extend to the whole of India except the State of Jammu and Kashmir.
- (3) They shall come into force on the date of their publication in the Official gazette.

2. Definitions.-

In these rules, unless the context otherwise requires,-

- (a) “Act” means the Central Goods and Services Tax Act, 2017;
- (b) “Committee” means Standing Committee on Anti-profiteering constituted by the Council in terms of rule 4 of these rules.
- (c) “Authority” means the National Anti-profiteering Authority constituted under rule 3;
- (d) “Interested party” includes-
 - (i) suppliers of goods or services under the proceedings; and
 - (ii) recipients of goods or services under the proceedings;
- (e) Words and expressions used and not defined herein but defined in the Act, shall have the same meaning respectively, assigned to them, in the Act.

3. Constitution of the Authority.- The Authority shall consist of

- (a) a Chairman who is or has been—
 - (i) a judge of any High Court, or
 - (ii) a member of the Indian Legal Service and has held a post not less than Additional Secretary for three years;
- ~~(b) two Members Technical (Centre) who are or have been Commissioners of central tax to be nominated by the Board;~~
- ~~(c) two Members Technical (State) who are or have been Commissioners of State tax to be nominated by the Council; and~~
- (b) four Technical Members who are or have been Commissioners of State tax or central tax to be nominated by the Council.

4. Constitution of the Standing Committee:-

- (1) The Council may constitute a Standing Committee on Anti-profiteering.
- (2) The Committee shall consist of such officers of the State Government and Central Government as may be nominated by the [Council]/[Board].

5. Appointment, salary, allowances and other terms and conditions of service of the Chairman and Members of the Authority:-

- (1) The Chairman and Members of the Authority shall be appointed by the Central Government on the recommendations of a Selection Committee to be constituted for the purpose by the [Council]/[Board].

- (2) The Chairman shall be paid a monthly salary of Rs. 2,25,000 (fixed) and other allowances and benefits as are admissible to a Central Government officer holding posts carrying the same pay.
- (3) The Technical Member shall be paid a monthly salary of Rs. 2,05,400 (fixed) and shall be entitled to draw allowances as are admissible to a Government of India officer holding Group 'A' post carrying the same pay. Where a retired officer is selected as a Technical Member, he shall be paid a monthly salary of Rs. 2,05,400 reduced by the amount of pension.
- (4) The Chairman shall hold office for a term of three years from the date on which he enters upon his office, or until he attains the age of sixty-seven years, whichever is earlier and shall be eligible for reappointment. A person shall not be selected as the Chairman if he has attained the age of sixty-four years.
- (5) The Technical Member of the Authority shall hold office for a term of three years from the date on which he enters upon his office, or until he attains the age of sixty-five years, whichever is earlier and shall be eligible for reappointment. A person shall not be selected as a Technical Member if he has attained the age of sixty-two years.

6. **Secretary to Authority**

The Additional Director General of Safeguards under the Board shall be the Secretary to the Authority.

7. **Power to determine the methodology and procedure:-**

The Authority may determine the methodology and procedure for determination as to whether the reduction in rate of tax on the supply of goods or services or the benefit of input tax credit has been passed on by the registered person to the recipient by way of commensurate reduction in prices.

8. **Duties of the Authority-** It shall be the duty of the Authority:-

- (1) to determine whether any reduction in rate of tax on any supply of goods or services or the benefit of the input tax credit has been passed on to the recipient by way of commensurate reduction in prices;
- (2) to identify the registered person who has not passed on the benefit of reduction in rate of tax on supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices;
- (3) to order,
 - (a) reduction in prices;
 - (b) return to the recipient, an amount equivalent to the amount not passed on by way of commensurate reduction in prices along with interest at the rate of eighteen percent from the date of collection of higher amount till the date of return ; or
 - (c) recovery of the amount not returned under clause (b), in case the person eligible for return is not available and depositing the same in the Fund referred to in section 57.

9. **Examination of application by the Standing Committee ~~Initiation of proceedings:-~~**

- (1) ~~Save as provided in sub-rule (4), The Authority~~ Standing Committee shall, on receipt of a written application, in such form and manner as may be specified by it, from an interested party or from a Commissioner or any other person, examine the accuracy and adequacy of the evidence provided in the application ~~initiate proceedings~~ to determine whether ~~any reduction in rate of tax on any supply of goods or services or the benefit of the input tax credit has been passed on to the recipient by way of commensurate reduction in prices.~~

~~An application under sub-rule (1) shall be in such form as may be specified by the Authority in this behalf and such application shall be supported by there is *prima-facie* evidence to support the claim of the applicant that a reduction in rate of tax on any supply of goods or services or the benefit of input tax credit has not been passed on to the recipient by way of commensurate reduction in prices.~~

~~b. The Authority Standing Committee shall not initiate the proceedings pursuant to an application under sub-rule (1) unless it examines the accuracy and adequacy of the evidence provided in the application and satisfies itself that there is a *prima-facie* evidence showing that the supplier has not passed on benefit of reduction in rate of tax on the supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices.~~

- (2) ~~Notwithstanding anything contained in sub-rule (1), the Authority may initiate proceedings *suomotu* if it is satisfied, based on any information received from a Commissioner or any other source, that sufficient evidence exists as referred to in sub-rule (3) for initiation of proceedings.~~

10. **Initiation and principles governing the proceedings:-**

- (1) Where the Standing Committee is satisfied that there is a *prima-facie* evidence to show that the supplier has not passed on the benefit of reduction in rate of tax on the supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices, it shall refer the matter to Directorate General of Safeguards for a detailed investigation.
- (2) The Directorate General of Safeguards shall conduct investigation and collect evidence necessary to determine whether any reduction in rate of tax on any supply of goods or services or the benefit of the input tax credit has been passed on to the recipient by way of commensurate reduction in prices.
- (3) The Directorate General of Safeguards shall, before initiation of investigation, ~~shall after it has decided to initiate the proceedings~~, issue a notice to the interested parties containing, *inter alia*, adequate information on the following, namely:-
- (a) the description of the goods or services in respect of which the proceedings have been initiated;
 - (b) summary of statement of facts on which the allegations are based;
 - (c) the time limit allowed to the interested parties ~~and other persons who may have information related to the proceedings~~ for furnishing their reply.
- (4) The Directorate General of Safeguards may also issue notices to such other persons as deemed fit for fair enquiry into the matter.

- ~~(4) The Authority may require the Directorate General of Safeguards to conduct investigation and collect evidence necessary to determine whether any reduction in rate of tax on any supply of goods or services or the benefit of the input tax credit has been passed on to the recipient by way of commensurate reduction in prices.~~
- ~~(5) The Directorate General of Safeguards may issue a notice calling for any information in such form as may be specified by it from the suppliers or recipients of goods or services covered under the proceedings or any person who may have information related to the proceedings initiated and such information shall be furnished by such persons in writing within fifteen days from the date of receipt of the notice or within such extended period not exceeding further fifteen days as the Directorate may allow on sufficient cause being shown.~~
- (6) The Directorate General of Safeguards shall make available the evidence presented to it by one interested party to the other interested parties, participating in the proceedings.
- (7) The Directorate General of Safeguards shall complete the investigation within a period of three months of receipt of reference from the Standing Committee or within such extended period not exceeding a further period of three months for reasons to be recorded in writing as allowed by the Standing Committee and, upon completion of the investigation, furnish to the Authority a report of its findings, along with the relevant records.

11. Confidentiality of Information:-

- (1) Notwithstanding anything contained in sub-rules (3), ~~(5)~~ and (5) of rule 10 and sub-rule (2) of rule ~~14~~ ~~15~~, the provisions of section 11 of the Right to Information Act, 2005 shall apply *mutatis mutandis* to the disclosure of any information which is provided on a confidential basis.
- (2) The Directorate General of Safeguards may require the parties providing information on confidential basis to furnish non-confidential summary thereof and if, in the opinion of the party providing such information, such information cannot be summarised, such party may submit to the ~~Authority~~ Directorate General of Safeguards a statement of reasons why summarisation is not possible.

12. Cooperation with other agencies or statutory authorities:-

Where the Directorate General of Safeguards deems fit, it may seek opinion of any other agency or statutory authorities in discharge of its duties.

13. Power to summon persons to give evidence and produce documents:-

- (1) The Director General of Safeguards shall be deemed to be the proper officer to exercise power to summon any person whose attendance he considers necessary either to give evidence or to produce a document or any other thing under section 70 and shall have power in any inquiry in the same manner, as provided in the case of a civil court under the provisions of the Code of Civil Procedure, 1908(5 of 1908).
- (2) Every such inquiry referred to in sub-rule (1) shall be deemed to be a “judicial proceedings” within the meaning of section 193 and section 228 of the Indian Penal Code (45 of 1860).

14. Order of the Authority:-

- (1) The Authority shall, ~~within a period of three months from the date of receipt of the report from the Directorate General of Safeguards within three months of initiation of the proceedings or within such extended period not exceeding a further period of three months for reasons to be recorded in writing~~, determine whether a registered person has passed on the reduction in rate of tax on the supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices.
- (2) Where the Authority determines that a registered person has not passed on the reduction in rate of tax on the supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices, the Authority may order -
- (a) reduction in prices;
 - (b) return to the recipient, an amount equivalent to the amount not passed on by way of commensurate reduction in prices along with interest at the rate of eighteen percent from the date of collection of higher amount till the date of return ; or
 - (c) recovery of the amount including interest not returned under clause (b), in case the person eligible for return is not available and depositing the same in the Fund referred to in section 57, ~~and~~
 - (d) imposition of penalty as prescribed under the Act; ~~and~~
 - (e) cancellation of registration under the Act.

15. Decision to be by the majority:-

If the Members of the Authority differ in opinion on any point, the point shall be decided according to the opinion of the majority.

16. Compliance by the registered person:-

Any order passed by the Authority under these rules shall be immediately complied with by the registered person failing which action shall be initiated to recover the amount in accordance with the provisions of the Integrated Goods and Services Tax Act or the Central Goods and Services Tax Act or the Union Territory Goods and Services Tax Act or the State Goods and Services Tax Act of the respective States, as the case may be.

17. Monitoring of the order:-

The Authority may require any authority of central tax, State tax or Union territory tax to monitor implementation of the order passed by it.

Agenda Item 3: Fitment/adjustment of GST Rates on certain items

i. Applicability of increased turnover limit for Composition Levy to Special Category States

Background: Sub section (1) of section 10 read with sub-section (2) of the same section of the Central Goods and Services Tax Act, 2017 [CGST Act] provides that **an eligible registered person**, whose aggregate turnover in the preceding financial year did not exceed Rs.50 lakh, may opt to pay, in lieu of the tax payable by him, an amount calculated at the rate of:

1. 1% of turnover in State or turnover in Union Territory in case of a manufacturer;
2. 2.5% of turnover in State or turnover in Union Territory in case of persons engaged in making supplies referred to in Paragraph 6(b) of Schedule II to the CGST Act; and
3. 0.5% of turnover in State or turnover in Union Territory in case of other suppliers.

2. The said sub-section also provides that the said limit may be increased upto Rs.1 crore on the recommendations of the GST Council.

3. In this context, the GST Council, in its 16th Meeting held on 11 June, 2017, has recommended an increase in the turnover limit for Composition Levy for CGST and SGST purposes from Rs.50 lakh to Rs.75 lakh, in respect of all eligible registered persons, referred to in the aforesaid sub-section. However, no clear view was taken as to whether or not the same increased turnover limit for Composition levy will apply in case of Special Category States. After the aforesaid meeting, certain Special Category States had raised their concerns regarding such increased turnover limit for Composition levy applying to their States, as it would severely reduce their tax base. That being so, the GST Council may take a clear view regarding the applicability of the increased turnover limit for Composition levy to the Special Category States.

4. The threshold limit for exemption in GST is Rs. 20 lakh for all the States, except for the Special Category States for which it is Rs. 10 lakh. However, prior to the 11th June, 2017 Meeting of GST Council, the turnover limit for Composition Levy for all States (including Special Category States) was Rs. 50 lakh.

5. The GST Council may consider as to whether the increased turnover limit of Rs. 75 lakh for the Composition levy will apply to Special Category States or not, and recommend appropriate turnover limit for Composition levy for such States.

ii. IGST on Shipping Vessels

Briefly stated, 5% rate of tax on ship was approved during the 14th GST Council meeting held at Srinagar on 18-19 May 2017. The same GST rate would apply on imports of ships/vessels/dredger/tankers.

2.1 Against the proposed levy of 5% IGST on ships/vessels, Ministry of Shipping has made reference, *inter alia*, stating that:

- a) The shipping industry will not be in a position to utilize the credits of such IGST for a long period of time for the reason of quantum and restricted availability of credit.
- b) The new GST regime clearly puts Indian Shipping Industry in a disadvantageous position as foreign owners who bring ships to India are not getting burdened with the tax but only Indian owners are charged with tax in similar situation.
- c) Under the new GST Law, if an Indian Owner sells a ship abroad to a foreign buyer outside India, delivers the ship outside India (such a ship may have never come to India) and receives convertible foreign exchange, Indian Owner has to pay 5% IGST and **here it seems the Indian Owner is getting taxed merely because the ship is registered in India.**
- d) The transportation services of goods (voyage charter) have been brought to tax, however with curtailed input tax credit wherein input tax credit on goods will not be available, which will cause tremendous accumulation of credit with no avenue for set off.
- e) Export cargo services provided to Indian consignor by an Indian Shipping Company will be liable for GST due to the customer being located in India. However, the same service by a foreign shipping company will escape tax based on the place of supply provisions. It is natural that an Indian charterer would prefer to engage a foreign shipping line over an Indian shipping line since Indian shipping company would charge **5% GST on its freight** invoice and foreign shipping line would not charge any tax on its freight invoice.
- f) Additional tax burden will adversely affect the Indian shipping industry, competitiveness and viability as the Shipping sector is already under severe stress.
- g) Indian shipping companies import second hand ships as such vessels are not manufactured in Indian Shipping yards.

2.2 In this context, the Ministry of Shipping has recommended for NIL IGST on:

S. No	Chapter/ heading	Description of Vessels
1	89	All vessels imported under essentiality certificate issued by Directorate General of Hydrocarbons for petroleum operation.
2	89012000	All tankers including gas carriers of 40,000 DWT and above
3	8901 90 00	All bulk carriers of 40,000 DWT and above
4	8905 10 00	Dredgers

3.1 As may be recalled, 5% GST (**with ITC of input Service**) has been proposed on supply of service for Transport of goods in a vessel, including services provided or agreed to be provided by a person located in non-taxable territory to a person located in non-taxable territory by way of

transportation of goods by a vessel from a place outside India up to the Customs station of clearance in India.

3.2 Thus, ITC of 5% GST paid on purchase of ship cannot be used for payment of GST on supply of service for Transport of goods in a vessel, which puts domestic shipping lines at a disadvantage. The Indian National Ship-owners Association (INSA) has also pointed out this aspect while requesting for Nil IGST on ships and vessels. As such, this seems to be the main reason for the industry to seek Nil IGST on imported vessels/ships. **However, this logic does not hold good in case of dredgers, as dredging services attract 18% GST with full ITC of GST paid on inputs and input services.**

3.3 **That being so, if credit of GST paid on ships/vessels is allowed to be used for payment of GST on supply of Service, the problem faced by the domestic shipping lines (along with the associated dis-advantage) will be resolved.**

4.1 Import values of above goods, during 2015-16, is as under:

Chapter/ Heading	Description of Vessels	Imports Rs Crore
89	All vessels imported under essentiality certificate issued by Directorate General of Hydrocarbons for petroleum operation	1228
8901 20 00	All tankers including gas carriers of 40,000 DWT and above	750 [This value includes tankers of below 40, 000 DWT also]
8901 90 00	All bulk carriers of 40,000 DWT and above (smaller vessels are built in Indian yards)	765 [This value includes Self-propelled Platform Supply Vessels (PSV) other items also]
8905 10 00	Dredgers	1815

4.2 As regards imports of “all vessels imported under essentiality certificate issued by Directorate General of Hydrocarbons for petroleum operation” imports of these vessels during 2015-16 were about Rs. 1228 crore. As per decision of the Hon’ble GST Council, these vessels will also attract 5% GST, a rate approved for all goods imported or domestically procured for petroleum operations.

4.3 Thus, volume of total import of ships, vessels, tankers (other than dredgers) was about Rs. 2440 crore during 2015-16. Out of this, imports of tankers and bulk carriers used by shipping lines would be less than Rs. 1500 crore. 5% IGST on such ships/vessels/tankers would be less than Rs. 75 crore. As these imports presently attract Nil CVD and SAD, and would be paying IGST in proposed regime, if the ITC of IGST paid on imported ships is allowed it may not result in any fresh revenue loss, as the industry would be taking ITC of this newly imposed tax paid in the GST regime. **Though, there might be some revenue loss, if these shipping lines have been purchasing some ships/vessels/tankers domestically.**

4.4 From the information available on web, it appears that some of these vessels/ships like tankers upto capacity of 95000 DWT, bulk carriers, platform supply vessels are manufactured by domestic shipyards. [Cochin Shipyard’s website refers].

5.1 On the other hand, if IGST exemption is extended on such imported vessels, it would **put domestic shipbuilders at a disadvantage vis-à-vis imported vessels/ships/floating structures, as domestic goods will continue to bear input tax burden of about 18% (the general GST rate on intermediates and capital goods and services).** To mitigate similar dis-advantage to domestic

industry, in past, full exemption from excise/CV duty and SAD had to be extended on all raw materials/components for shipbuilding. Such an exemption may not be possible in the GST regime.

6.1 Lastly, allowing usage of ITC of GST paid on input services only for paying the service tax on transportation of goods by vessels/ships services, **puts shipping lines taking ships on lease at an advantage vis-à-vis shipping which go for outright purchase of ships/vessels/tankers**. Allowing ITC of GST paid on ships would provide level playing field to shipping lines which go for outright purchase of vessels/ships/tankers.

7. In view of the above, it is for the consideration of the GST Council whether to;

- i. allow ITC of GST paid on ships which would provide level playing field to shipping lines which go for outright purchase of vessels/ships/tankers

or

- ii. exempt 5% CSGT and SGST / IGST on ships/vessels/dredger/tankers as recommended by the Ministry of Shipping.

iii. Lottery

1. Introduction

As per the decision of the Constitution Bench of the Hon'ble Supreme Court of India in the case of Sunrise Associates vs Govt. of NCT of Delhi & others 2006 (5) SCC 603, sale of Lottery ticket has been held to be transfer of an actionable claim. Actionable claims have been included in the definition of "goods" in section 2(52) of the CGST Act. Further, Clause 6 of Schedule III of the CGST Act specifies, *inter alia*, actionable claims other than lottery, betting and gambling neither as a supply of goods nor a supply of services. Therefore, supply of lottery tickets is to be taxed as supply of goods in GST.

2. Present Taxation Details

- A. Lotteries (Regulation) Act, 1998 [17 of 1998] was enacted by the Central Government under Entry 40, List –I of the Constitution. Lottery Regulation Rules 2010 have been made by the Central Government in exercise of the powers conferred under Section 11 (1) of the Lotteries Regulation Act, 1998. As per information provided, lottery is currently organized and conducted in 10 States. Under the said Rules, the Organizing State Government/Autonomous Region charges a minimum amount of Rs. 5 lakh per draw for bumper draw of lottery and a minimum amount of Rs. 10,000/- per draw for all other forms of lottery. The said amount paid to the organizing State Governments/Autonomous Region for the FY 2015-16 is as shown in Table 1. This amount shall continue to accrue, as at present, in the GST regime to the organizing States/Autonomous Region.

Table 1: Amount paid to Organizing States (In INR Crore)

State/Autonomous region	Amount	State	Amount
Arunachal	12.5	Mizoram	17
Bodoland	13.5	Nagaland	15
Goa	43	Punjab	35
Kerala	1070	Sikkim	63
Maharashtra	16	West Bengal	140
Total	1,155	Total	270
Grand Total		1,425 (~3% of the total turnover)	

[Source: All India Federation of Lottery Trade & Allied Industries]

- B. Lottery Tax – Three conducting states, Maharashtra, Punjab and Kerala, have enacted their own State Lottery Tax Acts (under erstwhile Entry 62 of the State List) which empowers them to levy Lottery tax. This entry has been amended by the 101st Constitutional Amendment Act, and tax levied by the States under this entry has been subsumed in GST. The lottery tax paid to the conducting States under these Acts for the FY 2015-16 is as shown in Table 2.

Table 2: Lottery Tax to Conducting States (In INR Crore)

State	Turnover	Lottery Tax	Lottery Tax (%)
Kerala	6000	181	3.02%
Maharashtra	18800	165	0.88%
Punjab	1367	115	8.41%
Total	26,167	461	3.02%
Weighted Average		1.76%	

[Source: All India Federation of Lottery Trade & Allied Industries]

C. Service Tax –

- Lottery is in the Negative List of Services. However, the activities of *lottery distributor or selling agent on behalf of the State Government, in relation to promotion, marketing, organising, selling of lottery or facilitating in organising lottery of any kind, in any other manner, in accordance with the provisions of the Lotteries (Regulation) Act, 1998* is included in the definition of service under the Finance Act, 1994.
- Consideration for a service has been defined in the Finance Act 1994 to include *any amount retained by the lottery distributor or selling agent from gross sale amount of lottery ticket in addition to the fee or commission, if any, or, as the case may be, the discount received, that is to say, the difference in the face value of lottery ticket and the price at which the distributor or selling agent gets such ticket*. Thus, the total amount retained by the lottery distributor (including discount/ Commission) is part of taxable value.
- Further, there is an alternate option available with the lottery distributors under Service Tax Rules [Rule 7C] which allows them to pay service tax at the rate of Rs 8200/- on every Rs 10 Lakh (or part of Rs 10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw if the lottery or lottery scheme is one where the guaranteed prize payout is more than 80% and Rs 12800/- where the guaranteed prize payout is less than 80%.
- Service tax is also applicable on the amount paid by the distributors/ selling agents to the organizing State Government under section 66D(a)(iv) of the Finance Act, 1994

Assuming commission to be 30% of the face value (based on data for lottery organized by Mizoram conducted in West Bengal, data by AIFLTAI), service tax incidence works out as given below:

Table 3: Service Tax

Service Tax	On Face Value
On Lottery Distribution (15%*30%)	4.50%
On Amount paid under the Lotteries (Regulation) Act (15%*3%)	0.45%
Total	4.95%

3. Revenue Analysis

Effective overall tax incidence of service tax and lottery tax comes to 6.71% on Face Value (4.95%+1.76%). In addition, there are embedded taxes on account of inputs, input services and capital goods.

4. Considering the unorganized nature of business, the small players involved in selling lotteries, the practice of not issuing invoices by lottery selling agents to consumers, it would be in the interest of revenue and lower compliance burden on the sector, if the tax is levied only at the stage at which the State Govt. sells the lottery tickets to distributors/ selling agents appointed by them and the liability of such tax is placed on such lottery distributors on reverse charge basis and the lottery selling agents below the distributors appointed by the State Government are exempted from GST. A view was expressed in the meeting with the State Government officials of lottery organizing and conducting States that lottery ticket becomes an actionable claim in the hands of the customer who purchases the same from the hawker and not at the earlier stage. It is felt that by taxing it under reverse charge in the hands of the lottery distributor, the taxing of actionable claim is simply being preponed. Another

challenge that may be faced while taxing lottery at a single point could be with respect to place of supply, where it would have to be ensured that the GST revenue flows to the concerned States.

5. GST Council has decided in the previous meetings with regard to fitment of rates that the rates should be fitted according to the current total incidence of Central Excise and VAT on Goods. It may be mentioned in this regard that Lotteries are proposed to be taxed as Goods for the first time. Therefore, the existing central excise or VAT incidence is not available.

6. Discussions on the issue of levy of GST on supply of lottery tickets have been held with the organizing States and the States where lottery tickets are sold on 4.06.2017 and 11.06.2017 with a view to evolve consensus on the issue. The meeting was attended by the States of Nagaland, Sikkim, Arunachal Pradesh, Mizoram, Assam, West Bengal and Punjab. CCT, Kerala could not attend the meeting but orally confirmed that the lottery ticket may be taxed at 28% of the face value. [The argument in their favour is that lottery is demerit goods. Tax of 18% on the face value of lottery ticket will translate into the price of lottery ticket going up from Rs. 2.10 to Rs. 2.36 which a consumer would pay for the chance to win bumper prize in lakhs. The miniscule rise in price of the ticket is unlikely to induce any behavioral change in the consumers and thus shall not affect Lottery business. However, it shall yield substantial revenue to the Government: Rs. 9000 crore as against combined revenue of Rs. 833 crore currently received as Lottery Tax and Service Tax].

7. Record of Discussion of the said Committee of officials of State Governments on 11.6.2017 is enclosed as **Annexure I**. The Committee recommended 2 options of levying GST on lottery as under:-

- (i) GST rate of 5% on face value (MRP) of lottery tickets sold;
- (ii) GST rate of 28% on MRP of lottery tickets sold less prize payout (as published in the Official Gazette of the State Government)

Under both options, GST may be levied on the first point of sale of lottery tickets by the State Government to the lottery distributor or selling agent appointed by the State Government while exempting agents/stockists below the distributor. If the second option is accepted, then the price payout will be suitably defined for certainty of tax.

8. Council may consider the options recommended by the Committee of the States for levying GST on lottery tickets. A provision may be made in the GST Valuation Rules that value of the lottery ticket shall be equal to the face value printed on it.

Annexure I

GST on Lottery – record of discussion with States organizing/ conducting lotteries, on 11 June, 2017 at Vigyan Bhawan.

A meeting was convened with the organizing States and the States where lottery tickets are sold to decide upon the issue of levy of GST on supply of lottery tickets. The meeting was attended by the States of Nagaland, Sikkim, Arunachal Pradesh, Mizoram, Assam, West Bengal and Punjab.

2. The organizing States were of the view that if the GST rate on lottery is very high, it will affect them indirectly in as much the revenue accruing to these States (in the nature of royalty) will come down as there may not be enough buyers of lottery in the States where the lottery tickets are sold. The organizing States stated that high GST rate on lottery tickets will result in a reduction in prize payout amount which will make lottery less attractive to customers. Therefore, they were of the view that GST rate on lottery should be reasonable.

3. The organizing States also informed that they were assured of a MINIMUM ASSURED REVENUE from the lottery distributors, which is fixed per draw wise.

4. It was informed by the States that about Rs 450 crore is collected annually as lottery tax and the approximate turnover (face value) of the lottery trade is about Rs 59,621 crore. However, it is difficult to work out the exact incidence because of unsold tickets. Based on this data, the approximate tax incidence comes to about 0.75%. The States were of the view that if the GST rate of 5% is applied on the face value, then also the amount of revenue will increase a lot (about Rs 2500 crore), which is more than what the States are getting now.

5. Sikkim (and some of the other organizing States) informed that prize payout varies from 70%-90% of the face value, depending on the lottery scheme. Therefore, another alternative suggested was that we could levy GST on the face value less prize payout. Prize payout is in cash (money), which is outside the definition of both goods and services in GST. However, the tax incidence may go up slightly, depending on the quantum of prize payout, which, in turn, varies for different schemes.

6. The issue of levying GST on the entire chain of lottery distributors, agents and stockists was also discussed. The States felt that most of the persons in the supply chain at the end would be below the threshold. Therefore, it may be prudent to tax the main distributor, who is appointed by the State Government on tender-basis while exempting agents/stockists below the distributor.

7. The issue of unsold lottery tickets was also discussed. West Bengal stated that the distributor can return only upto 10% of the tickets while Sikkim stated that there are no unsold tickets.

8. An official from Nagaland brought to the notice of the Committee that as per a judgement of the Bombay High Court (in the context of State VAT on lottery tickets on per draw basis), only the right to participate in the draw (CPD) can be taxed while right to claim the prize contingent upon the purchaser winning the lottery (CPF) cannot be subjected to tax. [State VAT on lottery tickets were being subjected to tax on per draw basis instead of on sale basis. It was held that shifting the taxation from sale to draw basis resulted in taxing both the above rights which was contrary to Supreme Court order. Subsequently, Supreme Court (Constitutional Bench) held that the right to participate in the draw and the right to win a prize contingent upon winning the lottery are inseparable and there is no value as such in the mere right to participate.]

9. Conclusion: -

The committee of State Governments recommended 2 options of levying GST. These are as given below: -

- (i) GST rate of 5% on face value (MRP) of lottery tickets sold;
- (ii) GST rate of 28% on MRP of lottery tickets sold less prize payout (as published in the Official Gazette of the State Government)

Under both options, GST may be levied on the first point of sale of lottery tickets by the State Government to the lottery distributor or selling agent appointed by the State Government while exempting agents/stockists below the distributor.

- (iii) As far as unsold tickets are concerned, a system of refund of tax paid by the State Government, under whose jurisdiction lottery tickets are sold, to the lottery distributor may be put in place, based on the accounts submitted by the distributors to the State Lotteries department.

Agenda Item 4: Any other agenda item with the permission of the Chairperson

i. High Sea Sales

Exemption to supplies of goods taking place in the High Sea before the goods cross the Customs frontier

In common parlance, high sea sales refer to the sales which are effected by transfer of documents of title to the goods, while they are on high seas and have not yet crossed the customs frontier of India.

2. The legal position regarding taxability of supplies of goods taking place in the High Sea before the goods cross the customs frontier is discussed hereunder. Sub-section (2) of section 7 of the Integrated Goods and Services Tax Act, 2017 (hereinafter referred to as, “IGST Act”) provides that supply of goods imported into the territory of India, till they cross the customs frontiers of India, shall be treated to be a supply of goods in the course of inter-State trade or commerce. So the supplies taking place in the High Sea before the goods cross the customs frontier will be falling within the ambit of inter-State supply.

3. Further the proviso to sub-section (1) of section 5 of the IGST Act provides that the integrated tax on goods imported into India shall be levied and collected in accordance with the provisions of section 3 of the Customs Tariff Act, 1975 on the value as determined under the said Act at the point when duties of customs are levied on the said goods under section 12 of the Customs Act, 1962.

4. So, the combined reading of both sections might lead to a situation wherein the goods being imported and subject to high sea supply before their clearance from the custom frontier may suffer double taxation. That is IGST may be levied on the high sea supplies and then customs duties along with IGST may be levied on clearance of goods from customs frontier. Thus to avoid this scenario the supplies of goods taking place in the High Sea before the goods cross the customs frontier need to be exempted from payment of IGST by exercising the power under section 6 of the IGST Act.

4. It is proposed that the Council may approve the proposal to issue notification for grant of exemption from IGST to supplies of goods taking place in the High Sea before the goods cross the customs frontier.

ii. Notifying Sections

Notification of remaining sections of the Central Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017 from 1st July, 2017 and power to GST Implementation Committee

It may be recalled that in its 15th and 16th Meeting, the Council had approved the notification of the following Sections under the Central Goods and Services Tax Act, 2017 (CGST Act) and Integrated Goods and Services Tax Act, 2017 (IGST Act) from 19th of June, 2017:

Table: Sections proposed to be notified from 19th June, 2017.

SR. NO.	MEETING OF GST COUNCIL	ACT	SECTIONS
1.	15	Central Goods and Services Tax Act, 2017 (respective SGST Acts also)	1,3,4,5,10,22-30, 139
2.	15	Integrated Goods and Services Tax Act, 2017	1,3,20
3.	16	Central Goods and Services Tax Act, 2017 (respective SGST Acts also)	2, 146, 164
4.	16	Integrated Goods and Services Tax Act, 2017	2,14,22

2. Besides the Sections tabulated above, the Council had approved the notification of certain other sections from the appointed day i.e. 1st July, 2017. Now, the remaining Sections have to be notified from 1st July, 2017. Further, looking at the timeline for the implementation of GST, there might be a requirement that certain Sections of the Act may not be notified from the appointed day. Since it would be difficult to call the GST Council meeting at short interval and there may be a requirement to take some quick decisions on the matter, it may be beneficial if the Council delegates the power to not to bring certain Sections into force from the appointed day to the GST Implementation Committee (hereinafter referred to as “GIC”).

3. Further, in its 15th and 16th Meeting, the Council had approved the notification of Sections relating to Registration from 19th June, 2017. But looking at the status of legal vetting and unforeseen exigencies, a requirement may arise warranting the extension of this date. The power to extend the date for notification of Sections may also be exercised by the GIC, if delegated by the Council.

4. It is proposed that the Council may approve the notification of remaining sections of the CGST Act, 2017 and IGST Act, 2017 from 1st July, 2017. Further the Council may delegate the power to GIC to decide that certain Sections of the Act may not be notified from the said date. The Council may also delegate the power to GIC to extend the date of notification of Sections, earlier approved to be notified with effect from 19th June, 2017, beyond the said date but not later than 01st July, 2017.

iii. Exemption under Section 9(4) of the CGST Act, 2017

Exemption to supplies of goods or services or both of certain amount from the purview of sub-section (4) of section 9 of the Central Goods and Services Tax Act, 2017 etc.

Sub-section (4) of Section 9 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as “CGST Act”) provides that the central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

2. Accordingly, any supply from unregistered supplier to registered recipient would fall within the purview of central tax and the registered recipient will not only be liable for the payment of tax on such inward supplies on reverse charge basis but would also be responsible for the compliance. This would create hardship for such registered recipients as they would be liable for compliance with sub-section (4) of Section 9 for inward supplies even of petty amount. It is understood that omnibus application of the said provision to all inward supplies may be counter-productive and would increase compliance hardship for the registered recipient. This would also make the option of purchasing from such unregistered suppliers unattractive.

3. Looking at all these aspects, it was considered by the Law Committee that supplies from unregistered suppliers up to a certain monetary limit may be exempted from the purview of application of sub-section (4) of Section 9. Accordingly, it is proposed that inward supplies of goods or services or both, the value of which is five thousand rupees or less received by a registered person from an unregistered person per day may be exempted from the application of sub-section (4) of section 9 by exercising the power of exemption under Section 11 of the CGST Act.

4. It is proposed that the Council may approve the issuance of notification for grant of exemption under Section 11 of the CGST Act, 2017 from sub-section (4) of Section 9 of the CGST Act, 2017 to inward supplies of goods or services or both, the value of which is five thousand rupees or less received by a registered recipient from an unregistered person per day. Similar exemption notification would be issued under section 6 of the IGST Act, 2017 (for exemption from application of sub-section (4) of section 5 of the IGST Act, 2017), under section 11 of the respective SGST Act (for exemption from application of sub-section (4) of section 9 of the respective SGST Act) and section 8 of the UTGST Act, 2017 (for exemption from application of sub-section (4) of section 7 of the UTGST Act, 2017).

Chapter -

Funds Settlement Mechanism

- (1) The Goods and Services Tax Network (GSTN) shall transmit reports in the manner prescribed below electronically to the Central Board of Excise and Customs (CBEC), concerned State Tax nodal authority as notified by the respective State Governments, Principal CCA (CBEC) and Accounting Authorities of the respective States as notified by the State Government, by 5th of the month following the submission of GST returns, in case of monthly reports, and by the 5th of October of the subsequent financial year, in case of annual reports. If 5th of the month is a holiday, then the reports shall be sent by the first working day after the holiday.

2. Report of Cross-Utilization and Apportionment of Integrated Tax between Centre (Integrated Tax) and State (State Tax)/ Centre (Union Territory Tax):

The following Reports showing details relating to the transfer of funds between Centre (Integrated Tax) and State (State Tax)/ Centre (Union Territory Tax) to be made shall be sent by GSTN to authorities referred to in Rule 1 of this Chapter in **FORMS GST STL 01.01 to GST STL – 01.12** for each State and Union Territory:

- (a) A monthly Consolidated statement for each State in **FORM GST STL – 01.01** containing the following details relating to the total amount to be transferred from the Centre (Integrated Tax) to the State (State Tax) or the Centre (Union Territory Tax), or vice-versa, on account of cross-utilization of credit as per section 53 of the Central Goods and Services tax Act(hereinafter referred to as CGST Act) and the Goods and Services tax Act of the concerned State(hereinafter referred to as SGST Act), section 21 of the Union Territory Goods and Services tax Act(hereinafter referred to as UTGST Act) and section 18 of the Integrated Goods and Services tax Act(hereinafter referred to as IGST Act) , and from the Centre (Integrated Tax) to the State (State Tax) or the Centre (Union Territory Tax) on account of apportionment as provided for in section 17 of the IGST Act.
- (b) Further, the following monthly reports containing GSTIN-wise, State-wise details pertaining to the information contained in **FORM GST STL – 01.01**:
- (i) List of registered persons of the State/Union Territory who have adjusted liability of Integrated Tax from the input tax credit of State Tax or Union Territory Tax and Central Tax, as provided under section 53 of the CGST Act and SGST Act, or section 21 of the UTGST Act, as the case may be, in **FORM GST STL – 01.02**. The summary of Integrated Tax paid from the input tax credit of Central Tax and from the input tax credit of State Tax/Union Territory Tax shall be reflected in column 3 of **FORMS GST STL 1.01** and **2.01** respectively.
- (ii) List of registered persons of the State/Union Territory who have adjusted liability of State Tax or Union Territory Tax, as the case may be, from the input tax credit of Integrated Tax, as provided under section 18 of the IGST Act, in **FORM GST STL – 01.03**. The summary of State Tax/Union

Territory Tax paid from the input tax credit of the Integrated Tax shall be reflected in column 4 of **FORM GST STL 1.01**.

- (iii) List of registered persons of other State/Union Territory who have made outward inter-state supply including ISD distribution to unregistered persons or units of the concerned State/Union Territory, under **sections 17** of the IGST Act, in **FORM GST STL – 01.04**. The summary of State Tax/Union Territory Tax and Central Tax portion of Integrated Tax from this statement shall be reflected in column 5 of both **FORM GST STL 1.01** and **FORM GST STL 2.01**, respectively.
- (iv) List of registered persons of other State/Union Territory who have made inter-state supply to composition taxable person /Non-resident taxpayer/ UIN holders of the State, under sections 17 of the IGST Act, in **FORM GST STL – 01.05**. The summary of State Tax/Union Territory Tax and Central Tax portion of Integrated Tax from this statement shall be reflected in column 6 of both **FORM GST STL 1.01** and **FORM GST STL 2.01**, respectively.
- (v) List of registered persons of other State/Union Territory who have made inter-state inward supplies for which input tax credit is declared as ineligible as provided for in section 17 of the CGST Act and SGST Act and section 21 of the UTGST Act, and input tax credit lapsed due to opting into composition scheme as provided for in section 18(4) of the CGST Act and SGST Act, in **FORM GST STL – 01.06**. The summary of State Tax/Union Territory Tax and Central Tax portion of Integrated Tax from this statement shall be reflected in column 7 of both **FORM GST STL 1.01** and **FORM GST STL 2.01**, respectively.
- (vi) List of unregistered persons who have made imports in the concerned State/Union Territory, under sections 17(1)(d) of the IGST Act, in **FORM GST STL – 01.08**. The summary of State Tax/Union Territory Tax and Central Tax portion of Integrated Tax from this statement shall be reflected in column 9 of both **FORM GST STL 1.01** and **FORM GST STL 2.01**, respectively.
- (vii) List of composition taxpayer/ Non-resident taxpayer/ UIN holders in a State/Union Territory who have made imports, under sections 17(1)(d) of the IGST Act, in **FORM GST STL – 01.09**. The summary of State Tax/Union Territory Tax and Central Tax portion of Integrated Tax from this statement shall be reflected in column 10 of both **FORM GST STL 1.01** and **FORM GST STL 2.01**, respectively.
- (viii) List of registered persons in a State/Union Territory who have made imports, on which input tax credit is declared as ineligible as provided for in section 17 of the CGST Act and SGST Act, under sections 17(1)(e) of the IGST Act, in **FORM GST STL – 01.10**. The summary of State Tax/Union Territory Tax and Central Tax portion of Integrated Tax from this statement shall be reflected in column 11 of both **FORM GST STL 1.01** and **FORM GST STL 2.01**, respectively.
- (ix) List of registered persons in a State/Union Territory who have paid interest on Integrated Tax, in **FORM GST STL – 01.12**. The summary of State Tax/Union Territory Tax and Central Tax portion of Integrated Tax from this statement shall be reflected in column 13 of both **FORM GST STL 1.01** and **FORM GST STL 2.01**, respectively.

(c) Further, the following annual reports containing GSTIN-wise, State-wise details pertaining to the information contained in **FORM GST STL – 01.01**:

- (i) List of registered persons in a State/Union Territory who have made inter-state inward supplies on which input tax remains unutilized till end of September of the subsequent financial year, under sections 17(1)(c) of the IGST Act, in **FORM GST STL – 01.07**. The summary of State Tax/Union Territory Tax and Central Tax portion of Integrated Tax from this statement shall be reflected in column 8 of both **FORM GST STL 1.01** and **FORM GST STL 2.01**, respectively.
- (ii) List of registered persons in a State/Union Territory who have made import on which input tax credit remains unutilized till end of September of the subsequent financial year under sections 17(1)(f) of the IGST Act, in **FORM GST STL – 01.11**. The summary of State Tax/Union Territory Tax and Central Tax portion of Integrated Tax from this statement shall be reflected in column 12 of both **FORM GST STL 1.01** and **FORM GST STL 2.01**, respectively.

3. Report of Cross-Utilization and Apportionment of Integrated Tax between Centre (Integrated Tax) and Centre (Central Tax):

The following Reports showing details relating to the transfer of funds between Centre (Integrated Tax) and Centre (Central Tax) to be made in a particular month relating in **FORMS GST STL 02.01 to GST STL – 02.03**:

- (a) A monthly Consolidated statement in **FORM GST STL – 02.01** containing the following month-wise details relating to the total amount to be transferred from the Centre (Integrated Tax) to the Centre (Centre Tax), or vice-versa, on account of cross-utilization of credit as provided for in section 53 of the CGST Act and section 18 of the IGST Act, and from the Centre (Integrated Tax) to the Centre (Central Tax) on account of apportionment as provided for in section 17 of the IGST Act.
 - (b) Further, the following monthly reports containing GSTIN-wise, State-wise details pertaining to the information contained in **FORM GST STL – 02.01**:
 - i. List of registered persons who have adjusted liability of Central Tax from the input tax credit of Integrated Tax, as provided under section 18 of the Integrated Goods and Services Act, in **FORM GST STL – 02.02**. The summary of Central Tax paid from the input tax credit of Integrated Tax shall be reflected in column 4 of **FORM GST STL 02.01**;
 - ii. A monthly Consolidated statement in **FORM GST STL – 02.03** containing the State-wise details relating to the total amount to be transferred from the Centre (Integrated Tax) to the Centre (Centre Tax), or vice-versa, on account of cross-utilization of credit, and from the Centre (Integrated Tax) to the Centre (Central Tax).
- ### **4. Report relating to apportionment of Integrated Tax recovered against demand, compounding amount paid and amount pre-deposited for filing appeal between Centre (Central Tax) and State (State Tax)/Centre (Union Territory Tax):**

The following Reports showing details relating to the apportionment of Integrated Tax to State (State Tax)/Centre (Union Territory Tax), and to Centre (Central Tax), as provided under section 17(5) of the CGST Act and SGST Act, section 21 of the UTGST Act and section 17 of the IGST Act, in a particular month relating to recoveries of Integrated Tax, and the interest and penalty thereon, or compounding amount against demand, or pre-deposited for filing appeal of the Integrated Goods and Services Act as provided for in sections 79, 107, 112 and 138 of the CGST Act and the SGST Act of the concerned State and section 21 of the UTGST Act in **FORMS GST STL 03.01 to GST STL – 03.02** shall be sent for each State and Union Territory:

- (a) A monthly State-wise consolidated statement showing a summary of apportionment of amount recovered as Integrated Tax, and the interest and penalty thereon, or compounding amount, or pre-deposited for filing appeal, to State (State Tax)/Centre (Union Territory Tax), and to Centre (Central Tax), in **FORM GST STL 03.01**.
- (b) List of registered persons from whom recovery of Integrated Tax has been made with interest and penalty thereon, or compounding amount against demand, or pre-deposited for filing appeal of the Integrated Goods and Services Act as provided for in sections 79, 107, 112 and 138 of the CGST Act and the SGST Act of the concerned State and section 21 of the UTGST Act, in **FORM GST STL 03.02**.

5. Report relating to apportionment of Integrated Tax amount, where place of supply could not be determined or taxable person making such supply is not identifiable, between Centre (Central Tax) and State (State Tax)/Centre (Union Territory Tax):

The following Reports showing details relating to the apportionment of Integrated Tax to State (State Tax)/Centre (Union Territory Tax), and to Centre (Central Tax), in a particular month, in **FORMS GST STL 04.01 to GST STL – 04.03** shall be sent for each State and Union Territory:

- (a) A monthly State-wise consolidated statement showing a summary of the apportionment of Integrated Tax to State (State Tax)/Centre (Union Territory Tax), and to Centre (Central Tax), in a particular month relating to Integrated Tax collected in respect of which place of supply could not be determined or the taxable person making such supplies is not identifiable, as provided under the provisos of sub-section (2) of section 17 of the Integrated Goods and Services Act, in **FORM GST STL 04.01**.
- (b) List of registered persons from whom Integrated Tax has been collected in respect of which place of supply made by taxable person could not be determined, as provided under first proviso of sub-section (2) of section 17 of the Integrated Goods and Services Act, in **FORM GST STL 04.02**.
- (c) State-wise list of Taxpayers from whom IGST Integrated Tax has been collected in respect of which the taxable person making such supplies is not identifiable, as provided under second proviso of sub-section (2) of section 17 of the Integrated Goods and Services Act, in **FORM GST STL 04.03**.

6. Report relating to recovery of Integrated Tax amount already apportioned to Centre (Central Tax) and State (State Tax)/Centre (Union Territory Tax):

The following Reports showing details relating to the recovery of Integrated Tax already apportioned to Centre (Central Tax) and from State (State Tax)/Centre (Union Territory Tax), in a particular month, in **FORMS GST STL 05.01 to GST STL – 05.12** shall be sent for each State and Union Territory:

- (a) A monthly State-wise consolidated statement showing a summary wherein Integrated Tax paid by taxpayer has already been apportioned but subsequently the liability of

Integrated tax of the taxpayer is reduced due to various provisions of the CGST Act and SGST Act leading to a reduction in amount to be apportioned to Centre (Central Tax) and from State (State Tax)/Centre (Union Territory Tax), in a particular month, in **FORM GST STL 05.01**.

- (b) List of registered taxpayers who had made inter State supply of goods and the said Integrated Tax was already apportioned as per provisions of section 17(2) of the IGST Act. The demand was subsequently reduced due to issuance of credit notes/ ISD Credit notes to taxpayers for the said supply, as provided under sections 20 and 34 of the CGST Act and the Goods and Services Tax Act of the concerned State (or section_21 of the Union Territory Goods and Services Act), in **FORM GST STL 05.02**.
- (c) List of registered taxpayers who had paid Integrated Tax and the said Integrated Tax was already apportioned, and whose demand was subsequently reduced due to issuance of credit notes to composition taxpayers, as provided under sections 10 and 34 of the Central Goods and Services Tax Act and the Goods and Services Tax Act of the concerned State (or section_21 of the Union Territory Goods and Services Act), in **FORM GST STL 05.03**.
- (d) List of registered taxpayers who had paid Integrated Tax and the said Integrated Tax was already apportioned, and whose demand was subsequently reduced due to issuance of credit notes to un-registered persons, as provided under section 34 of the CGST Act and the SGST Act (or section_21 of the Union Territory Goods and Services Act), in **FORM GST STL 05.04**.
- (e) List of registered taxpayers who had paid Integrated Tax and the said Integrated Tax was already apportioned, and whose demand was subsequently reduced due to refund of pre-deposit and interest, as provided under sections 107(6) and 112(8) of the CGST Act and the SGST Act (or section_21 of the Union Territory Goods and Services Act) leading to reduction in demand to be apportioned, in **FORM GST STL 05.05**.
- (f) List of registered taxpayers from whom Integrated Tax was recovered with interest due to non-acceptance of a supply, which was not eligible for credit as per provisions of section 17 of the CGST Act and SGST Act, by a supplier, and the input tax credit of the buyer was reversed with interest as provided under sections 42 and 43 of the Central Goods and Services Tax Act and the Goods and Services Tax Act of the concerned State (or section 21 of the Union Territory Goods and Services Act) and the interest amount has been apportioned. Upon the supplier subsequently accepting the supply, would result in reduction of amount of interest to be apportioned, in **FORM GST STL 05.06**.
- (g) List of registered taxpayers where Integrated Tax paid was apportioned due to inter-state inward supplies for which input tax credit was declared as ineligible previously and was apportioned but has now become eligible, as provided under sections 42 and 43 of the CGST Act and SGST Act (or section_21 of the Union Territory Goods and Services Act), in **FORM GST STL 05.07**.
- (h) List of registered taxpayers where Integrated Tax paid due to a demand raised by the proper officer is apportioned, and the demand is subsequently reversed by a Court Order leading to a reduction from the Central Tax and State Tax/Union Territory Tax, as provided under sections 79,107,112,117 and 118 of the Central Goods and Services Tax Act and the Goods and Services Tax Act of the concerned State (or section_21 of the Union Territory Goods and Services Act), in **FORM GST STL 05.08**.
- (i) List of registered taxpayers where the liability of payment of Integrated Tax is reduced due to an amendment in the amount payable after the payment on account of rectification of return as provided under sections 37, 38 and 39 of the Central Goods

and Services Tax Act and the Goods and Services Tax Act of the concerned State (or section_21 of the Union Territory Goods and Services Act), and the excess Integrated Tax so paid has been apportioned, and is now to be reduced from the Central Tax and State Tax/Union Territory Tax, in [FORM GST STL 05.09](#).

7. Report relating to recovery of various taxes from refunds:

Report of settlement arising between Centre (Central Tax) and State (state Tax)/Centre (Union Territory Tax) on account of recovery of any tax, interest, penalty, fees or any other amount from refund as provided in section 54(10) of the CGST Act and SGST Act (or section_21 of the Union Territory Goods and Services Act), in [FORM GST STL 06.01](#).

8. Report relating to Consolidated Settlement Register for each State and Union Territory and for the Centre

- (a) A monthly consolidated settlement register for each State and Union Territory, in [FORM GST STL 07.01](#) shall be sent. This register shall give consolidated details of transfer of funds to be made from State tax account to Central tax account or Integrated tax account and vice versa based on consolidated summary of settlement details contained in Report Form GST STL 1.01, 3.01, 4.01, 5.01 and 6.01.
- (b) A monthly consolidated settlement register for the Centre, in [FORM GST STL 07.02](#) shall be sent. This register shall give consolidated details of transfer of funds to be made from Central tax account to Integrated tax account and vice versa based on consolidated summary of settlement details contained in Report Form GST STL 1.01, 2.01, 4.01, 5.01 and 6.01.

9. Issue of provisional and final sanction orders for each month:

- (1) **Issue of provisional sanction order for each month:** The Pr. CCA shall maintain a login based Centralised Accounting portal which shall be accessible to State accounting authorities, CBEC and State taxation authorities. On the receipt of above ledgers, the Pr. CCA shall calculate the net payment to be made from IGST account to each State or vice versa and shall upload a Statewise summary of the same on the Centralised Accounting portal within three days of receipt of the data from GSTN. Thereafter based on uploading of this data a provisional sanction order for the month shall be issued by Department of Revenue as per the procedure laid down below.
- (2) **Resolution of any discrepancy in data provided by GSTN and issue of final sanction order for each month:**
 - (a) On the basis of the above ledgers provided by GSTN for every month by the 3rd of subsequent month, the Central and respective State Accounting Authorities will reconcile the details of the payments received, ITC cross-utilization and apportionment details received from GSTN, and will revert to GSTN in case of any discrepancy by 18th of the month.
 - (b) If any discrepancy is pointed out by the Central/State(s) Accounting Authority or taxation authority within this period, the GSTN will look into it and prepare a Revised Calculation, if required and send it again to both the Central as well as State Accounting and taxation Authorities by 21st of the month.
Based on the revised calculation received from GSTN, in case any changes have been made with respect to any State, the Pr. CCA shall calculate the net payment to be made from IGST account to each State or vice versa and shall upload a final Statewise

summary of the same on the Centralised Accounting portal within three days of receipt of the revised data from GSTN. Thereafter based on uploading of this data a final sanction order for the month shall be issued by Department of Revenue as per the procedure laid down below.

- (3) The Centralized Accounting Portal of Central Accounting Authority will be used by the Department of Revenue, Ministry of Finance to download the details of the State-wise fund settlement with States. A designated officer in the Department of Revenue will issue the **Sanction order** of funds to be transferred from IGST account to each State or vice versa after obtaining necessary approvals of the competent authority. The provisional sanction order for each month for each State shall be issued based on details uploaded by Pr. CCA at (1) above. The final sanction order for each month for each State, in case needed, shall be issued based on details uploaded by Pr. CCA at (2) above.
- (4) The electronic Sanction (digitally signed) addressed to Central Accounting Authority containing State-wise details will then be uploaded on the portal of the Central Accounting Authority (Office of Principal CCA, CBEC) through login based system. As the sanction letter will also contain the details of settlement, it will be available in records of State Government for future reconciliation and audit purposes. State Governments will come to know about the fund being transferred by Centre through the sanction. Copy of sanction will also be endorsed to concerned State Accountant General (A&E).
- (5) The Central Accounting Authority will generate an **Inter Government Advice** (IGA) on the basis of Sanction received from Department of Revenue and send it to RBI [CAS, Nagpur] electronically.
- (6) Reserve Bank of India will make the necessary fund settlement between the CFI and the CFS of the respective State, on the basis of electronic IGA; generate the **'Clearance Memo'** and transmit the same to Central Accounting Authority and State Accounting Authorities and Accountant General (A&E).
- (7) The Central Accounting Authorities will make appropriate **accounting entries** at the time of issuance of inter Government Advice to RBI.
- (8) The respective State Accounting Authorities and Accountant General (A&E) will make appropriate **accounting entries** at the time of receipt of clearance Memo from RBI.

DRAFT

GOODS AND SERVICES TAX RULES, 2017

SETTLEMENT REPORT FORMS

Index of Reports

Sr. No.	Report No.	Title of the Report
1.	GST STL - 01.01	Statement of transfer of funds between Centre and State/UT based on returns, other than returns and information received from Customs authorities
2.	GST STL - 01.02	List of registered persons of the State/UT who have adjusted IGST liability from ITC of SGST/ UTGST and CGST
3.	GST STL - 01.03	List of registered persons of the State/UT who have adjusted SGST/ UTGST liability from ITC of IGST
4.	GST STL - 01.04	List of other State/UT registered persons who have made outward inter-State supply including ISD distribution to unregistered persons or units of the State/UT (including Online Services supplied to unregistered persons) including non-return filers up to specified period.
5.	GST STL - 01.05	List of other State/UT registered persons who have made inter-State supply to composition taxable person /Non-resident taxable person/ UIN holder of the State/UT
6.	GST STL - 01.06	List of registered persons who have made inter-State inward supplies for which ITC is declared as ineligible including ITC lapsed due to opting into composition scheme
7.	GST STL - 01.07	List of registered persons who have made inter-state inward supplies on which ITC remains unutilized till specified period
8.	GST STL - 01.08	List of unregistered persons who have made import of goods
9.	GST STL - 01.09	List of composition taxable person/ Non-resident taxable person/ UIN holders who have made imports
10.	GST STL - 01.10	List of registered persons who have made import on which ITC is declared as ineligible
11.	GST STL - 01.11	List of registered persons who have made import on which ITC remains unutilized till specified period
12.	GST STL - 01.12	List of registered persons who have paid interest on IGST related to returns
13.	GST STL - 02.01	Book adjustment between CGST and IGST based on returns, other than returns and information received from Customs authorities
14.	GST STL - 02.02	List of registered persons who have adjusted CGST liability from ITC of IGST
15.	GST STL - 02.03	State/UT wise book adjustment between CGST and IGST based on returns, other than returns and information received from Customs authorities
16.	GST STL - 03.01	Distribution of IGST amount recovered against demand, compounding amount paid and amount deposited for filing appeal

17.	GST STL - 03.02	List of registered persons from whom IGST amount recovered against demand, compounding amount paid and amount deposited for filing appeal
18.	GST STL - 04.01	Distribution of IGST amount where place of supply or taxable person could not be determined
19.	GST STL - 04.02	List of Taxpayers from whom IGST has been collected and place of supply could not be known
20.	GST STL - 04.03	Distribution of IGST that has been collected where taxable person are not known
21.	GST STL - 05.01	Reduction of the amount apportioned already due to issue of credit notes, refund of deposit made for filing of appeal etc.
22.	GST STL - 05.02	Reduction of the amount apportioned already due to issue of credit notes/ ISD Credit notes to taxpayers where ITC was declared as non-eligible (List of taxpayers)
23.	GST STL - 05.03	Reduction of the amount apportioned already due to issue of credit notes to composition taxable person (List of taxpayers)
24.	GST STL - 05.04	Reduction of the amount apportioned already due to issue of credit notes to un-registered persons (List of taxpayers)
25.	GST STL - 05.05	Reduction of the amount apportioned already due to refund of deposit made for filing appeal and interest thereof (List of taxpayers)
26.	GST STL - 05.06	Reduction due to interest apportioned earlier on account of mismatch of ITC/ Credit Note but now reclaimed (List of taxpayers)
27.	GST STL - 05.07	Reduction due to inter-State inward supplies for which ITC was declared as ineligible but now becomes eligible (List of taxpayers)
28.	GST STL - 05.08	Reduction due to recovery of outstanding dues and subsequently refunded due to appeal order and interest thereof (List of taxpayers)
29.	GST STL - 05.09	Reduction due to Amendment in amount already apportioned (List of Taxpayer)
30.	GST STL - 06.01	Settlement between Centre and State/UT on account of recovery made out of refund
31.	GST STL - 07.01	Consolidated Settlement Register for State/UT
32.	GST STL - 07.02	Consolidated Settlement Register for Centre (Book adjustment between CGST, IGST or Cess)

Report GST STL - 01.01

Statement of transfer of funds between Centre and State/UT based on returns, other than returns and information received from Customs authorities

[Sec 17 and 18 of IGST Act and Sec 53 of CGST/SGST Act]

[As per Rule]

State/UT -
Year -
Month -/ All
(Amount in Rs.)

Sr. No.	Month	IGST liability adjusted against SGST/UTGST ITC (including cross utilization by ISD)	SGST/UTGST liability adjusted against IGST ITC including cross utilization by ISD	SGST/UTGST portion of IGST collected on B2C supplies including ISD distribution to unregistered unit	SGST/UTGST portion of IGST for inter-State/UT supplies made to Composite person /Non-resident taxable person/ UIN holders	SGST/UTGST portion of IGST collected on B to B supplies where ITC is declared as ineligible, including lapsed ITC due to opting composition scheme	SGST/UTGST portion of IGST collected on B to B supplies where ITC remains unutilized till specified period	SGST / UTGST portion of IGST collected on supplies imported by Composite taxable persons/ Non-resident taxable person/ UIN holders	SGST/UTGST portion of IGST for supplies imported by Composite taxable persons/ Non-resident taxable person/ UIN holders	SGST/UTGST portion of IGST collected on goods/services imported by registered person (other than composition) where ITC is declared as ineligible	SGST/UTGST portion of IGST collected on goods imported by registered person where ITC remains unutilized till specified period	SGST/UTGST portion of interest related to returns paid on IGST	Net Amount payable (-) by State/UT to Centre/ receivable (+) from Centre to State/UT [sum of col. 4 to 13 - col. 3]
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Report GST STL - 01.02

List of registered persons of the State/UT who have adjusted IGST liability from ITC of SGST/ UTGST and CGST
(for col. 3 of 01.01& 02.01)
[Sec 53 of CGST/SGST Act]

State/UT -
Year -
Month -

(Amount in Rs.)

Sr. No.	GSTIN	Trade name (Legal name, if not available)	Category of cross- utilization (Returns/Other than returns)	ARN/ IGST Demand id	Tax period of return	IGST paid from CGST ITC	IGST paid from SGST/ UTGST ITC
1	2	3	4	5	6	7	8
Total							

Note: 1. Invalid return of supplier shall not be taken into consideration for the purpose of apportionment/settlement. Invalid return of buyer, however, shall be considered in case he uses cross utilization for payment of liability since the supplier has already made payment and revenue has accrued to the Government from supplier.

2. *In case of cross-utilization of the credit for purposes other than returns, demand id will be mentioned.*
3. *ARN refers to Acknowledgement Reference Number of Return*

Report GST STL - 01.03

List of registered persons of the State/UT who have adjusted SGST/ UTGST liability from ITC of IGST
(for col. 4 of 01.01)
[Sec 18(c) of IGST Act]

State/UT -
Year -
Month -

(Amount in Rs.)

Sr. No.	GSTIN	Trade name (Legal name, if not available)	Category of cross- utilization (Returns/Other than returns)	ARN/ SGST/UTGST Demand id	ARN	Tax period of return	SGST/ UTGST paid from IGST ITC
1	2	3	4	5	6	7	8
Total							

Note: Invalid return in case of cross-utilization will also be considered for settlement.

In case of cross-utilization of the credit for purposes other than returns, demand id will be mentioned.

Report GST STL - 01.04

List of persons registered in other State/UT who have made outward inter-State supply, including ISD distribution, to unregistered persons or units of the State/UT (including Online Services supplied to unregistered persons) including non-return filers up to specified period.

(for col. 5 of 01.01& 02.01)

[Sec 17(1) (a) of IGST Act]

State/UT -

Year -

Month -

(Amount in Rs.)

Sr. No.	State/UT of supplier	GSTIN of supplier	Category of Supply	Trade name (Legal name, if not available)	ARN	Tax period of return	GSTIN of non-return filers of the State, if any	IGST paid	SGST/UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6	7	8	9	10	11
Total										

Note: Column (4) shall be given in the following categories:

Category A : Inter State supplies made to unregistered persons or ISD distributed to unregistered units

Category B : Information relating to online services supplied to unregistered persons by persons located outside country.

Category C : Details of recipient taxable persons who have not filed the return till the specified period as provided for in section 37 and 38 of the CGST/SGST Act.

Category D : Details of recipient taxable persons who have received ITC credit post filing of annual return

Report GST STL - 01.05

List of other State/UT registered persons who have made inter-State supply to composition taxable person /Non-resident taxable person/ UIN holder of the State/UT

(for col. 6 of 01.01& 02.01)
[Sec 17(1)(a) of IGST Act]

State/UT -
Year -
Month -
(Amount in Rs.)

Sr. No.	State/UT of supplier	GSTIN of supplier	Trade name (Legal name, if not available)	Category of persons	GSTIN of Recipient/ UIN	Trade name (Legal name, if not available)	ARN	Tax period of return	IGST paid	SGST/ UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6	7	8	9	10	11	12
Total											

Note: Column 5 shall have following categories :

- (a) Category A: Composition taxable persons,*
- (b) Category B: non-resident taxable persons and*
- (c) Category C : UIN holders*

Report GST STL - 01.06

List of registered persons who have made inter-State inward supplies for which ITC is declared as ineligible including ITC lapsed due to opting into composition scheme

(for col. 7 of 01.01& 02.01)
[Sec 17 of IGST Act]

State/UT -
Year -
Month -
(Amount in Rs.)

Sr. No.	GSTIN of recipient	Category of ITC to be distributed	Trade name (Legal name, if not available)	ARN	Tax period of return/ Month of filing Stock intimation	Amount of IGST available for distribution	SGST/ UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6	7	8	9
Total								

Note : 1. Relevant section for claiming and reversing ITC - Section 17(5) and 18(4) of CGST/SGST Act

2. Categories of Column 3 shall be as follows :

Category A : Supply for which ITC is ineligible as per section 17(5) of CGST/SGST Act

Category B : ITC lapsed due to opting for composition scheme as per section 18(4) of CGST/SGST Act

Category C : ITC lapsed due to cancellation of Registration as per section

Report GST STL - 01.07

List of registered persons who have made inter-state inward supplies on which ITC remains unutilized till specified period
(for col. 8 of 01.01 & 02.01)
[Sec 17(10)(c) of IGST Act]

State/UT -
Year -
Month -
(Amount in Rs.)

Sr. No.	GSTIN	Trade name (Legal name, if not available)	ARN	Tax period of return	IGST available for distribution	SGST/ UTGST portion of unutilized portion of IGST	CGST portion of unutilized portion of IGST
1	2	3	4	5	6	7	8
Total							

Note: This report will include the details of those recipient taxable persons who have filed the return but not claimed ITC till the specified period as provided for in section 37,38 and 44 of CGST/SGST Act

Report GST STL - 01.08

List of unregistered persons who have made import of goods
(for col. 9 of 01.01 & 02.01)
[Sec 17(1) (d) of IGST Act]

State/UT -

Year -

Month –

(Amount in Rs.)

Sr. No.	Name of unregistered Person	Address	IGST paid including interest, if any	SGST/ UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6
Total					

Note: This report will include details of persons as received from Customs authorities, if made available.

Source: Import data from Custom authorities

Report GST STL - 01.09

List of composition taxable person/ UIN holder who have made imports
(for col. 10 of 01.01 & 02.01)
[Sec 17(1)(d) of IGST Act]

State/UT -
Year -
Month –

(Amount in Rs.)

Sr. No.	GSTIN of importer/UIN	Trade name (Legal name, if not available)	Category of taxpayers	ARN, if any	Tax period	Goods/ Services (G/S)	IGST paid	SGST/ UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6	7	8	9	10
Total									

Note:

- 1) *This report will include information about import of goods as received from custom authorities.*
- 2) *Data of import of services will be as declared in return*
- 3) *Column 5 shall have following categories :*
 - (a) *Category A: Composition taxable persons,*
 - (b) *Category B: non-resident taxable persons and*
 - (c) *Category C : UIN holders*

Report GST STL - 01.10

List of registered persons who have made import on which ITC is declared as ineligible
(for col. 11 of 01.01 & 02.01)
[Sec 17(1)(e) of IGST Act]

State/UT -
Year -
Month -

(Amount in Rs.)

Sr. No.	GSTIN of importer	Trade name (Legal name, if not available)	ARN	Tax period of return	IGST available	SGST/UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6	7	8
Total							

Report GST STL - 01.11

List of registered persons who have made import on which ITC remains unutilized till specified period as provided for in section 37,38 and 44 of

CGST/SGST Act

(for col. 12 of 01.01 & 02.01)

[Sec 17(1)(f) of IGST Act]

State/UT -

Year -

Month -

(Amount in Rs.)

Sr. No.	GSTIN of importer	Trade name (Legal name, if not available)	ARN	Tax period of return	IGST available	SGST/UTGST portion of unutilized portion of IGST	CGST portion of unutilized portion of IGST
1	2	3	4	5	6	7	8
Total							

Note: This report will cover the cases which were not reported by importer in his GSTR 2/ GSTR 5

Report GST STL - 01.12

List of registered persons who have paid interest on IGST related to returns
(for col. 13 of 01.01 & 02.01)
[Sec 17(3) of IGST Act]

State/UT -
Year -
Month -

(Amount in Rs.)

Sr. No.	GSTIN	Trade name (Legal name, if not available)	ARN	Tax period of return	IGST interest paid	SGST/ UTGST portion of interest paid on IGST	CGST portion of interest paid on IGST
1	2	3	4	5	6	7	8
Total							

Note:

- 1) The interest will be apportioned among the States of recipient.*

Report GST STL - 02.01

Book adjustment between CGST and IGST based on returns, other than returns and information received from Customs authorities
[Sec 17 and 18 of IGST Act and Sec 53 of CGST/SGST Act]

State/UT -
Year -
Month -/ All

(Amount in Rs.)

Sr No.	Month	IGST Liability adjusted against CGST ITC (including cross utilization by ISD)	CGST Liability adjusted against IGST ITC (including cross utilization by ISD)	CGST portion of IGST collected on B2C supplies including ISD distributed to unregistered unit	CGST portion of IGST for inter-state supplies made to Composition taxable person /Non-resident taxable person/ UIN holders	CGST portion of IGST collected on B to B supplies where ITC is declared as ineligible, including lapsed ITC due to opting composition scheme	CGST portion of IGST collected on B to B supplies where ITC remains unutilized till specified period	CGST portion of IGST collected on supplies imported by unregistered persons	CGST portion of IGST for supplies imported by Composition taxable persons/ Non-resident taxable person/ UIN holders	CGST portion of IGST collected on goods/services imported by registered person (other than composition) where ITC is declared as ineligible	CGST portion of IGST collected on goods imported by registered person where ITC remains unutilized till specified period	CGST portion of interest related to returns paid on IGST	Net Amount payable (-) by State/UT to Centre/ receivable (+) from Centre to State/UT [sum of col. 4 to 13 - col. 3]
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Report GST STL - 02.02

List of registered persons who have adjusted CGST liability from ITC of IGST
(for col. 4 of 02.01)
[Sec 18(a) of IGST Act]

State/UT -

Year -

Month -

(Amount in Rs.)

Sr. No.	GSTIN	Trade name (Legal name, if not available)	Category of cross- utilization (Returns/Other than returns)	ARN/ Demand id	Tax period of return	CGST paid from IGST ITC
1	2	3	4	5	6	7
Total						

In case of cross-utilization of the credit for purposes other than returns, demand id will be mentioned.

Report GST STL - 02.03

State/UT wise book adjustment between CGST and IGST based on returns, other than returns and information received from Customs authorities

Year -
Month -

(Amount in Rs.)

Sr No.	State/UT	IGST Liability adjusted against CGST ITC (including cross utilization by ISD)	CGST Liability adjusted against IGST ITC (including cross utilization by ISD)	CGST portion of IGST collected on B2C supplies including ISD distribution to unregistered unit	CGST portion of IGST for inter-State supplies made to Composition taxable person /Non-resident taxable person/ UIN holders	CGST portion of IGST collected on B to B supplies where ITC is declared as ineligible, including lapsed ITC due to opting composition scheme	CGST portion of IGST collected on B to B supplies where ITC remains unutilized till specified period	CGST portion of IGST collected on supplies imported by unregistered persons	CGST portion of IGST for supplies imported by Composition taxable persons/ Non-resident taxable person/ UIN holders	CGST portion of IGST collected on goods/services imported by registered person (other than composition) where ITC is declared as ineligible	CGST portion of IGST collected on goods imported by registered person where ITC remains unutilized till specified period	CGST portion of interest related to returns paid on IGST	Net Amount payable (-) by State/UT to Centre/ receivable (+) from Centre to State/UT [sum of col. 4 to 13 - col. 3]
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Total												

Report GST STL - 03.01

Distribution of IGST amount recovered against demand, compounding amount paid and amount deposited for filing appeal
[Sec 17 of IGST Act]

Year -
Month -
(Amount in Rs.)

Sr No.	State/UT	Category of IGST amount to be distributed	Amount of IGST recovered or deposited for filing appeal					Amount apportioned	
			Tax	Interest	Penalty	Compounding amount	Total	CGST portion of the IGST	SGST/UTGST portion of the IGST
1	2	3	4	5	6	7	8	9	10
		Total							

Note:

- 1) *Relevant Section: Sec 79, Sec 107, Sec 112 and Sec 138 of CGST/SGST Act*
- 2) *Category mentioned in column 3 above shall be as follows :*
 - (a) *Category A : IGST amount recovered on demand under section 79 of CGST/SGST Act*
 - (b) *Category B : IGST amount deposited for filing appeal under section 107,112 of CGST/SGST Act*
 - (c) *Category C: IGST compounding amount deposited under section 138 of CGST/SGST Act*

Report GST STL - 03.02

List of registered persons from whom IGST amount recovered against demand, compounding amount paid and amount deposited for filing appeal

State/UT -

Year -

Month -

(Amount in Rs.)

Sr. No.	GSTIN	Trade name (Legal name, if not available)	Order number	Order date	Category of IGST amount to be distributed	Debit entry of cash ledger	Debit entry of credit ledger	Recovery under IGST head or deposit made for filing appeal					Amount apportioned	
								Tax	Interest	Penalty	Compounding amount	Total	CGST	SGST/UTGST
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Total														

Note:

- 1) *Relevant Section: Sec 79, Sec 107, Sec 112 and Sec 138 of CGST/SGST Act*
- 2) *Category mentioned in column 6 above shall be as follows :*
 - (a) *Category A : IGST amount recovered on demand under section 79 of CGST/SGST Act*
 - (b) *Category B : IGST amount deposited for filing appeal under section 107,112 of CGST/SGST Act*
 - (c) *Category C: IGST compounding amount deposited under section 138 of CGST/SGST Act*

Report GST STL - 04.01

Distribution of IGST amount where place of supply or taxable person could not be determined
[Sec 17 of IGST Act]

State/UT/All -
Year -
Month -

(Amount in Rs.)

Sr. no.	Distribution of IGST where POS not known		Distribution of IGST where taxable person is not known		Total amount distributed	
	SGST/ UTGST portion	CGST portion	SGST/ UTGST portion	CGST portion	SGST/ UTGST	CGST
1	2	3	4	5	6	7
Total						

Report GST STL - 04.02

List of taxable persons from whom IGST has been collected and place of supply could not be known

*[Sec 17 of IGST Act]
(For column 2 and 3 of 4.01)*

Year -
Month -

- a) GSTIN of supplier
- b) Amount of IGST to be distributed
- c) CGST Portion out of the amount mentioned at (b)
- d) Balance amount to distributed among States/UT's (b-c)

(Amount in Rs.)

Sr No.	State/UT to whom supplies were made in previous period	Amount of supplies made to state	Ratio of supplies	SGST/ UTGST portion of IGST
1	2	3	4	5
Total				

Note - Apportionment is to done in the State/UT in same proportion in which supplies were made to each state

Report GST STL - 04.03

Distribution of IGST that has been collected where taxable person is not known

*[Sec 17 of IGST Act]
(For column 4 and 5 of 4.01)*

Year -
Month -

- a) Amount of IGST to be distributed
- b) CGST Portion out of the amount mentioned at (a)
- c) Balance amount to distributed among States/UT's (a-b)

(Amount in Rs.)

Sr No.	State/UT	Amount of tax collected in previous year	Ratio of Tax collected	SGST/ UTGST portion of IGST
1	2	3	4	5
Total				

Note - Apportionment is to done in the ratio of tax collection in the preceding year.

Report GST STL - 05.01

State-wise consolidated statement showing a summary wherein Integrated Tax paid by taxpayer has already been apportioned but subsequently the liability of Integrated tax of the taxpayer is reduced due to various provisions of the CGST Act and SGST Act leading to a reduction in amount to be apportioned to Centre (Central Tax) and from State (State Tax)/Centre (Union Territory Tax)

[Sec 17 of IGST Act]

State/UT/All -

Year -

Month -

(Amount in Rs.)

Sr. No.	Description	Reduction in amount	
		SGST/ UTGST	CGST
1	2	3	4
1.	Issue of credit notes by suppliers where ITC had been declared by recipient as non-business purpose <i>(details coming from STL 5.02)</i>		
2.	Reduction due to issue of credit notes to Composition taxable person <i>(details coming from STL 5.03)</i>		
3.	Reduction due to issue of credit notes to unregistered persons <i>(details coming from STL 5.04)</i>		
4.	Reduction due to refund of deposit made for filing appeal alongwith interest <i>(details coming from STL 5.05)</i>		
5.	Reduction on account of interest apportioned earlier on account of mismatch of ITC/Credit Note but now reclaimed <i>(details coming from STL 5.06)</i>		
6.	Amount apportioned on account of inter-State inward supplies for which		

Sr. No.	Description	Reduction in amount	
		SGST/ UTGST	CGST
1	2	3	4
	ITC was declared as ineligible but now becomes eligible <i>(details coming from STL 5.07)</i>		
7.	Amount apportioned on account of recovery of outstanding dues and subsequently refunded with interest due to appeal order <i>(details coming from STL 5.08)</i>		
8.	Reduction due to amendment in amount already apportioned <i>(details coming from STL 5.09)</i>		
	Total		

Note: Relevant Section : Sec 34(2) and Sec 42 of CGST/SGST Act

Report GST STL - 05.02
(for item 1 of 5.01)

List of registered taxpayers who had made inter State supply of goods and the said Integrated Tax was already apportioned as per provisions of section 17(2) of the IGST Act. The demand was subsequently reduced due to issuance of credit notes/ ISD Credit notes to taxpayers for the said supply

State/UT -
Year -
Month -
(Amount in Rs.)

Sr. No.	GSTIN	Trade name (Legal name, if not available)	ARN	Tax period of return	Credit note no.	Credit note date	Amount of IGST involved in the note	SGST/ UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6	7	8	9	10
Total									

Relevant section - Section 20 and 34(2) of CGST/SGST Act

Report GST STL - 05.03
(for item 2 of 5.01)

List of registered taxpayers who had paid Integrated Tax and the said Integrated Tax was already apportioned, and whose demand was subsequently reduced due to issuance of credit notes to composition taxpayers

State/UT -
Year -
Month -

(Amount in Rs.)

Sr. No.	GSTIN	Trade name (Legal name, if not available)	ARN	Tax period of return	Credit note no.	Credit note date	Amount of IGST involved in the note	SGST/UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6	7	8	9	10
Total									

Relevant section - Section 10 and 34(2) of CGST/SGST Act

Report GST STL - 05.04
(for item 3 of 5.01)

List of registered taxpayers who had paid Integrated Tax and the said Integrated Tax was already apportioned, and whose demand was subsequently reduced due to issuance of credit notes to un-registered persons

State/UT -
Year -
Month -
(Amount in Rs.)

Sr. No.	Name	ARN	Tax period of return	Credit note no.	Credit note date	Amount of IGST involved in the note	SGST/UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6	7	8	9
Total								

Relevant section - Section 34(2) of CGST/SGST Act

Report GST STL - 05.05
(for item 4 of 5.01)

List of registered taxpayers who had paid Integrated Tax and the said Integrated Tax was already apportioned, and whose demand was subsequently reduced due to refund of pre-deposit and interest

State/UT -
Year -
Month -

(Amount in Rs.)

Sr. No.	GSTIN/ Temporary ID	Trade name (Legal name, if not available)	Appeal order no.	Appeal order date	Demand Order Number	Demand Order Date	Amount of IGST deposit made for filing appeal	SGST/ UTGST portion of IGST	CGST portion of IGST	Amount of interest accrued due to refund of pre- deposit	SGST/ UTGST portion of interest	CGST portion of interest
1	2	3	4	5	6	7	8	9	10	11	12	13
Total												

Relevant section - Section 107(6) and 112(8) of CGST/SGST Act along with Section 56 of CGST/SGST Act

Report GST STL - 05.06
(for item 5 of 5.01)

Reduction due to interest apportioned earlier on account of mismatch of ITC/Credit Note but now reclaimed
(List of taxpayers)

State/UT -
Year -
Month -

(Amount in Rs.)

Sr. No.	GSTIN	Trade name (Legal name, if not available)	Category of IGST available for distribution (mismatch of ITC/mismatch of Credit note)	Original Invoice number	Date of original Apportionment	Reclaim Date	Amount of Interest reclaimed	SGST/ UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6	7	8	9	10
Total									

Relevant Section number: Sec 42(7) and Sec 43(7) of CGST/ SGST Act.

Report GST STL - 05.07
(for item 6 of 5.01)

Reduction due to inter-State inward supplies for which ITC was declared as ineligible but now becomes eligible
(List of taxpayers)

State/UT -
Year -
Month -

(Amount in Rs.)

Sr. No.	GSTIN	Trade name (Legal name, if not available)	ARN number	Tax Period of ARN	Invoice number in which ITC was declared ineligible, if any	Invoice date in which ITC was declared ineligible, if any	Amount of ITC declared as ineligible earlier	Amount of ITC now claimed as eligible	SGST/ UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6	7	8	9	10	11
Total										

Relevant section - Section 42(8) and 48(10) along with Sec 43(8) and 43(10) of CGST/SGST Act

Report GST STL - 05.08
(for item 7 of 5.01)

Reduction due to recovery of outstanding dues and subsequently refunded due to appeal order and interest thereof
(List of taxpayers)

State/UT -
Year -
Month -

(Amount in Rs.)

Sr. No.	GSTIN	Trade name (Legal name, if not available)	Demand Order Number	Demand Order date	Appeal Order Number	Appeal Order Date	Amount of outstanding dues refunded due to appeal order	SGST/ UTGST portion of IGST	CGST portion of IGST	Amount of interest due to refund (col. 8)	SGST/ UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6	7	8	9	10	11	12	13
Total												

Relevant section - Sec 79, 107, 112, 117 and 118 of CGST/SGST Act along with Sec 50 of CGST/ SGST Act

Report GST STL - 05.09
(for item 8 of 5.01)

List of registered taxpayers where the liability of payment of Integrated Tax is reduced due to an amendment in the amount payable after the payment on account of rectification of return

State/UT -
Year -
Month -

(Amount in Rs.)

Sr. No.	GSTIN	Trade name (Legal name, if not available)	ARN	Tax period of ARN	Reduction due to Amendment of amount already apportioned.	SGST/ UTGST portion of IGST	CGST portion of IGST
1	2	3	4	5	6	7	8
Total							

Relevant Section: Section 37(3), 38(5) and 39(a) of CGST/SGST Act

Report GST STL - 06.01

Settlement between Centre and State/UT on account of recovery made out of refund

State –
Year -
Month -
(Amount in Rs.)

Sr. no.	GSTIN/ temporary ID	Demand order no.	Demand order date	Refund order number	Refund date	Amount of refund claimed under Act (CGST/SGST/ UTGST/IGST/CESS)					Amount of recovery made out of refund claimed (CGST/SGST/UTGST/IGST/CESS)					Net amount to be credited to State/UT	Net amount to be credited to Centre
						Tax	Interest	Penalty	Fees	Others	Tax	Interest	Penalty	Fees	Others		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Total																	

Relevant Section: Section 79(1) and 54(10) of CGST/SGST Act

Report GST STL - 07.01

Consolidated Settlement Register for State/UT

State/UT -

Year -

Month -

(Amount in Rs.)

Sr. no.	Details	Amount to be credited	Amount to be debited	Net Settlement Amount
1.	Settlement of accounts between Centre and State/UT relating to Returns (GST STL 1.01)			
2.	Distribution of IGST amount recovered, compounding amount and amount of pre-deposit (STL 3.01)			
3.	Distribution of IGST amount where place of supply could not be determined (STL 4.01)			
4.	Reduction of the amount apportioned already due to issue of credit notes, refund of deposit made for filing appeal etc. (STL 5.01)			
5.	Settlement between Centre and State/UT on account of recovery made out of refund (STL 6.01)			
	Total			

Report GST STL - 07.02

Consolidated Settlement Register for Centre
(Book adjustment between CGST, IGST or Cess)

State/UT /All-
Year -
Month -

(Amount in Rs.)

Sr. no.	Details	Amount Credited	Amount Debited	Net Settlement Amount
1.	Book adjustment between CGST and IGST for a State/UT relating to Returns (STL 2.01)			
2.	Distribution of IGST amount recovered, compounding amount and amount of pre-deposit (STL 3.01)			
3.	Distribution of IGST amount where place of supply could not be determined (STL 4.01)			
4.	Reduction of the amount apportioned already due to issue of credit notes, refund of pre-deposit etc. (STL 5.01)			
5.	Settlement between Centre and State/UT on account of recovery made out of refund (STL 6.01)			
	Total			

Notes:

- 1) Settlement of funds between Centre and States under section 53 of CGST/SGST Act and section 18 of IGST Act on cross- utilization of credit of IGST for discharging liabilities of SGST/ UTGST, CGST and vice-versa shall be made after filing of return irrespective of return status whether valid or invalid.
- 2) Apportionment of IGST will be done on the basis of valid return filed by the taxable person.
- 3) Apportionment of IGST borne on import of goods, under section 17 of IGST Act, will be done on the basis of information received from Customs authorities.
- 4) Apportionment of IGST amount collected due to issue of debit note will be done in original tables.
- 5) Month represents the month in which apportionment is being done
- 6) Tax period represents the period to which the return or the information supplied by Custom authority pertains
- 7) ARN refers to Application Reference Number

Authorization of Banks for GST collection.

As per Section 2(14) of the CGST Act, “*authorized bank*” shall mean a bank or a branch of a bank authorized by the Government to collect the tax or any other amount payable under the Act.

At present 24 Banks (after merger of five Associate Banks with SBI) are authorized for collection of Indirect taxes. As per the GST Payment process Report, *only those banks should be authorized to accept GST receipts who meet the minimum requirements given in PARA 85 of the Report.* On the basis of these minimum requirements, a Bank Authorization Reference Model (BARM) was prepared by the Office of Pr.CCA CBEC Department of Revenue containing the requirements in details. As per these requirements, the existing authorized Banks are required to establish their IT integrations with GSTN and RBI and to follow the pre-defined protocols to ensure better service delivery to Tax payer and efficiency in remittance of funds to Central/State Government Account with RBI. Out of the 13 parameters, seven critical parameters were identified namely (i) *Protocol to ensure CIN is generated only when money is actually credited in Government Account maintained in Banks e-FPB.* (ii) *The bank has a system of consolidated debit of the tax payer account and corresponding multiple credits in the 39 Government wise accounts.* (iii) *Approach adopted by the Bank for handling single debit and multiple credit.* (iv) *The Centralized application for the OTC payments has been put in place as required in BARM.* (v) *System for validations of challans data in OTC Payments.* (vi) *Integration with GSTN for receipts and acknowledgement and* (vii) *Bank-RBI Integration Completion Certificate obtained from RBI and enclosed.*

On the basis of these seven critical parameters the proposals of all 24 Banks have been assessed and found to be completed and accordingly **it is proposed to authorize these 24 Banks for the collection of all collections of GST in the entire country.** The names of these 24 banks are as follows:

1	Allahabad Bank	13	IDBI Bank
2	Andhra Bank	14	Indian Bank
3	Axis Bank	15	Indian Overseas Bank
4	Bank of Baroda	16	Oriental Bank of Commerce
5	Bank of India	17	Punjab and Sind Bank
6	Bank of Maharashtra	18	Punjab National Bank
7	Canara Bank	19	State Bank of India
8	Central Bank of India	20	Syndicate Bank
9	Corporation Bank	21	UCO Bank
10	Dena Bank	22	Union Bank of India
11	HDFC Bank	23	United Bank of India
12	ICICI Bank	24	Vijaya Bank

The proposal from J&K Bank has not been received as it has been recently authorized for Govt. business by RBI. However, the integration of J&K bank with RBI and GSTN is under process along with the development of GST specific IT application. **Therefore, it is also proposed to authorize J&K Bank on provisional basis subject to final assessment and approval by the Pr.CCA CBEC as has been done for other Banks.** A committee has been constituted by Revenue Secretary to look into the Bank wise preparedness in detail to ensure that no inconvenience is caused to Tax payer and there is a synergy between GSTN, Accounting authorities, RBI and Banks.

Agenda Note: Power to be exercised under Sections 37, 38 and 39 of the Central Goods and Services Tax Act, 2017

GST is to be rolled out from the appointed day i.e. 1st July, 2017. The architecture of GST is built upon the foundation of Information Technology, of which furnishing of electronic returns by the taxpayers is a key component. In the 15th Meeting, the Council was apprised by the GSTN that beta version of the GST system was launched and run for 15 days to provide an opportunity to taxpayers to get familiarized with GST applications, to receive feedback based on usability/issues faced, and to utilize the feedback to provide superior user experience in filing returns. It was further informed that the defects reported, while using the System, had either been resolved or were being resolved.

2. As the first round of beta testing of the GST system has been carried out by GSTN, the trade and industry are seeking that the system should be open for some time for them to try out and test it to get themselves familiarised and to get the assurance about its stability and robustness, a concern which had also been expressed by Members of the Council. So looking at the paucity of time, it appears that filing of the returns for a particular period from 1st July, 2017 may have to be extended so that the taxpayers get more time for getting familiarized with the system. It is to be noted that only the time period for filing of the return for a particular period beyond the due date for filing of return for the month of July, 2017 and August, 2017 may be extended and not the requirement for filing the return for that period.

3. The second proviso to sub-section (1) of Section 37 of the CGST Act, 2017, as recommended by the Council, dealing with furnishing the details of outward supplies (GSTR-1) empowers the Commissioner to issue a notification for extending the time limit for furnishing of details for such class of taxable persons as may be specified therein. Similar provisions are incorporated in the first proviso to sub-section (2) of Section 38 of the CGST Act, 2017 and sub-section (6) of Section 39 of the CGST Act, 2017 dealing with furnishing the details of inward supplies (GSTR-2) and furnishing the returns (GSTR-3) respectively. Similar provisions are contained in the respective SGST Act, 2017 also.

4. Further sub-rule (5) of Rule 3 of the Return Rules, as recommended by the Council, provides for filing of an alternative return in GSTR-3B which can be mandated to enable filing of return and payment of taxes in case the time limit for furnishing the details of outward supplies in GSTR-1 and details of inward supplies in GSTR-2 has been extended.

5. Moreover, the first proviso to Rule 10 of the Return Rules also provides that the date of matching would be extended in case last date for furnishing of GSTR-1 and GSTR-2 has been extended.

6. It is proposed that the Council may kindly be informed that, in view of exigencies stated above and to give comfort and confidence to the taxpayers, the last date of furnishing the details of outward supplies (GSTR-1) and inward supplies (GSTR-2) may be extended as per the proposal contained in para 7 below. It may be mentioned that GSTR-1 as well as GSTR-2 for July, 2017 and August, 2017 have to be furnished and what is being permitted is only some more time. The proposal also does not dispense with the requirement of matching either. The tax authorities would keep pursuing people to start filing their GSTR-1 from July, 2017 itself so that those who can, may do it early and not overload the system in October, 2017. We would take up a drive for encouraging people to furnish GSTR-1 and finalise GSTR-2 for July and August, 2017 well before the extended deadline.

7. The proposal for information of the Council is as follows: -

(i) The facility for furnishing of GSTR-1 for the outward supplies effected during the month of July, 2017 may be made available from 15th July, 2017. The last date for filing of GSTR-1 for the months of July, 2017 and August, 2017, as required in sub-section (1) of Section 37 of CGST Act, 2017 shall be 30th September, 2017, albeit without late fees and penalty. Further the proposed facility of extension of the time period for filing of GSTR-1 may not be made available for certain class of taxpayers, as notified by the Commissioner.

(ii) the last date for furnishing the details of inward supplies (GSTR-2), as required in sub-section (1) of Section 38 of the CGST Act, 2017, effected during the months of July, 2017 and August, 2017 shall be 15th October, 2017;

(iii) the taxpayer would furnish the return in GSTR-3B in lieu of GSTR-3 as provided in sub-rule (5) of rule 3 of the Return Rules for the months of July, 2017 and August, 2017 on or before the 20th August, 2017 and 20th September, 2017 respectively.

(iv) Similar extension may be permitted in terms of the respective SGST Acts also.

8. The proposal for approval of the Council is that GST Implementation Committee may take alternative decisions in respect of proposal mentioned in Para 7 (i) to (iv) above from time to time, as and when required, looking at the objective of smooth implementation of GST.