**Confidential**




# Agenda for

# 28th GST Council Meeting

## Volume – 1

**21 July 2018**



**File No: 390/28th GSTCM/GSTC/2018**
**GST Council Secretariat**

Room No.275, North Block, New Delhi
Dated: 28 June 2018

**Notice for the 28th Meeting of the GST Council scheduled on 21 July 2018**

The undersigned is directed to refer to the subject cited above and to the earlier Meeting Notice dated 19 June 2018 and to say that in view of the Monsoon Session of the Parliament, scheduled to begin from 18 July 2018, the meeting of the GST Council will now be held on **21 July 2018 (Saturday)** as follows:

- Saturday, 21 July 2018 : 11:00 hours onwards (Physical Meeting)

2. In addition, an Officer's Meeting will be held as follows:

- Friday, 20 July 2018 : 10:00 hours onwards (Physical Meeting)

3. The Agenda Items and the Venue for the 28th Meeting of the GST Council will be communicated in due course of time.

4. 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. Chairman, GST Network

**Agenda Items for the 28th Meeting of the GST Council on 21 July 2018**

1. Confirmation of the Minutes of 27th GST Council Meeting held on 04th May, 2018
2. Deemed ratification by the GST Council of Notifications, Circulars and Orders issued by the Central Government
3. Decisions of the GST Implementation Committee (GIC) for information of the Council
4. Decisions/recommendations of IT Grievance Redressal Committee for information of the Council
5. Review of Revenue Position
6. Issues recommended by the Law Committee for consideration of the GST Council
    i. Proposals for amendments in the CGST Act, 2017, IGST Act, 2017, UTGST Act, 2017 and GST (Compensation to States) Act, 2017
    ii. Creation of GST Appellate Tribunal (GSTAT)
    iii. Simplification of GST Returns
7. Issues recommended by the Fitment Committee for consideration of the GST Council
8. Reports/recommendations of different Committees/Group of Ministers (GoMs) for information/approval of the Council:
    i. Recommendations of the Committee on Lottery
    ii. Recommendations of the Committee on IGST
    iii. Recommendations of the Report of the Task Force to Suggest Measures for Creating and Eco-System for Seamless Road Transport Connectivity
    iv. Recommendations of the Group of Ministers on Digital Payments
    v. Interim report of the Group of Ministers on imposition of Sugar Cess
    vi. Recommendations of the Group of Ministers on Reverse Charge Mechanism
9. Minutes of 9th Meeting of Group of Ministers (GoM) on IT Challenges in GST Implementation for information of the Council and discussion on GSTN issues
10. *Ad hoc* exemption order issued under Section 25(2) of the Customs Act, 1962 for information of the GST Council
11. Any other agenda item with the permission of the Chairperson
12. Date of the next meeting of the GST Council

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# Discussion on Agenda Items

**Agenda Item 1: Confirmation of the Minutes of 27th GST Council Meeting held on 04th May, 2018**

**Draft Minutes of 27th GST Council Meeting held on 04 May, 2018**

The Twenty Seventh Meeting of the GST Council (hereinafter referred to as 'the Council') was held on 04 May, 2018 through video conferencing under the Chairpersonship of the Hon'ble Union Finance Minister, Shri Arun Jaitley (hereinafter referred to as the Chairperson). The list of the Hon'ble Members of the Council who attended the meeting through video conference is at **Annexure - 1**. The list of officers of the Centre, the States and the GST Council who attended the meeting through video conference is at **Annexure - 2**.

2. The following agenda items were listed for discussion in the 27th Meeting of the Council:

1. Confirmation of the Minutes of 26th GST Council Meeting held on 10 March, 2018
2. Deemed ratification by the GST Council of Notifications, Circulars and Orders issued by the Central Government
3. Decisions of the GST Implementation Committee (GIC) for information of the Council
4. Review of Revenue position
5. Clarification regarding applicability of Integrated Goods and Services Tax on goods supplied while being deposited in a warehouse
6. Change in the shareholding pattern of GSTN
7. Incentivizing Digital Payments in GST regime (Carry forward item from the 25th Council Meeting)
8. Imposition of Cess on Sugar under GST and reduction of GST rate on Ethanol
9. New System of Returns Filing
10. Any other agenda item with the permission of the Chairperson --Implementation Schedule of Intra State e-Way Bill in the States
11. Date of the next meeting of the GST Council

3. The Chairperson welcomed all the members present in the meeting. Before the beginning of the meeting, the Chairperson placed on record the appreciation for very active participation of Dr. Haseeb Drabu, Ex-Finance Minister of J&K State in the Council meetings during his membership of the Council. He informed that there were 3-4 main agenda items for discussion while others were of procedural nature. After these preliminary observations, discussion on the Agenda items was taken up.

**Discussion on agenda items**

**Agenda Item 1: Confirmation of the Minutes of 26th GST Council Meeting held on 10 March 2018.**

4. The Finance Secretary, Dr. Hasmukh Adhia informed that the minutes of the 26th Meeting of GST Council were circulated among members well in advance and just a day before there was Officers' meeting wherein all State officials were also requested to send comments, if any, on the draft minutes in writing. However, no comments were received. Thus, the draft minutes could be taken as approved. The Hon'ble Chief Minister of Puducherry supported the proposal and all the Council members agreed.

5. For Agenda item 1, the Council decided to adopt the Minutes of the 26th Meeting of the Council without any changes.

**Agenda Item 2: Deemed ratification by the GST Council of Notifications, Circulars and Orders issued by the Government.**

6. Finance Secretary introduced the Agenda item and informed that the PowerPoint presentation of Commissioner GST (Policy) containing the gist of this agenda items and GIC decisions, had been circulated to members (enclosed as **Annexure - 3**) and was discussed in the Officers' meeting. During discussion, some States were of the view that deemed approval for State notifications should also be sought along the same lines as the Central Govt. Notifications. He further stated that despite repeated requests, the GST Council Secretariat had not received all copies of notifications issued by the States. Thus, it was not possible to approve notifications partially for some States leaving other States. As all Central Government notifications were being put on record and ratified by the Council, the purpose was being served as State notifications were mirror images of Central Notifications and hence notification language used in the State Notifications would be deemed approved.

6.1. The Chairperson suggested that to avoid any legal challenge to the State notifications, when deemed approval was given by the Council to the Central Government notifications, a line might be added that the State notifications which were *pari materia* with the Central notifications were also deemed to be ratified. Hon'ble Chief Minister of Puducherry agreed with the suggestion and stated that State Government notifications were in line with the Central notifications. The suggestion was accepted by all the members of the Council.

7. For **Agenda Item 2**, the Council approved deemed ratification of the following notifications, circulars and orders which are available on www.cbec.gov.in :

| Act/Rules | Type | Notification Nos. |
|---|---|---|
| CGST Act/CGST Rules | Central Tax | 14 to 21 of 2018 |
| | Central Tax (Rate) | 10 of 2018 |
| IGST Act | Integrated Tax (Rate) | 11 of 2018 |
| UTGST Act | Union territory Tax | 02 to 06 of 2018 |
| | Union territory Tax (Rate) | 10 of 2018 |
| Circulars | Under the CGST Act | 36 to 43 of 2018 |
| Orders | Under the CGST Act | 01 and 02 of 2018 |

The Notifications, Circulars and Orders issued by all the member States which are *pari materia* with the above notifications, circulars and orders were also deemed to be ratified.

**Agenda Item 3: Decisions of the GST Implementation Committee (GIC) for information of the Council.**

8. Finance Secretary stated that in between 26th and 27th GST Council meetings, certain decisions were taken by the GIC in its 14th, 15th and 16th meetings held on 19.3.2018, 26.3.2018 and 10.4.2018 respectively. He informed that in the Officers' meeting held on 03.05.2018, the officers had no comments on the agenda. However, an important judgement of Hon'ble High Court of Bombay in the case of M/s. Abicor Binzel Technoweld Pvt. Ltd., Pune was also discussed, where the date for completing the process of filing of TRAN 1 was extended by the Hon'ble Court by its order up to 10/5/2018. It was agreed in the Officers' meeting that the order of Hon'ble Court be implemented. The Council took note of the decisions of GIC and agreed to extend the date for completing the process of filing of TRAN 1 up to 10th May 2018 in the case of M/s. Abicor Binzel Technoweld Pvt. Ltd., Pune

and other similarly placed cases in terms of the interim order of the Hon'ble High Court of Bombay dated 24.4.2018.

9. For **Agenda Item 3**, the Council took note of the decisions of GIC and approved extending the date for completing the process of filing of TRAN 1 up to 10th May 2018 in the case of M/s. Abicor Binzel Technoweld Pvt. Ltd., Pune and other similarly placed cases in terms of the interim order of the Hon'ble High Court of Bombay dated 24.04. 2018.

**Agenda Item 4: Revenue Position**

10. Finance Secretary Dr. Hasmukh Adhia introduced Shri Ritvik Pandey, who had joined recently as Joint Secretary (Revenue) and asked him to make brief presentation about the revenue position.

10.1. Shri Ritvik Pandey, JS (Revenue) stated that the revenue collection figure for the year 2017-18 was Rs.7.4 lakh crores, which had been circulated to the members as part of agenda note. These figures were for nine months of IGST collection on imports and eight months collection of CGST, SGST and Cess on domestic transactions. On an average, it worked out to approx. Rupees ninety thousand crore per month. The figures of revenue collection of April, 2018 were Rs 1.03 lakh crore which included IGST collection on imports for April 2018 and GST collection on domestic transactions for March 2018 including returns filed late pertaining to previous months. The average monthly growth of revenue for April 2018 was almost 15% over average monthly collections of previous year. Revised new revenue base in the FY 2018-19 that had to be protected for the States per month was approx. rupees forty-nine thousand crores i.e. 14% higher than Rs.43000 crores (protected monthly revenue for all States put together in the previous year). Shortfall in the revenue was approximately 16% on an average as compared to protected revenue in the previous year. For April 2018, this shortfall was 18% which was mainly due to 14% increase in the protected revenue.

10.2. Shri Ritvik Pandey informed that revenue gap position of different States has been shared in the Agenda Notes. The States like Himachal Pradesh, Uttarakhand, Punjab and Jammu & Kashmir had more than 30% revenue gap; the States like West Bengal, Gujarat and Karnataka were between 20% -30% and the States like U.P., Rajasthan, Maharashtra and Andhra Pradesh had revenue gap below 20%. Further, North Eastern States like Nagaland, Manipur, Mizoram and Arunachal Pradesh either were at par or were getting more revenue than the protected base revenue whereas States like Assam, Tripura and Meghalaya had revenue shortfall. He further informed that return filing was hovering around 64% by due date whereas cumulative returns filed for July 2017 had reached 96% and suggested that some action for enforcing compliance was needed.

10.3. Hon'ble Deputy Chief Minister from Bihar stated that the Centre should send officers to assess reasons of shortfall as revenue gap was 38% in their case. He further suggested that besides Bihar, team of officers might visit other States also where revenue shortfall was more than 30%. He said that GST revenue from the service sector was not as per the expectations.

10.4. Chief Economic Adviser, Shri Arvind Subramanian stated that GST revenue numbers for April excluding IGST on imports were actually for the month of March 2018 and when the March numbers were included in GST revenue for first nine months of GST implementation, it indicated a buoyancy of about 13%. It also implied that tax to GDP ratio was going up in the very first year of GST implementation; which was a disruptive year with complaints of IT etc., by about 0.3% of GDP and therefore, GST was well on track. Further, while the shortfall numbers could be relevant from compensation viewpoint, they were misleading because these numbers did not include unsettled IGST and compensation cess that would have gone to different States, has it been part of GST rate structure. Thus, cess figures were required to be included for making like to like comparison and actual revenue

shortfall was much lower than that indicated by numbers. He also agreed to help the States by analyzing the reasons for revenue shortfall.

10.5. Hon'ble Finance Minister from U.P. stated that the officials from his State were ready to help Bihar enhance their revenues. He further stated that some member States, such as Gujarat, Madhya Pradesh, etc. had exempted certain items from the requirement of e-way bill whereas Bihar was considering exempting e-way bill for consignments of value less than Rs.2 lakhs. This would hurt the efficacy of e-way bill system.

10.6. Hon'ble Finance Minister from Uttarakhand stated that as per data they had revenue shortfall of 39%. Even though GST collections had gone up as compared to pre-GST period, but due to IGST settlement, they had ended up protecting the revenue of other States. Similarly, the return filing percentage of 59% of their state though low, was very near to the national average of 64%

10.7. Hon'ble Minister from Assam stated that as per data, during February and March, the number of returns filed had gone down significantly almost in every State and it needed analysis. Finance Secretary clarified that some assesses filed late returns, e.g. return filing was 96% returns included all returns for July 2017 filed. Therefore, March 2018 figure would also improve over the next six months.

10.8. Hon'ble Minister from Punjab stated that Punjab was a higher compensation State which was not good for them and stated that Chief Economic Adviser had agreed to do a case study for them. He again invited CEA to visit Punjab and suggest ways to bridge the revenue gap. Hon'ble Chairperson observed that CEA might visit those States which needed analysis of this kind, and as a test case, he might visit Punjab first followed by Bihar. Hon'ble Finance Minister from Punjab further stated that Accountant General of Punjab had made a correction in revenue figures for the base year 2015-16. They had written a letter to the Finance Secretary on the issue and requested for an early decision.

10.9. Hon'ble Chief Minister of Puducherry stated that earlier their revenues were coming from trade that took place with adjoining States like Tamil Nadu and people used to make purchases in Puducherry due to lower tax rates. Now with same tax rates in GST, people made purchases in Tamil Nadu and Puducherry's GST collection had gone down. They were trying to improve revenue from services sector in Puducherry and also requested for the visit of Chief Economic Adviser to suggest revenue enhancement measures.

10.10. Hon'ble Minister from Kerala agreed with the submissions of the Chief Economic Adviser that 13% growth had been achieved with very little enforcement measures, no scrutiny of returns and accepting whatever declarations had been made. Thus, access to more data was required for enforcement after data analysis. He further stated that annual return filing should not be postponed as these returns were necessary to check input credit claimed by the trade.

10.11. Hon'ble Minister from West Bengal stated that the Central Government was holding unsettled IGST amount of Rs.1,81,418 crores and if this amount was also apportioned to the States, many States would have considerably reduced revenue shortfall. He informed that in March 2018, West Bengal was +3% as against all India deficit of 17.9%. He stated that some mechanism might be found for early settlement of IGST which Central Government was holding. He observed that if analysis of the unsettled IGST was done in greater depth, it might reveal that the States were doing better. He also stated that collaboration between the Centre and the States as well as inter-State collaboration would be another useful option to address the issue of revenue shortfall. He suggested that a core group of officials of the States and the Centre be formed to address this issue. Hon'ble Chairperson observed that suggestion was to use experience of better performing States to improve revenue of other States. Hon'ble Minister from West Bengal stated that perhaps West Bengal was doing better due to high level of digitization,

for which Government of India had given three awards including one for e-taxation. He felt faster digitization might be helpful to other states.

10.12. Hon'ble Finance Minister from Assam stated that the States which had bigger base for services sector were doing better like West Bengal, Maharashtra, Kerala and Goa. In their presentation before the Finance Commission, it had been brought out that States having service sector were flourishing but other States like Bihar and Assam without service sector were not growing that fast. Hon'ble Chairperson stated that it might not be entirely correct as States like Karnataka had huge service sector but were not doing well.

10.13. Hon'ble Chief Minister of Himachal Pradesh stated that though their revenue shortfall was high, but they were doing very well in return filing. The main reason for short fall appeared to be service sector and the high tax rate on Tobacco under VAT which had now been substantially reduced. He explained that cess, instead of tax on Tobacco, had gone up, which had not been taken into account while preparing revenue shortfall data. Further, TDS system had not been put in place resulting into no tax from work contractors. He further added that as the state did not have developed services sector, it had no experience of administration of service tax and they had started intensive training in that direction. He also stated that average revenue from service sector was only Rs.2-3 crore per month. He also requested that team of officers from Centre may be deputed to Himachal Pradesh to suggest the ways for revenue augmentation.

10.14. Hon'ble Minister from West Bengal stated that the States could have regular compensation mechanism on monthly basis or some other frequency, so that the State could do better planning. Finance Secretary stated that IGST could not be identified as belonging to a particular State and the Centre until the assessee used it. Thus, IGST belonged to assessee until it got converted into CGST or SGST revenue after its use. He stated that a group had already been set up with JS(Revenue), Central and State officers to find out how expeditiously settlement of IGST could be done. However, there were certain items of IGST settlement which would happen only once in a year after the annual returns were filed. Finance Secretary further stated that an idea was being examined by the group if IGST could be settled at each stage of movement of IGST with the supply of goods or services. This would result in higher volumes of settlement and could stop accumulation of IGST. Thus, the Council should wait for the report of the group. Hon'ble Minister from West Bengal welcomed and appreciated the move and wanted to know as to when the group would submit its report. Finance Secretary informed that the group had just started its work. Hon'ble Minister from West Bengal stated that it is interesting to note that IGST was even larger than SGST and CGST figures put together - SGGST and CGST together was Rs.2,90,679 crores while the IGST alone worked out to Rs.3,87,356 crores. Therefore, there was need for faster settlement process. Finance Secretary explained that in the earlier regime of Central Excise and Service Tax, Rs.1.5 lakh crore worth of credit remained unutilized at the end of FY in the ledger of businesses at any given point of time. Thus, under GST also, similar amount of balance would be available. However, there was a need to speed up the settlement process and that was the mandate of the Group. He had asked the Group to submit its report as early as possible. Finance Secretary further stated that for FY 2017-2018 compensation for eight months had already been released in two-month blocks. He suggested that March being the only month for which compensation was remaining for the FY 2017-18, if the Council approved, compensation could be released for this month alone. The Council approved the suggestion.

11. For **Agenda Item 4**, the Council:

(i) took note of the revenue position for nine months of FY 2017-2018 and April 2018 as well as return filing status.

(ii) approved the release of compensation for the month of March 2018 alone.

(iii) approved study by Chief Economic Adviser of States showing high revenue shortfall, particularly States of Punjab and Bihar, to analyze reasons for revenue shortfall and suggest revenue augmentation measures.

**Agenda Item 5: Clarification regarding applicability of Integrated Goods and Services Tax on goods supplied while being deposited in a warehouse**

12. Finance Secretary introducing the agenda informed that it was more of a technical issue that was discussed extensively in the Officer's meeting held on 03.05.2018 and was agreed to by all the officers. He stated that goods imported into India were subjected to Customs Duties including Integrated Tax under sub-section (7) of section 3 of the Customs Tariff Act, 1975 and the payment of duty on such imports could be deferred by storing the goods in the Customs bonded warehouse. During such storage, the importer had the option to supply such goods to any other person even before clearance from the bonded warehouse. It had been clarified vide Circular No. 46/2017-Customs dated 24.11.2017 that Integrated Tax would be payable on such supplies and buyer would also pay the deferred Customs Duty at the time of clearance of goods from the warehouse. It had been represented that in this scenario, the buyer is being saddled with double payment of IGST.

12.1. He further informed that the GST Council in its 25th Meeting held on 18th January 2018, had given an in-principle approval to declare the supply of warehoused goods while being deposited in the Customs bonded warehouse as 'no supply' under Schedule III of the CGST Act, 2017 so that no integrated tax is paid when warehoused goods are supplied to the buyer during such storage within the warehouse. He suggested that in view of agreement reached during the Officers' Meeting, the Agenda item may be taken as approved by the Council.

12.2. Hon'ble Minister from West Bengal stated that they had some issues on this proposal which they would be put in writing soon. He requested not to issue the circular till their response was received. It was agreed to issue circular after taking into consideration views of West Bengal.

13. For **Agenda Item 5**, the Council in-principle approved issue of fresh circular clarifying that supply of warehoused goods before their clearance from the warehouse could not be subjected to levy of Integrated Tax and the same would be collected only when the warehoused goods are cleared for home consumption from the custom bonded warehouse. However, the circular would be issued after taking into consideration views of West Bengal.

**Agenda Item 6: Change in the Shareholding pattern of GSTN**

14. Finance Secretary introduced the Agenda item and stated that GSTN was created with only 49% equity to be held by Government of India and States put together with a view to have operational flexibility such as hiring of competent man-power at market driven rates. However, the strategic control was retained by the Government. It had further been decided that the CAG would audit the GSTN. Since GSTN is handling important State functions like taxpayer database management, collection of taxes, etc. it may be advisable to modify the equity structure of GSTN keeping the flexibility in hiring in place. Therefore, it was proposed to make GSTN 100% Government owned (50% GoI and 50% States) company. He further stated that transition plan had also been proposed for smooth transition and whosoever was working with GSTN, their terms of appointment, etc. were to be protected for at least a period of 5 years. He further stated after GSTN became 100% Government entity, there would be 13 Directors i.e. 4 Directors from States and 4 Directors from Government of India, 2 directors being Chairman & CEO and remaining 3 Directors would be the Independent Directors to be appointed by the GSTN Board. After the conversion, the additional equity of Rs. 5.1 crores would be distributed between the State and Centre and share of each State would be in the same proportion as at present.

14.1. Hon'ble Minister from Assam welcomed the proposal and stated that it could be accepted. Hon'ble Minister from West Bengal also welcomed the proposal but expressed concerns vis-à-vis human resources and stated that as per the proposal, existing employees would continue for 5 years with same kind of package. He further enquired whether it was necessary to have a special resolution of the Council to strengthen what was being done so that continuity of human capital was maintained, i.e. their terms of employment could not be changed suddenly, and they do not leave the company causing disruption to the operations.

14.2. Hon'ble Chairperson stated that when the present structure had been conceived, the thinking would have been to keep it as a non-governmental entity so that it had flexibility in hiring the best talent. He further stated that in proposed structure of the Government Company with 50% – 50% shareholding by the Centre and the States, the Council must propose flexibility in hiring as suggested by West Bengal, otherwise GSTN would not get good talent to maintain its operations. He, therefore, suggested that the Council may deliberate as to whether it required a resolution of the Council or a simple decision to make its objectives clear.

14.3. Hon'ble Minister from Kerala agreed with Hon'ble Chairperson and stated that he had specifically raised the issue of ownership of GSTN in earlier meetings and it was a welcome move to make it a fully Government owned enterprise. He also emphasized the need to maintain the neutral stance of the organization and appropriate representation for the States in the Board of Directors. Hon'ble Minister from Tamil Nadu also supported the proposal and stated that suitable governance arrangement with full involvement of all states be framed.

14.4. Hon'ble Minister from Delhi welcomed the proposal and stated that it was a very important move to make it a Government owned company. As regards the flexibility in HR for 5 years, he stated that there would be requirement of this flexibility in company even after 15 years as at that time also required level of professional expertise in the Government might not be available. Therefore, he suggested that the flexibility should be for long term to which Hon'ble Chairperson observed that it might be kept open ended.

14.5. Finance Secretary explained that Department of Revenue would go to the Union Cabinet with more flexibility for this particular Company so that they do not face any such problem in the long run. He further clarified that as far as flexibility is concerned; even some of the PSUs, presently hire experts on contract basis on a much higher salary than as compared to Managing Director's salary. Therefore, flexibility would remain in the contractual system for long term contracts. If they were to be made part of the organizational structure, adequate transparency will have to be observed.

14.6. Chief Economic Advisor, on the issue of HR, stated that it should be made absolutely clear about the flexibility that was proposed to be incorporated as there was a risk that it would be treated like any other PSU over time and all flexibility would be lost. He further suggested that whatever decision might be taken, let everyone be on board and the ideas that come up, get discussed in the Council before actually going to the Cabinet. Further, a PSU with HR flexibility was almost like an oxymoron and hence, it should be ensured legally that HR policy did not get diluted over time otherwise GSTN could become another PSU with all the problems.

14.7. Hon'ble Chief Minister from Puducherry stated that it was a good move as whatever equity in GSTN was available, would be shared between Centre and States. He also welcomed the proposal regarding HR that the people who were experts in the field had to be retained and if the existing system of PSUs was followed, then it would be difficult to get experts in the field to improve the efficiency. He further stated that the Council might adopt a resolution regarding flexibility in HR matters and if Cabinet approval was required, the proposal of required HR flexibility should be got approved.

14.8. Hon'ble Minister from Tripura stated that he fully supported the proposal of making the GSTN wholly Government owned Company. About the HR certain apprehensions had been floated in the Council, but he did not think that there should be any such apprehensions as enough flexibility and continuity had been built in the proposal.

15. For **Agenda Item 6**, the Council in principle approved the following:

1. Allow GSTN Board for initiating the acquisition of entire 51% of equity amounting to Rs 5.1 crore held by Private Companies/ Non-Governmental Institutions and thereafter to be held equally by the Centre and the State Governments.
2. Change in composition of the GSTN Board by inducting four Directors each from the Centre and the States; three other independent directors nominated by the Board of Directors; Chairman and the CEO.
3. Reviewing Article of Association and Bye laws of GSTN by GSTN Board and incorporate suitable changes as per the provisions of the Companies Act, 2013. Restructured GSTN to continue to hold the assets and liabilities of the Company and inform lenders accordingly.
4. As regards human resources allowing:
    a. subject to the GSTN Board's decision, existing regular employees to be continued, on the same terms and conditions on which they were appointed,
    b. existing employees on deputation to be continued on the same terms and conditions till the completion of their tenure,
    c. new employees on deputation continue to be hired on the terms and conditions similar to those being used by GSTN,
    d. flexibility to GSTN for hiring people through contract on the terms and conditions similar to those being used currently by GSTN while hiring technical manpower.
5. Flexible hiring and appropriate remuneration policy may be evolved by GSTN Board considering criticality of the IT manpower, prevailing market compensation, etc. and placed before the GST Council for its approval from time to time.
6. The proposal to the Union Cabinet may ensure sufficient flexibility to GSTN in HR matters.
7. Allowing continuation of existing mechanism of payment of the operating charges to GSTN through user charges of restructured GSTN by CBIC and the States.

**Agenda Item 7: Incentivizing Digital Payments in GST regime**

16. Introducing the agenda, the Secretary submitted that it has been noticed that a number of traders were avoiding the correct reporting of transactions in Business to Consumer (B to C) segment in order to avoid payment of GST, and one way to correct it was to incentivize digital payment by customers so that these transactions could not be suppressed by traders in their GST returns. He explained that the proposal in the agenda was to give 2% discount in the GST tax rate to the customers who used digital means to pay for the transactions with an overall ceiling of Rs. 100 per transaction, so that the customers were incentivized to make payments using digital means. He further stated that this incentive would not be available in case of transactions relating to the composition dealers or in case where GST tax rate was less than 3%.

16.1. Hon'ble Minister from Punjab welcomed the initiative and termed it as a great proposal. He further stated that as per the World Bank Report, in India, efficiency of GST collection was 45% only, indicating that there were leakages in GST revenue, and this move would be a very good initiative in checking the leakages. He further suggested that in order to improve efficacy of the proposal, following be also considered: -

a. Benefit of reduced tax rate or rebate might be restricted to specified goods and services, while some of goods or services such as travel by rail and air, sale and purchase of cars, banking services etc. where significant digital penetration was already there, be kept out of this benefit.
b. Benefit of reduced tax rate be raised to 4% with a ceiling of Rs.200 per transaction, since Rs.100 was a very low amount which may not attract the people.
c. Some adjustment might be required in case of restaurant service, as these services when availed at non-composition restaurant would become cheaper than the restaurant operating in composition scheme.

16.2. Hon'ble Minister form Telangana stated that his State was already No. 1 State in digital transactions. However, in his opinion, the incentive on digital payments should not be linked to GST. He further requested that IGST advance amount transferred to the States should not be adjusted from the settlement of IGST like it was done for the month of March. He stated that huge amount of IGST was unsettled and some more advance should be given to the States out of IGST fund.

16.3. Hon'ble Minister from Delhi welcomed the proposal and stated that maximum incentive of only Rs.100 per transaction would mean only marginal difference to the high-end items like cars, travel services, etc. Incentive should not be restricted to certain items or certain GST slab rates as was being proposed. The items in the special tax rates i.e. those below GST @ 3% were mostly used to generate unaccounted transactions and hence, these should not be kept out of the incentive scheme. He further stated that the customers might forget as to for which product this incentive was applicable or where it was not and hence the incentive scheme should be made simple, open ended and applicable to all products and services. Hon'ble Deputy Chief Minister from Bihar also welcomed the proposal and added that goods in 28% tax slab be kept out of the incentive scheme. He further stated that as per his assessment some more incentive might be considered to promote digital payments.

16.4. The Hon'ble Chief Minister of Puducherry stated that it was not a practical proposal as there would be a number of implementation issues. He further said that 70% of villagers do not have debit or credit cards, and only people in the urban areas have access to them. Though, digital transactions had started happening, but it was not practical to expect 100% digital transactions in one go. He also stated that common man's items being of small value might not attract digital payment and this proposal should be kept pending at this stage.

16.5. Hon'ble Minister from Assam welcomed the proposal. He also supported the idea of keeping some items in the negative list, where the benefit of rebate should not be available, and added that Council should support the proposal. Hon'ble Minister from Chattisgarh also supported the proposal and submitted that in his State in the VAT regime similar incentives were given, and this would bring down parallel economy. Hon'ble Minister from UP also welcomed the proposal and stated that it had already been proposed in the agenda that the benefit of reduced tax would be limited to a maximum of Rs. 100 per transaction and perhaps there was no need for a negative list. He further stated that the proposal was practical and should be implemented. Hon'ble Minister from Tamil Nadu also supported the proposal and stated that there may be loss of tax revenue in short run.

16.6. Hon'ble Minister from Kerala stated that the stand of his State on this proposal remains the same as it was in the last meeting. He further said that he had discussed the issue with the traders in his State and 3 reasons have emerged based on which he does not support the proposal.

a. When we brought GST, we had agreed on a principle that there should be no incentive or tax rebate relating to specific region, industrial segment, etc. and accordingly tax structure was made uniform. Thus, bringing an incentive through a tax structure was against the basic

architecture of GST, and if one wanted to incentivize anything it should be done through the Budgetary support rather than rebate.

b. Rs. 100 incentive was not a great incentive to bring people in the digital payment mode.
c. The trading community would oppose this move, as it would promote the business of large format stores and organized retail who were already prepared and comfortable with digital payments. Thus, it would be against the livelihood of normal small traders who already were opposing large format stores and FDI in retailing and hence, was against the interest of 80% traders of India. Thus, it was not a politically wise move.

16.7. Hon'ble Union Finance Minister desired to know as to why small traders would be opposed to this incentive. Hon'ble Minister from Kerala explained that large scale retail chains were already having necessary infrastructure and it would enable them to take maximum advantage of digital payments. The consumers were not going to be attracted by this small incentive as evidenced by shift of people back to cash economy after the demonetization, where the digital payments initially increased and now were back to only 13-14 % of the overall transactions. He further stated that organized sector would get the benefit of tax concession due to digital payment and it would work against the interests of small traders.

16.8. Hon'ble Minister from Goa while welcoming the proposal stated that it should be implemented even though some people might be pessimistic about it and might not support it. He further stated that Council should move with the time and more so because now the entire world was noticing India due to the progress made on the GST front. Even if the benefit that would go to consumer was Rs 100 only per transaction, this proposal should be implemented when the new return system be put in place.

16.9. Hon'ble Minister from West Bengal stated that he did not agree with the proposal of allowing rebate in case of payment by digital means since it was discriminatory in nature, as had been pointed out by Hon'ble Ministers of Puducherry and Kerala with reference to villagers and small traders. He further stated that the village economy, the informal sector and small businesses were badly hit by demonetization. Moreover, the current proposal kept composition scheme out of the incentive scheme. In his opinion, a large section of economy i.e. villagers and composition scheme dealers would be left out of the scheme and hence it was discriminatory. He further stated that now these sections of economy had started bouncing back and demand was recovering after demonetization, they should not be disturbed again. Secondly, nobody during the entire discussion so far, had pointed out about revenue loss on account of this proposal.

16.10. Hon'ble Minister from West Bengal explained further that as per the data in the agenda note; Rs.900, 1200 and 1400 transaction size had been considered for estimating the revenue loss. He added that as per his observation, Rs.1400 was a very small transaction size to estimate the loss, since all the transactions above it would also get the benefit and the estimated revenue loss would be approx. Rs. 26500 crores (Rs.11,939 crore in Table 'A' and Rs. 14,885 crores in Table 'B') as per the data sheet enclosed. He further stated that all luxury and white goods seem to have been left out from calculation, which would have to be added to arrive at actual revenue loss because they were sold for more than Rs.1400. He said that realistic revenue loss figures were still to be estimated; and that in his view this proposal was discriminatory in nature and this was not the right time to implement the proposal. He further added that this would be viewed by common people, who were in villages, as discriminatory since they use cash out of compulsion.

16.11. Hon'ble Minister from Gujarat supported the proposal, as traders would not have the opportunity to hide the transactions. He stated that with the digital payments, the transactions would be fully reported, and the tax collection would increase; and as the awareness of the digital transactions would increase, tax would also increase resulting in almost no revenue loss. Hon'ble Minister from Odisha stated that the digitization was the need of the hour, but in the present circumstances, this

proposal needed further study as in his State, two-thirds of the population lived in rural areas and network connectivity in those areas was not available. He added that the Council should reconsider the proposal from the point of view of rural consumers and consumers of the composition dealers, who would not get the incentive.

16.12. Hon'ble Minister from Jharkhand agreed with the proposal as tax evasion would come down. However, he proposed that the ceiling of Rs.100 per transaction should be raised to Rs.200, as Rs.100 was a very little incentive. Hon'ble Minister from Madhya Pradesh stated that as per his understanding, the proposal needed in-principle approval of the GST Council at this stage and further parameters and operational details would have to be worked out by the officers after it was approved. He welcomed the proposal and stated that his State supported it wholeheartedly as it would reduce cost of enforcement and improve the compliance. Hon'ble Minister from Uttarakhand stated that his State also supported the proposal in principle. He added that in his State, services sector and small traders were very large in numbers and implications of the proposal might be positive in respect of revenue from these sectors. He further stated that the proposal would have to be reviewed from time to time. Hon'ble Ministers from Rajasthan and Tripura also supported the proposal and termed it as progressive. Hon'ble Minister from Tripura stated that this would bring in a lot of transparency and make accounting easier leading to reduction in rural-urban divide. He further stated that the idea of increasing the upper ceiling of Rs.100 per transaction and introducing a negative list might be reconsidered.

16.13. Hon'ble Minister from Manipur supported the proposal in principle and stated that his State had some practical difficulties such as limited network availability and coverage of only about 10-20% of the population by banking services. He added that to implement the proposal, network coverage in the North Eastern States had to be improved. He further stated that even after improvement of network coverage, there would still be problem of banking coverage and unless these two issues were addressed, this scheme would not succeed.

16.14. Officer from Telangana stated that it did not seem to be a good strategy to link GST with digital payment and instead, there was a need to reduce MDR charges for encouraging people to use digital means. He added that if the need be, some money can be allocated out of GST collections towards this but should not link GST with digital payments. He further stated that it would reinforce rural-urban divide on account of factors as pointed out by other Council members since rural persons would end up paying more for same goods and services and hence the proposal should be relooked. He thereafter added that this would create another tax rate in GST and would lead to complexity in GST structure.

16.15. Hon'ble Ministers from Haryana, Himachal Pradesh and J&K supported the agenda. Hon'ble Minister from Haryana added that as had been pointed out by some other members, 70% of the people in villages do not use digital payments and this proposed incentive would prompt them to make digital payments. Hon'ble Minister from Himachal Pradesh in addition stated that Rs.100 cap on incentive was small and should be enhanced.

16.16. Finance Secretary responding to some of the points raised by the members, stated that revenue implications of the proposal do not seem to be clear to some of the members. He explained that data given at para 8 of the Agenda Note was having two tables – Table 'A' and Table 'B', which were not to be added together but have been prepared on different projections and only one of them would have to be chosen ultimately. He further explained that the Table 'A' was the case where the benefit of the incentive was to be given only in case of transactions by debit card/credit card/AEPS/IMPS/BHIM/M-Valet/Pre-paid instruments, etc. and in that case the revenue loss at average transaction size of Rs.1400 with about 20% digital transactions involving GST would come to Rs. 5970 crores only. Further, if internet banking transactions and other banking transaction were added to transaction in Table 'A', then the total revenue loss with average transaction size of Rs 1400 with 20% digital transaction involving GST would be Rs 7442 Crore as given in Table 'B'. He further stated that extra transactions disclosed

in the turnover of the traders, would result in revenue gain as the traders would be forced to disclose these transactions in their returns and pay tax. He concluded that overall there would be gain in revenues.

16.17. Hon'ble Minister from West Bengal stated that he differed from the analysis given in the Agenda notes. Referring to the Table 'A', he submitted that if the average transaction size of Rs.1400 was taken and 40% of transactions were done digitally, then the revenue loss would be Rs.11,939 crores as indicated in the agenda note. Hon'ble Minister from West Bengal also stated that in his opinion the proposed agenda seems to be based on unsubstantiated and unresearched estimates and if there was any other research, which was not part of the Agenda note, the same could be shared. He further added that the entire estimate was based on transaction size of Rs.1400, only which was small as compared to transactions in medium and high value white goods and this revenue loss would then go up if these were added. The advantage of lower tax on digital transactions would go to the people who already have the means to use digital payments. He summarized his arguments as follows:

a. As far as revenue loss figures were concerned, the current figures did not seem to be complete and he would like to understand them better.
b. There was no consideration as to what happens to rural people using cash and poor small traders, who do not have proper network in their areas.
c. As submitted by some other States such as Manipur and Odisha and also in his State, the areas such as Sundarbans, 24 Parganas and in fact 7 out of 19 districts do not have proper network to the extent which one would like to have in order to promote digital payments.

16.18. Hon'ble Minister from West Bengal stated that in his view the entire proposal was discriminatory in nature and agenda note should be placed next time with more research. He further stated that it would be better if we explore as to how to bring the network to people so that they can adopt digitization and implementation of this proposal in the present form would be like oiling the already oiled part of our society. He added that he was not inclined to support the proposal as he had fundamental difference on the entire estimate of revenue loss and needed answers to the questions that he had raised during discussion;

16.19. Hon'ble Minister from Punjab submitted that we should consider the proposal earnestly and should not throw the baby out with the bath water and that a small beginning might be made with small positive list (if not negative list) in respect of goods and services from retail sector.

16.20. Hon'ble Chief Minister of Puducherry stated that he also wanted to place three points for consideration by the Council before any decision was taken:

a. GST should not be linked with digital incentives.
b. Entire North Eastern part of the country and some other areas such as Odisha, parts of West Bengal and rural areas do not have good network and in such a situation they would lose out on the benefits accruing from digital transactions.
c. Rural population, farm labour, masons, etc. do not have bank account or digital cards. They would be disillusioned since they would not get any benefit.

16.21. Hon'ble Minister from Kerala supported the Hon'ble Chief Minister of Puducherry and added that due to demonetization some people had shifted to digital means and they could be considered as 'existing stock'. The crucial question to be answered was how much shifting will happen from cash to digital due to this incentive of Rs.100 per transaction. He stated that the proposal would end up giving additional concessions to 'existing stock' of people who were already on digital mode and were better off. He proposed that the States who thought it was a good proposal and wanted to fast digitalize their States, be allowed to adopt it and the States who did not find it a good proposal should not be forced to take the reduction in revenue due to this proposal.

16.22. Hon'ble Minister from Bihar stated that so far as the question of discrimination is concerned, in rural areas, the traders were mostly below Rs.20 lakhs & out of tax net and hence there would be no discrimination. He further stated that there was a need for reduced cash economy. He had discussed the proposal with traders in his State who were in support of this move. He proposed that in the beginning the incentive limit could be fixed at maximum of Rs.100 per transaction and going forward it could be increased so that large number of people shift to digitization. Hon'ble Minister from Assam concurred with the proposal and stated that during demonetization period when there were incentives for using cards and the tax revenues were higher. Further, he stated that it would be a small nudge from GST Council to people to transform from cash economy to digital economy and he urged all the Council members to support the proposal as it was not a revenue loss proposal but actually a revenue gain proposal. Hon'ble Minister from Goa stated that the Council should look this as a pro-poor incentive rather than as a discrimination between haves and have nots. He added that Rs.100 was a big incentive for any poor man, and in fact, the proposal is pro-poor.

16.23. Hon'ble Chairperson and Union Finance Minister summarizing the discussion concluded that following views had been expressed during discussions:

a. Give incentives on using digital payments as it would promote compliance towards GST.
b. Incentivizing the digital payments would be discriminatory against the people who were not part of digitized economy.
c. Adopt a middle path by not implementing the proposal on all items by having a negative list or identifying few evasion prone items.

16.23.1.He further observed that the tradition in the GST Council so far had been not to count the votes, and wherever more than one view had emerged, the Council had appointed a Group of Ministers to comprehensively look at various aspects associated with the issue. He further stated that there could be a 5 member Group of Ministers, which could examine all the views on the agenda and find the best solution after detailed deliberations and present its report in the next Council meeting. Hon'ble Minister from West Bengal submitted that the GoM should have members representing the three views summarized by the Hon'ble Chairperson. The Chairperson stated that GoM would be announced within next two days.

17. For **Agenda item 7**, the Council approved constituting a 5 member Group of Ministers which would examine all views expressed by the members on the agenda and recommend the best solution after detailed deliberations. The Group of Ministers shall present its report within 15 days.

**Agenda Item 8: Imposition of Cess on Sugar under GST and reduction of GST rate on Ethanol**

18. Shri Alok Shukla, JS(TRU-I), on being asked by the Secretary, briefed the Council about the proposal to levy a cess @ Rs 3 per Kg over and above 5% GST on sugar in order to create a separate fund for Government intervention in the interest of sugarcane farmers. He further informed that sugar industry was peculiar and highly cyclical industry, where prices of raw material were determined by government whereas the price of final product was market driven. As a result, in the year of excessive production of sugar, prices of final product crash whereas the price of raw material did not change, resulting in huge arrears on the part of mill owners to be paid to sugar cane farmers. To tide over this crisis, proposal before the Council was to allow a levy of sugar cess, which would be used mainly to clear their sugarcane procurement arrears of the farmers.

18.1. Second part of the proposal was regarding reduction in GST rates on ethanol from 18% to 12% for blending in petrol. He informed that during the discussions in the officer's meeting held the day before, some officers had observed that while there could be a case to reduce GST on ethanol for blending with petrol, it would not be advisable to reduce GST on ethanol for manufacture of alcoholic

liquor for human consumption. Accordingly, the initial proposal was modified and as per the addendum, the proposal before the Council was for reducing GST rate from 18% to 12% only on the ethanol supplied to Oil Marketing Companies for blending with petrol. He further informed that, though, it was an end used based concession, the probability of its misuse would be minimal, as the benefit was proposed to be restricted to the Public-Sector Undertaking Oil Marketing Companies receiving such ethanol for blending purposes.

18.2. Hon'ble Minister from Tamil Nadu stated that it was against the underlying principle of GST i.e. 'One Nation One Tax', as many levies have been abolished and imposition of a new levy was not justifiable. It would also increase the non-shareable tax revenue of the Centre leading to a situation wherein the States would also be tempted to impose cess in future for one or the other cause. Hence, resources should be raised through some other mechanism without bringing about changes in GST. Moreover, 90% of the ethanol was used for manufacturing of alcohol and only a tiny portion was used in other industries including its use as renewable source of energy. Thus, the proposal to reduce GST on Ethanol from 18% to 12% was not acceptable as it would affect States' revenue. The revised proposal of supplying ethanol at reduced rate to PSU Oil Marketing Companies for blending with petrol would be an end use based exemption, which had not been done so far in GST. Thus, it could be considered provided proper legal protection was ensured for multiple rates for one commodity based on end use. Further, it may be noted that not all oil marketing companies were in public sector.

18.3. Hon'ble Deputy Chief Minister of Bihar supported the proposal and stated that in Bihar, the Sugar industry was in a very bad shape. The cost of production of sugar was Rs. 40 per kg, while it was being sold in the market at Rs. 30 per kg and, hence, the arrears of sugarcane growers had mounted. He further stated that there were more than one dozen sugar mills in his State and earlier through Sugar Development Fund, the industry in Bihar used to get some relief. He further stated that during the officers meeting held on 3rd May, a very good decision had been taken to reduce the GST rate from 18% to 12% for ethanol for the purpose of blending only, and the rate of GST on ethanol going to liquor industry should remain at 18%. He supported the proposal stating that the sugarcane growers would get much needed relief. The Hon'ble Minister from Uttarakhand also supported the proposal and stated that in Uttarakhand, during 2018, the average cost of sugar was Rs. 4990 per quintal, whereas the present rate of sugar in the market was Rs. 2600 per quintal. There was a loss even after selling molasses @ Rs. 40 to 50 per quintal. During 2014-15, 2015-16 and in 2016-17, Rs. 8.15 crore, Rs. 13.45 crore, Rs. 42.23 crore respectively was realised through sugar cess (total Rs. 63.83 crore) while in 2014 and 2015 for the revival and modernization of sugar industry, the State got loan of Rs. 77.37 crore and Rs. 69.44 crore respectively at 12% interest rate. He submitted that State should get assistance for the modernization of sugar industry and providing assistance to sugarcane growers through the money realised from imposition of this cess.

18.4. The Hon'ble Ministers from Uttar Pradesh and Tripura also supported the proposal. Hon'ble Minister from Uttar Pradesh stated that using cess to pay farmers would be very good and State Governments should also have some say in this cess. Hon'ble Minister from Tripura stated that considering the cyclic nature of the sugarcane industry, 50 million sugarcane growers, 5 lakh sugar mill workers and other people dependent on the industry, imposition of this cess was welcome. He also supported the proposal for reduction of GST on ethanol.

18.5. The Hon'ble Minister from West Bengal did not agree with the proposal giving the following reasons:

a. The principle of GST was being defied as all cesses like Clean Energy Cess, Research and Development Cess, etc. were subsumed in GST following the principle that there would only be GST Compensation Cess.

b. Imposition of cess on sugar would be penalising consumers in other States where there was no sugarcane farming and sugar industry. Sugar was consumed by everybody and people would oppose imposition of Rs.3 per Kg, which was not a small amount.
c. There were apprehensions that the farmers would not benefit unless there was DBT and hence, it was necessary to understand the mechanism of transfer of money to farmers.
d. Sudden introduction of this cess would distort the structure of GST as only limited States would benefit at the cost of consumers all across the country depriving them of their access to sweets.

18.5.1. He stated that today UP mills would benefit from revival of this cess and in future similar requests would come from some other States such as Punjab who earlier had 14% cess on food grain purchases in VAT regime. Therefore, this agenda item should be withdrawn and the Council could think of alternate model to generate funds for benefit and revival of the specific sectors that faced distress.

18.6. The officers from Andhra Pradesh stated that GST rate on sugar was 5% and retail price was about Rs. 30 per Kg. If, as per proposal, sugar cess @ Rs. 3 per Kg was imposed then effective tax rate for consumers on it would amount to almost 15%. He added that fair and remunerative prices were declared by the Govt of India as a price support mechanism for the farmers; yet like subsidy on wheat and 21 other commodities, the Govt of India did not give any subsidy on sugar. There were three existing mechanisms: Market Assurance Scheme; Price Deficiency Procurement Scheme which was being implemented in Madhya Pradesh and Private Procurement and Stock Scheme. If the third option was modified; then farmers could benefit significantly otherwise only mill owners would benefit and they would not pass on the benefit to the farmers.

18.7. Finance Secretary intervened and informed that the sugar prices had gone down drastically during last 2-3 months, and if immediate steps were not taken during this year, then there could be a situation next year where production was affected due to mills going out of business and consumer price of sugar might go up substantially making consumers suffer more. Thus, in case of cyclical products, there was a need for some sort of stabilising mechanism and imposition of cess was one such way to stabilise at a price which might not be too good for consumers and not too bad for mill owners. Further, Rs.3 per Kg was the maximum ceiling and actual cess levied by Government of India would depend upon the prevailing situation.

18.8. Shri Ravikant, Secretary, Food informed that the government determined the price of sugarcane to be paid to the farmers and mill owners were obliged to purchase it. There was no control on price of sugar and there were huge variations year to year. This year, sugar production was around 300 lakh tonnes leading to glut in the market. Last year sugar production was only 200 lakh tonnes and due to shortage, prices went up drastically. The sugar prices were Rs. 26-28 per Kg currently, whereas the cost of production was above Rs. 30 per Kg. In the past, with various interventions from time to time using funds available from cess collected, Govt had been able to stabilise sugar price. The current outstandings of the farmers were about Rs. 19000 crores. As regards mechanism to transfer of funds to farmers, Food Secretary stated that soft loan scheme from the Sugar Development Fund was introduced in 2013-14 and 2014-15, where they had worked out a mechanism in consultation with the Dept of Financial Services in which separate accounts were opened and soft loans were given to eligible mills in those accounts. Thereafter, money was directly transferred to the accounts of farmers by the mills and only after all dues of farmers were cleared by them, the money was passed on to the account of the mill. On being asked by the Chairperson about the impacted States, Shri Ravikant informed that farmers of ten States have been impacted, which included UP, Maharashtra, Karnataka, Tamil Nadu, Punjab, Bihar and Haryana.

18.9. Hon'ble Minister from Punjab supported the views of Minister from West Bengal and stated that all cesses had been subsumed in GST as stated in the objective of the Constitutional Amendment Act, and now to introduce a new cess would breach the sanctity of GST. He raised the issue as to why only sugar farmers were being considered for compensation when farmers growing other crops were equally distressed and committing suicide necessitating some States to go for debt waiver etc. He submitted that the Council should not consider such proposals in piecemeal manner but in a larger context. As far as tax on ethanol was concerned, he observed that crude prices are at all times high and why should Council pass the tax benefit to the oil PSUs. Further, levy of sugar cess at single point of supply was prone to evasion and manipulation since any sugar entity having captive use would remain out of it. He suggested to defer the proposed cess till the Karnataka elections were over and form a committee of Ministers to consider the matter deeply and find out ways to establish a price stabilising fund, might be arising out of cess, so that other crops like cotton etc. also got the benefit.

18.10. The Hon'ble Minister from Delhi stated that the Council had agreed to the principle of 'One Nation One Tax' but a new tax was being introduced from back door. It would open a new window, where many other industries/sectors would come with demand to impose some cesses for bailout. Hence, tradition of bailout package should not be started as it was against the principle of 'One Nation One Tax'.

18.11. Hon'ble Chief Minister of Puducherry opposed imposition of cess on the grounds that earlier cess was collected by the government under the Sugar Cess Act and the same had been removed by Taxation Laws (Amendment) Act, 2017 with the aim 'One Nation One Tax'. By bringing cess on sugar certain States would be benefited and certain States would be affected badly. Consumers of States not having sugar mills would be compensating the other States. Hence, for benefit of some States, other States should not suffer. He further added that it was practically impossible for money going directly to the bank accounts of the farmers as list of farmers growing sugarcane was not available with Food Ministry. He said that ultimately with cess, sugar prices would increase and would add to the woes of the consumers already facing high prices for many commodities.

18.12. Hon'ble Minister from Kerala concurred with the views expressed by Hon'ble Minister from West Bengal and Tamil Nadu and stated that with special provision for cess on sugar, Punjab might ask for some cess on food grains; Kerala might ask for cess for commercial crops and so on. He stated that 80 per cent of sown area in Kerala was under commercial plantation crops, which were grown under some or the other protection and now, in GST, entire protection had been removed. Thus, if the Council was agreeable to support all commercial plantation crops, then Kerala could support the sugar cess proposal; otherwise special protection could be given to sugarcane farmers through other ways like market intervention, direct support etc. rather than special tax or tax incentives. He added that in case any special cess was to be collected then there were some other eligible candidates also, which would have to be supported.

18.13. Shri Somesh Kumar, Principal Secretary (Rev) from Telangana stated that the proposal was against the basic principle of GST and it would put huge burden of Rs. 3 per Kg on the sugar consumers, which was 10% of the price. It would lead to spiral effect on other products like bakery items, sweets industry, etc. Such imposition of cess would open floodgates for similar demands from other industries, and if any support was needed for sugar industry, it could be given through budgetary support. He further stated that they were also opposed to tax rate reduction on ethanol as revenues were stabilizing and time was not good.

18.14. Hon'ble Minister from Gujarat supported the proposal and stated that there were around 31 sugar mills in South Gujarat & Saurashtra in cooperative sector and like Uttarakhand and U.P., faced similar problem of huge production but low price. If they are not supported, then next year sugar mills

would close down resulting in increase in prices. Hon'ble Minister from Uttarakhand requested the Council to carry out referendum in 10 affected States to ascertain as to what could be done to improve their situation. He further added that any loan support should be given without interest so that they can work for survival of sugar industry. He informed that in his state there was stock of 41.5 lakh quintals of sugar and due to lower price, it was not selling. Therefore, neither sugarcane grower would survive nor sugar mill would survive without being supported by the Council.

18.15. Dr. Arvind Subramanian, Chief Economic Advisor stated that the Council needed to make a distinction between objectives and instruments. The objective of helping sugar farmers was extremely important but current issue was regarding appropriate instrument to deal with this situation. He felt that use of GST was not appropriate as it undermines the sanctity and simplicity of GST. He added that the Council should not use tax instrument for every change of cycle of one particular commodity and national policy should not be distorted for few States. As regards proposal to reduce tax on ethanol, he stated that use-based tariff exemptions should be avoided as these would be prone to misuse.

18.16. Hon'ble Union Finance Minister and Chairperson of the Council observed that as informed by Secretary Food, sugar price in market were around Rs. 26 to 28 per Kg, which was Rs 5 below the cost price. In earlier regime, cess was normal because there was a gap between cost price and selling price and a mechanism had been developed so that the amount would go to the farmers directly. In the present circumstances, the Council would have to explore options that were available to deal with stress of lakhs of farmers spread in10 States from Punjab to Tamil Nadu and not limited to one or two States. Hon'ble Minister from Delhi suggested that we might have a subsidy scheme or package separately for sugar. Hon'ble Chairperson observed that budgetary and fiscal position of the Centre and the States was already tight. Hon'ble Minister from Delhi stated that cess would open a pandora's box and it would benefit sugar mills and not the farmers. Hon'ble Chairperson clarified that proposal was not aimed at mill owners and as informed by Food Secretary, in the soft loan scheme launched in 2014-15, the Food Ministry had already prepared a package to ensure that only after the mills first cleared all dues of farmers the money was transferred to the mills' account. The current issue was that when a consumer was getting sugar at a price, which was Rs 5-6 per kg less than the cost price, could cess of 1-2 rupees be imposed on the sale price of sugar. Hon'ble Minister from Delhi responded that relief package could be given for sugar, but principles of GST should not be compromised. Hon'ble Chairperson stated that GST laws contained that if in future a cess was to be imposed then it could be done with the permission of the Council.

18.17. Hon'ble Minister from West Bengal stated that he would like to place a proposal before the Council for imposition of cess on jute as 40 lakh jute farmers were in bad shape in West Bengal and, there might be similar demand from Punjab, Kerala, Andhra Pradesh and Maharashtra, for cess on food grains, commercial crops and cotton etc. He disagreed with the principle to take the money out of the pocket of consumer for compensating somebody. He added that he did not agree with the price data given by the Food Secretary since it varied across the country and that in Big Bazar, which had economies of scale, sugar was available @ Rs 35 per Kg. Hon'ble Chairperson wanted to know whether raw jute had MSP to which Minister from West Bengal replied that the issue was not of MSP on jute being similar to food grain, but jute was being used in milling industry like sugar and continuity in value chain was desired. He further stated that jute industry had international competition from Bangladesh and even then, they had sacrificed Jute Cess. The proposed cess would create a movement in the country for similar packages, which would be against the principles of GST. He further added that Hon'ble Chairperson had been very impartial in maintaining the fundamental principles of GST and they needed to be maintained

18.18. Hon'ble Minister from Punjab suggested that instead of sacrificing the principle, GST rate on sugar might be increased from 5% to 12%, for a limited period say six months to one year. Finance Secretary explained that the additional tax would be shared 50-50 between Centre the States and out of central pool, again 42% of the money would be devolved to the States leaving only 58% with centre. So, increased tax rate on sugar was not a correct proposal as consumers then would suffer more while less benefit would go to the farmers. Thus, to stabilise the price of sugar, the Council should consider putting some cess and use this cess for welfare of the farmers. Chief Economic Advisor stated that he was of strong view that GST should not be distorted and alternative ways like imposition of import duty on raw sugar and the money realised from this import duty might be utilised to help farmers. Finance Secretary informed that import duty on sugar was already 100% and no import of sugar was there. Shri Somanathan, Commercial Taxes Commissioner, Tamil Nadu stated that the issue involved raising only Rs. 6700 Crore i.e. 0.5% of total Revenue of Rs. 15 Lakh Crore of Central Govt this year. Thus, instead of distorting GST for such a small amount, alternative methods should be found. Hon'ble Chairperson asked that instead of giving generic solution, specific solution might be suggested so that the resources could be raised and added that such principles would also apply to future contingencies in similar situations.

18.19. Hon'ble Chief Minister of Puducherry suggested that in income tax, there was education cess component and a 0.5% increase in it would get the desired revenue. He added that the Council could consider his proposal as instead of millions of poor consumers, rich people would pay for it. Shri Somanathan from Tamil Nadu stated that one thing which was causing a lot of noise was that the proposal was for non-shareable central cess. Hon'ble Chairperson clarified that this noise could end by ensuring that the entire money collected from this cess would go to the 10 affected States only. Shri Somanathan from Tamil Nadu suggested that the beneficiary States only might then be allowed to impose cess rather than transfer of resources from all the States. Chief Economic Advisor stated that allowing States to impose cess, or for that matter introduction of a new taxes, would violate the 'One Nation One Tax' principle; and should not be allowed.

18.20. Hon'ble Minister from Assam stated that the Constitution and GST law itself provided that the Council had the powers to impose cess and, hence, it was not understood as to why the Chief Economic Advisor was saying it was distortion of GST. He stated that at a later date, his state could petition before the Council to allow Assam to impose cess for revival of tea sector and this Council had the power to allow or disallow the State to impose a cess. The argument that the GST Council had no power to levy cess was fundamentally flawed. Hon'ble Minister from Goa stated that the Council could not remain silent in a crisis situation when industry was suffering due to sale price being below the cost price and would have to bail out the industry to avoid its collapse. He added that the measures being suggested by some States were impractical. The States had right to bring such matters before the Council and the Council had powers to recommend cess. He stated that too much of politics was being seen behind the proposal and it was clouding the minds.

18.21. Hon'ble Minister from Assam stated that even though Assam was a poor State yet it was not opposing the proposal. Later on, when Assam faced floods, they would come to the Council for help. There could be a genuine argument on the quantum of cess, but to say that this was a distortion of GST and one State should not subsidize other States, would be a dangerous argument. It was not the spirit on which this Council had acted so far. There could be two opinions on an issue but the States should stand for each other at any cost.

18.22. Hon'ble Minister from Kerala stated that the question was not of cross-subsidy but that commercial crops in a number of States were in doldrums and his State Government was paying a direct subsidy e.g. Rs. 30-40 per Kg in case of rubber farmers. Hence, if the proposal of cess on all commercial

crops was acceptable, sugar cess could be accepted. Hon'ble Minister from Assam responded that States were ready to subsidise Kerala if it helped the farmers of Kerala; but for that a rubber cess or jute cess proposal should have been brought before the Council rather than opposing the Sugar cess proposal. Hon'ble Minister from Kerala reiterated that it was not correct to place a new cess proposal before the Council after all cesses had been subsumed into GST. The Hon'ble Minister from Assam stated that tea industry was also in distress and they could also bring a proposal, which the Council might or might not accept. He concluded that instead of countering sugar cess politically, if any State wanted any concession on any crop, formal proposal should be brought to the Council for debate as farmers do not belong to one political group; and it was clear that cess could be imposed with the recommendations of the Council. Hon'ble Minister from West Bengal stated that in that case, States might also be allowed to bring their cess proposals.

18.23. Hon'ble Dy. Chief Minister of Bihar stated that in Article 279A, it had been provided that any special rate or rates for a specified period can be prescribed to raise additional resources during any natural calamity or disaster. Thus, if any State faced any calamity or disaster, then GST Council could consider to assist that State and it was a case of 10 States in distress and these States should be helped. He supported the observations of Hon'ble Minister from Assam and said that due to opposition by some states, proposal should not be rejected. Hon'ble Minister from Goa added that the proposed sugar cess could be there for a limited period with sunset clause.

18.24. Hon'ble Minister from Telangana again raised a concern about the provision under which cess was going to be levied, as Article 279A used the word 'rates' and that it was not a natural calamity situation. Hon'ble Chairperson responded that it was provided in the 101st Constitutional Amendment Act that when all taxes are subsumed, any future cess could be imposed with the permission of the Council. Finance Secretary stated that the Council had power to recommend cess but not as part of GST and once the proposal was cleared from the Council, it would be placed before the Cabinet for issuing Ordinance. Hon'ble Minister from Kerala stated that based on the same principle, there should be additional cess for all agricultural products.

18.25. The Chief Economic Advisor stated that having identified that there was a need to help the sugarcane farmers, there could be number of ways to raise revenue and the Council could try to identify them. He suggested that a small committee could be formed to find resources, which were least distortionary to GST and cause least inconvenience to the consumers. Hon'ble Minister from Assam stated that putting cess was not a distortion of GST. Chief Economic Advisor clarified that he was not challenging the legal powers of the GST Council but only advising that there were better ways of raising required resources.

18.26. Hon'ble Chairperson observed that based on discussions, 3 scenarios were emerging. First and immediate problem was in 10 States involving large number of cane growers; second was relating to some other member States, which had similar problem in relation to other crops; and the third was similar potential problems arising in future. The problem demanded that the Council should create some form of a flexibility or an alternative system through which such temporary impasse could be addressed. Thus, the issue for consideration was that if there was a way out of it or the situation should be allowed to deepen. He added that the present situation was not covered under natural calamity and whatever we decide for sugar, would be equally applicable to some other crop in similar crisis situation. Thus, the issue was whether the Council had such flexibility in GST or the only recourse was to explore the alternate ways like increasing Income Tax or Custom Duty, etc. Hon'ble Minister from West Bengal stated that according to data, Income Tax has seen a great buoyancy and required amount of Rs 6700 crores was only 0.5% of the revenue, so it could be taken out of it. He stated that in GST Council, once this kind of proposal was accepted, then other similar requests would flood and hence the issue was

whether it should be done for Rs.6700 crore. Hon'ble Chairperson stated that if the proposal suggested by Tamil Nadu was accepted regarding levy of cess only in 10 States, then it would completely destroy 'One Nation One Tax' principle. He asked Council members to suggest solution to address present sugar problem and future problems regarding other crops that might arise.

18.27. Shri Tuhin Pandey, Principal Secretary, Odisha suggested an agriculture stabilisation scheme where centre and state could have 50% share each depending on where the farmers were. It would have a certain corpus coming from tax revenues from commodity such as sugar, where GST rate might be raised to 12 %. Out of the additional revenue, 42% would go to States as devolution and 58% would remain with Centre and some more money could be pooled in by the Centre and the State out of budgetary provisions, if required. Thus, Centre and the States would contribute Rs 3400 Cr each, required for the current situation. It would be a non-distortionary process and in future, such schemes could be replicated for similar situations. Hon'ble Minister from West Bengal stated that the scheme to increase GST rate from 5% to 12% was not acceptable as it would be inflationary and submitted that resources had to be found from budget and States could be asked to contribute.

18.28. Finance Secretary clarified that it was wrong to say that putting cess on one item was distortion of GST as the Council had already adopted the concept of cess for compensation that covered more than 10 items like tobacco, automobiles, etc. He reminded that when cess mechanism for compensation was discussed, the Council debated at length whether it was better to have cess or additional GST. Thus, the cess imposition was not a distortion when it benefited States but, in this situation, all were advising that Govt of India should bear the cost. He stated that the GoI would have suffered big indirect tax loss last year but for IGST balance available. There was no mechanism for absorbing shock of GST for Central Government and no guarantee was given to Govt of India by anyone. He added that when cess on 11 commodities was already there, if one more commodity was added to the cess basket and this kitty used only for specific purpose, he did not see anything wrong in it. Further, consumers could easily bear the increase and it would be collected at single point. He reiterated that it was good for the future economic growth, welfare of the consumers and sugarcane farmers. In future, if some other commodity comes, GST Council could debate and decide. He strongly suggested the Council should approve the proposal.

18.29. Hon'ble Minister from West Bengal stated that compensation cess was for a different purpose whereas the proposed cess on sugar could not be a part of it. It was a standalone cess, different from compensation cess, on one item and that was how the distortion was coming. In case cess is imposed outside the compensation mechanism on one item, it could open Pandora's box. Thus, some alternative method to raise resources of Rs. 6700 crores through budget was needed and submitted that Government of India's direct tax position was very good. Hon'ble Chairperson said that resource position of both the Centre and the States was not very comfortable and added that though direct tax position was good but taking the indirect and direct tax together, the position was very delicate as Centre did not have protection similar to the States. Hon'ble Minister from West Bengal said that in indirect tax, India is undergoing an experiment of world's largest fiscal change and therefore, introduction of sugar cess, would be distortionary. Hence, Rs 6700 crore could be given out of direct taxes to resolve the matter.

18.30. Hon'ble Chairperson observed that there were two options - either to increase the tax or levy the cess; out of which increase in tax rate would be a complicated process as tax would go first by devolution to State and then to be appropriated back from States, which would be a cumbersome exercise. Hon'ble Minister from West Bengal stated that they do not support increase in tax on one item for economic and political reasons as it would be inflationary. It was better to work together to see as to how the resources could be raised outside GST. Hon'ble Chairperson stated that in extraordinary situations like this, should the Centre pass the situation to States and the States would say that they do not have money. Therefore, all would have to resolve the problem collectively. Hon'ble Minister from

West Bengal stated that some more options might be explored as the proposed cess was totally unacceptable and added that the Council should take up and address structural problems rather than taking one problem and working on it. He further enquired as to what would happen if all States came with their proposals of cess and in such a situation, one State's interest would have to be decided against another State's interest. Hon'ble Chairperson responded that the Council would consider the proposal on its own merit as and when a request would come rather than presuming that it would be accepting or rejecting every such proposal. Hon'ble Minister from West Bengal reiterated that the proposal was not acceptable to him on fundamental principles.

18.31. Hon'ble Minister from Uttarakhand stated that the issue should be considered sympathetically. He stated that presently the cost price of sugar is Rs 4990 per quintal, whereas the sale price including molasses sale was not more than Rs 3000 per quintal, and it was a near disaster situation. He added that there had been many amendments in the Constitution and when the Council was empowered to impose cess, it should be imposed rather than making a political issue out of it. He requested that the proposal should be approved by the Council as it was a question relating to the farmers who would stop growing sugarcane.

18.32. Hon'ble Chief Minister of Puducherry stated that there were sharp differences among States as far as raising money for sugar industry was concerned. He agreed with the need to help sugarcane farmers but the method of raising resources was not correct as increasing sugar price would affect common man. He proposed that already cess system existed in Income Tax and money for sugar might be raised through imposing 0.5% cess on Direct Tax. If cess was imposed only on sugar then demands would come for cess on tobacco, rubber, cotton etc and GST Council would not be able to decide.

18.33. Hon'ble Minister from Delhi added that the present situation of sugar could not be compared with a natural disaster and sugar industry failure throughout the country should be viewed separately as the industry had not failed for want of money but there were many other reasons like administrative failure, connivance, manipulations, interventions etc. He further stated that entire sugar industry needed huge reform and it would not be saved by bailout packages like this. Hon'ble Minister from Bihar stated that there was crisis in 10 States; the GST Council had powers and cess should be imposed. Further, he requested West Bengal and Kerala not to make it a political issue but think about lakhs of farmers.

18.34. The Hon'ble Minister from Punjab stated that he had requested to defer the issue by fifteen days and reiterated that rate of GST on sugar might be increased from 5% to 12% for a limited period and if any State wanted, it could participate in cess. Hon'ble Chairperson clarified that the cess could not be imposed selectively in some States, because it would destroy the principle of One Nation One Tax. He further added that while making the present proposal, Karnataka elections were never in mind. Hon'ble Minister from Punjab said that mention of Karnataka election was a mistake on his part. He continued that when there were so many differences among States on this issue, we might wait for 15 days and consider it later. He agreed that sugar industry was in distress and needed to be revived but similar requests would come from cotton, potato and other cash crops. Instead, he re-iterated that GST on sugar might be increased for a limited period.

18.35. Shri Somanathan from Tamil Nadu stated that due to increase in tax on sugar from 5% to 12%, Centre and the States would get 50 per cent share and compensation to states would go down leaving more money with Centre. Hon'ble Minister from Goa said that increase in tax on sugar was a retrograde step. Shri Somanathan clarified that he was only making a technical point to dispel apprehension that in case of increase in tax rate, the Centre would get only a small amount of money and that the States would have extra money to be used in the budgetary process. Chief Economic Advisor stated that it was agreed that money was needed for sugarcane farmers and national efforts were required to raise Rs 6700 crore. He suggested that instead of raising money from sugar consumers, the Centre and States can raise other

taxes, e.g. tax on alcoholic beverages. Thus, 3-4 ministers of sugar producing States and some other States could sit together and come up with 3-4 ideas on the issue. Hon'ble Minister from West Bengal stated that data wise it was not correct that the crisis situation was there in 10 States. As per his calculations, the situation was bad only in 5 States viz, UP, Maharashtra, Tamil Nadu, Karnataka and Andhra Pradesh and out of them Tamil Nadu had opposed it, while Karnataka had not said anything. Hon'ble Minister from Gujarat stated that Gujarat was also a large producer of sugar. Hon'ble Minister from West Bengal stated that even then it was 6 States and not 10 States.

18.36. Hon'ble Chairperson concluded by stating that he did not want to link the issue with Karnataka elections as suggested by Punjab. Secondly, there was a need to have some flexibility by which it was possible to resolve extraordinary situations which would continue to arise from time to time in a large country like India, and the Council could not say that it was helpless and that the Centre or the States look after themselves through their own budgetary resources. Thirdly, there should be possibility of raising resources to meet crisis like this. Hon'ble Chairperson further stated that the main area of disagreement was regarding method to raise the resources. He suggested that a committee of 4 or 5 Ministers could meet and come out with reasonable recommendation within two weeks on which the Council could deliberate and decide. Hon'ble Minister from Punjab agreed to the suggestion. Hon'ble Minister from West Bengal added that States other than sugar producing States, if they felt that they had crisis like situation in their state vis-à-vis a crop and could substantiate with data & need for resources, then same could also be discussed by the GOM. The Chairperson observed that there was need to decide on the principle of flexibility, if it was available with the Council in extraordinary situations or not.

19. For **Agenda Item 8**, the Council approved that:

a. A Group of Ministers from State Governments be set up to look into the proposal and give recommendations within two weeks keeping in mind the views expressed by the Members.
b. The proposal for revision of tax rate on ethanol for blending with petrol be considered by Fitment Committee and its recommendations brought before the GST Council.

**Agenda item 9: New Return Filing System**

20. Shri Manish Sinha, Commissioner Central Excise, CBIC, on being asked by the Finance Secretary, gave brief outline of proposed new return filing system. He stated that in the officers' Committee meeting held on 03.05.2018, a detailed discussion was held and consensus on various issues was reached (Copy of PPT enclosed as **Annexure - 4**). The issue was also considered in the Group of Ministers headed by Hon'ble Deputy Chief Minister of Bihar and two models were discussed in detail. These models had two fundamental differences – firstly, whether provisional credit was to be allowed or not and secondly, if the seller had not paid the taxes, whether the recovery should be made from the buyer or from the seller.

20.1. A middle ground has been incorporated in the proposed new model wherein in the transitional period provisional credit will continue to be available for six months or so but will eventually go away. With respect to the recovery of tax; the first effort would be made to recover from the seller but only in special circumstances such as missing seller or seller without any assets, the buyer's credit would be reversed. Apart from these, other points that were common in both the models and have been retained.

20.2. The new return design envisaged one return per month for all the dealers except 'nil' filers and composition dealers who would continue to file quarterly return. The document flow and upload would be uni-directional. The transition from old return to new return system would be in 3 stages. The total information which was being collected in return would be rationalized and overall, it would be a very simple return filing system.

20.3. The Hon'ble Dy. Chief Minister from Bihar briefly stated that during several rounds of deliberations in the GoM and discussion with stakeholders on 17.04.2018, two different views had been integrated in the fusion model. The consensus has emerged to do away with provisional credit and recovery to be made first from the sellers. In missing dealer cases only, there should be credit reversal from the buyer. He hoped that all would agree with the proposal and approve the same.

20.4. The Hon'ble Minister from Goa complimented Hon'ble Dy. Chief Minister from Bihar for coming out with a very good fusion model taking into account the different viewpoints and expected that the Council would approve it.

20.5. Finance Secretary stated that the proposal had been extensively discussed in the Officers' Meeting held the previous day and unanimity had emerged except for two suggestions that the purchaser could be given an option to inform GSTN about the invoices not uploaded by seller and that it should not be linked with the return filing/automatic reversal process. He further stated that it was a fairly simple model which had been extensively discussed with the States and in view of the unanimity in the Officers' meeting, it should be approved, unless there were any strong objection on any aspect of the proposed model.

20.6. Hon'ble Finance Minister from West Bengal appreciated the proposed model but he had sought clarification in a case where a seller sold goods to a buyer in a different State and buyer locked the invoices uploaded by the seller to claim input credit but the seller did not pay the tax. In that case, the concerned State would end up allowing the input tax credit to the buyer and the State would not have the mechanism to check whether the seller situated in different state had paid the tax or not. He added that such incidences did happen in the earlier VAT regime and wanted to know as to how these situations would be addressed in the new model. Hon'ble Minister from Tamil Nadu stated that though he supported the proposal but did not agree with the proposition of acceptance of partial payment of tax on B2C transactions. Further, the proposal of recovery of tax from the seller and, if it was not possible, to reverse the ITC of the purchaser would need careful legal scrutiny and drafting.

20.7. Finance Secretary explained that it had been consistent stand of many that availability of input tax credit should not be linked with payment of taxes but was being opposed by the States. He added that even if the seller did not pay taxes after uploading the invoice online, the first liability of paying taxes would remain with the seller. If the seller did not pay the taxes, the State concerned following due process of issuing notice and adjudication etc. can recover the tax from the seller. However, where ultimately the seller did not pay the tax, the purchaser is not absolved of the responsibility to pay tax in the proposed model. Thus, the first responsibility of paying taxes would remain with the seller but responsibility remain with the buyer also in case the seller did not pay the tax. He added that no major change in law was required. In order to achieve simplicity in return filing, the new model proposed to do away with the automatic reversal process and it would be notice-based. The notice and reply would be handled through the system and with introduction of new model the credit flow would not be affected. He stated that in the new model there would be a mechanism that if a seller defaults in payment of huge sum of tax after uploading the invoice, his further online uploading of invoices in the next month would be prevented. The Hon'ble Finance Minister from West Bengal stated that in case of inter-State sales, if the seller defaulted in the originating State, it might not be too interested in recovery of tax and there would be no auto reversal also. He supported the proposal and appealed for tightening of process of issuing notices in case of defaults.

20.8. Finance Secretary submitted that the Centre would put in place a mechanism to monitor the defaults and each case of default would have to be taken up by the concerned State of defaulter. In case of inter-State sales, it would be Centre which would suffer the loss, as the tax would not have been received but would have to settle the IGST claimed.

20.9. The Hon'ble Finance Minister from Kerala welcomed the proposal and requested that transition period should be reduced. The data of default must be made available within the entire transition period and that under no condition, the annual return filing should be postponed. Finance Secretary stated that in first phase, the GSTN would prepare a new software and within six months a new system of filing return would be ready. In the second phase of 6 months, the provisional credit would be available and the taxpayers would develop the habit of regularly uploading their sales invoices. In the last phase, the system would not allow input tax credit unless seller uploads the invoices. Further, during the second phase of six months, the information about the gap between the provisional input tax credit claimed and available amount as per the uploaded invoices, would be made known to the assesses every month so that they could bring down the gap. Summing up, Finance Secretary stated that in first six months TRAN 3B and GSTR 1 would continue; in the second phase new return system, be introduced but the buyers would have the facility of availing provisional credit and in the third phase no credit would be admissible for the buyers unless the sellers uploaded the invoices.

21. For **Agenda item 9**, the Council approved the following:

21.1. The broad principles for the design of new return filing system shall be as follows:

(i) All taxpayers excluding a few exceptions like composition dealer and zero transaction dealers shall file one monthly return and return filing dates shall be staggered based on the turnover of the registered person to manage load on the IT system. Composition dealers and dealers having Nil transaction shall have facility to file quarterly return.

(ii) There should be unidirectional flow of invoices uploaded by the seller on anytime basis during the month, which would be the valid document to avail input tax credit by the buyers. Buyer would also be able to continuously see the uploaded invoices during the month but there would not be any need for him to upload his purchase invoices. Invoices for B2B transaction shall need to use HSN at four-digit level or more to achieve uniformity in the reporting system.

(iii) The B2B dealers would have to fill invoice wise details of the outward supply made by them while the input tax credit would be calculated automatically by the system based on invoices uploaded by his sellers. Based on these the system would automatically calculate his tax liability and Input Tax credit availability. Taxpayer should also be given user friendly IT interface and offline IT tool to upload the invoices.

(iv) There would not be any automatic reversal of input tax credit (ITC) from buyer on non-payment of tax by the seller. In case of default in payment of tax by the seller, recovery shall be made from the seller however reversal of credit from buyer shall also be an option available with the revenue authorities to address exceptional situations like missing supplier, closure of business by supplier or supplier not having adequate assets etc.

(v) Recovery of tax or reversal of input tax credit shall be through a due process of issuing notice and order. The process would be online and automated to reduce the human interface.

(vi) Uploading of invoices by the seller to pass input tax credit, who had defaulted in payment of tax above a threshold amount would be blocked to control misuse of ITC facility. Similar safeguards would be built with regard to newly registered dealers and analytical tools would be used to identify such transactions at the earliest and prevent loss of revenue.

(vii) There will be a three-stage transition to the new system. In Stage I, the present system of filing of return GSTR 3B and GSTR 1 would continue for a period not exceeding 6 months and GSTR 2 and GSTR 3 would remain suspended. In stage 2, the new return would have facility for invoice-wise data upload and also facility for claiming input tax credit on self-declaration similar to stage I. However, the dealer would be constantly fed with information about gap between credit available to them as per invoices uploaded by their sellers and the provisional credit being claimed by them. In stage III, i.e. after 6 months of operation of phase 2, the facility of provisional credit would be withdrawn and ITC would be limited to the invoices uploaded by the sellers from whom the dealer had purchased goods.

21.2. Return should be simplified by reducing the content/information required to be filled and the details of the design of the return form, business process and legal changes would be worked out by the law committee based on above principles.

**Agenda Item 10: Agenda with the permission of Chairperson: Discussion on schedule for intra-State e-way bill implementation:**

22. Finance Secretary informed that 18 States had already introduced intra-State e-way bill system and its implementation in remaining States was discussed in the Officers' Meeting on 3.5.2018. Officers from Maharashtra, Manipur and all UTs without Legislature had agreed to implement the instar-state e-way bill from 25th May 2018 whereas Chhattisgarh, Goa, Odisha, Mizoram and Punjab had agreed for its implementation from 1st June 2018. He further added that from the point of view of load on the system, there should be at least one day gap between the implementation of e-way bill in big States like Tamil Nadu, Punjab, West Bengal, Odisha, etc. and therefore, he sought the permission of the Council to extend the implementation by two days. Accordingly, he proposed that Tamil Nadu would implement intra-state e-way bill from 2nd June and West Bengal on 3rd June

22.1. He further stated that J&K and NCT of Delhi had yet not indicated the dates. Shri. H. Rajesh Prasad, Commissioner, NCT of Delhi stated that Delhi wanted to remain completely exempted from intra-State e-way bill. Finance Secretary stated that exemption from intra-State e-way bill was not a good idea and it should be implemented though flexibility in the e-way bill system to the extent permitted, could be taken advantage of. Further, prior consultation with the Centre was also required as no State could choose this option unilaterally. He asked the Government of NCT of Delhi to implement the scheme within available flexibility and requested Delhi to indicate the date by which they would implement intra-state e-way bill system. Shri Prasad assured Finance Secretary that date as approved by Hon'ble Finance Minister of Delhi in consultation with Central GST officers would be informed soon. The Officer from Government of J&K stated that they would implement it from 28th May 2018. Finance Secretary requested them to join on 1.6.2018 along with five other States and it was agreed. Finance Secretary informed the Council members that all the States would have implemented the intra-State e-way bill scheme by 3rd June 2018.

23. For Agenda Item 10, the Council approved following schedule for implementation of intra-state e-way bill system

| Sl. No. | State | Date from which to start operation |
|---|---|---|
| 1. | Assam | 16.5.2018 |
| 2. | Rajasthan | 20.5.2018 |
| 3 | Maharashtra | 25.05.2018 |
| 4 | Manipur | |
| 5. | All UTs (without Legislature) | |

| | | |
|---|---|---|
| 6. | Mizoram | 1.6.2018 |
| 7. | Odisha | |
| 8. | Punjab | |
| 9. | Chhattisgarh | |
| 10. | Goa | |
| 11. | Jammu and Kashmir | |
| 12. | Tamil Nadu | 2.6.2018 |
| 13. | West Bengal | 3.6.2018 |
| 14. | NCT of Delhi | To confirm the date later in consultation with the Chief Commissioner of Central GST |

24. The Hon'ble Chairperson stated that the date for next meeting of the Council shall be communicated in due course.

25. The Meeting ended with a vote of thanks to the Chair.

**Annexure - 1**

**List of Hon'ble Ministers attending 27th GST Council Meeting held on 04.05.2018**

| Sl No | State/Centre | Name of Hon'ble Minister | Charge |
|---|---|---|---|
| 1 | Govt of India | Shri Arun Jaitley | Union Finance Minister |
| 2 | Govt of India | Shri S.P. Shukla | Minister of State (Finance) |
| 3 | Assam | Shri Himanta Biswa Sarma | Finance Minister |
| 4 | Bihar | Shri Sushil Kumar Modi | Deputy Chief Minister |
| 5 | Chhattisgarh | Shri Amar Agrawal | Minister of Commercial taxes |
| 6 | Delhi | Shri Manish Sisodia | Deputy Chief Minister |
| 7 | Goa | Shri Mauvin Godinho | Minister for Panchayat |
| 8 | Gujarat | Shri Nitinbhai Patel | Deputy Chief Minister |
| 9 | Haryana | Shri Vipul Goyal | Minster for Industries |
| 10 | Himachal Pradesh | Shri Rajiv Saizal | Minister for Social Justice & Empowerment |
| 11 | Jharkhand | Shri C.P. Singh | Finance Minister |
| 12 | Kerala | Dr. Isaac Thomas | Finance Minister |
| 13 | Maharashtra | Shri Madan Yerawar | MoS(Energy) |
| 14 | Manipur | Shri Yumnan Joykumar | Deputy Chief Minister |
| 15 | Mizoram | Shri Lalsawta | Finance Minister |
| 16 | Nagaland | Shri Metsubo Jamir | Minister for Urban Development |
| 17 | Odisha | Shri Shashi Bhusan Behera | Finance Minister |
| 18 | Puducherry | Shri V. Narayanaswamy | Chief Minister |
| 19 | Punjab | Shri Manpreet Singh Badal | Finance Minister |
| 20 | Rajasthan | Shri Rajpal Singh Shekawat | Minister for industries |
| 21 | Tamil Nadu | Shri D. Jayakumar | Minister for Fisheries and Personnel & Administrative Reforms |
| 22 | Telangana | Shri Etela Rajender | Finance Minister |
| 23 | Tripura | Shri Jishnu Debbarma | Deputy Chief Minister |
| 24 | Uttar Pradesh | Shri Rajesh Aggrawal | Finance Minister |
| 25 | Uttarakhand | Shri Prakash Pant | Finance Minister |
| 26 | West Bengal | Dr. Amit Mitra | Finance Minister |

**Annexure - 2**

| List of Central Govt. Officers who attended 27th GST Council Meeting on 04 May 2018 | | | |
|---|---|---|---|
| **Sl No** | **State/Centre** | **Name of the Officer** | **Charge** |
| 1 | Govt. of India | Dr. Hasmukh Adhia | Finance Secretary |
| 2 | Govt. of India | Shri Debashis Chakraborty | OSD to Finance Secretary |
| 3 | Govt. of India | Dr. Arvind Subramanian | CEA |
| 4 | Govt. of India | Ms Vanaja N. Sarna | Chairman, CBEC |
| 5 | GST Council | Shri Arun Goyal | Special Secretary |
| 6 | Govt. of India | Shri Mahender Singh | Member (GST), CBEC |
| 7 | Govt. of India | Dr. John Joseph | Member (Budget), CBEC |
| 8 | GSTN | Dr. A B Pandey | Chairman, GSTN |
| 9 | GSTN | Shri Prakash Kumar | CEO, GSTN |
| 10 | Govt. of India | Shri G. C. Murmu | Additional Secretary, DoR |
| 11 | Govt. of India | Shri P.K. Mohanty | Advisor (GST), CBEC |
| 12 | Govt. of India | Shri P.K. Jain | DG, DG-Audit |
| 13 | Govt. of India | Shri Sandeep M. Bhatnagar | DG, DG-Safeguards, CBEC |
| 14 | Govt. of India | Shri Alok Shukla | Joint Secretary (TRU I), DoR |
| 15 | Govt. of India | Shri Amitabh Kumar | Joint Secretary (TRU II), DoR |
| 16 | Govt. of India | Shri Upender Gupta | Commissioner (GST), CBEC |
| 17 | Govt. of India | Shri Ritvik Pandey | Joint Secretary, DoR |
| 18 | Govt. of India | Shri Manish Kumar Sinha | Commissioner (Ce.Ex), CBEC |
| 19 | Govt. of India | Shri G.D. Lohani | OSD, TRU I |
| 20 | Govt. of India | Shri N. Gandhi Kumar | Deputy Secretary, DoR |
| 21 | GST Council | Shri Dheeraj Rastogi | Joint Secretary |
| 22 | GST Council | Shri Rajesh Kumar Agarwal | Additional Commissioner |
| 23 | GST Council | Shri G.S. Sinha | Joint Commissioner |
| 24 | GST Council | Shri S. Mahesh Kumar | Under Secretary |
| 25 | CGST | Shri P.K. Goel | Commissioner, Dehradun |
| 26 | CGST | Shri Viney Kumar Paul | Commissioner, Guwahati |
| 27 | GST Council | Shri Rahul Raja | Asssistant Commissioner |

**List of officers of State Governments attending 27th GST Council Meeting held on 04.05.2018**

| Sl No | State | Name of the Officer | Charge |
|---|---|---|---|
| 1. | Andhra Pradesh | Dr D.Sambasiva Rao | Special Chief Secretary, Revenue |
| 2. | Andhra Pradesh | Shri J.Syamala Rao | Chief Commissioner, CT |
| 3. | Andhra Pradesh | Shri Ramesh Babu | Addl. Commissioner, CT |
| 4. | Andhra Pradesh | Shri D. Venkateshwar | OSD (GST) |
| 5. | Assam | Shri V.B. Pyarelal | Addl. Chief Secretary (Finance) |
| 6. | Assam | Shri Anurag Goel | Commissioner, CT |
| 7. | Bihar | Smt. Sujata Chaturvedi | Principal Secretary, Finance and CT |
| 8. | Bihar | Shri Arun Kumar Mishra | Additional Secretary, CTD |
| 9. | Bihar | Dr. Pratima | Commissioner Cum Secretary, CT |
| 10. | Chhattisgarh | Shri Amitabh Jain | Principal Secretary Finance & CT |
| 11. | Chhattisgarh | Smt Sangeetha P | Commissioner, CT |
| 12. | Delhi | Shri H. Rajesh Prasad | Commissioner, State Tax |
| 13. | Goa | Shri Dipak Bandekar | Commissioner, CT |
| 14. | Gujarat | Shri Arvind Agarwal | Addl. Chief Secretary |
| 15. | Gujarat | Shri Sanjiv Kumar | Secretary (Economic Affairs) |
| 16. | Haryana | Smt Ashima Brar | E&T Commissioner |
| 17. | Haryana | Shri Vijay Kumar Singh | Addl. ETC |
| 18. | Haryana | Shri Rajeev Chowdhary | Jt. ETC |
| 19. | Himachal Pradesh | Shri Jagdish Chander Sharma | Principal Secretary (Excise & Taxation) |
| 20. | Himachal Pradesh | Shri Sanjay Bhardwaj | Addl. Commissioner (Gr.I.) |
| 21. | Jammu & Kashmir | Dr. Shameem Ahmed Vani | Commissioner, CT |
| 22. | Jammu & Kashmir | Shri Waseem Raza | Dy. Commissioner, CT |
| 23. | Jharkhand | Shri K.K. Khandewal | Principal Secretary-Cum-Commissioner, CT |
| 24. | Jharkhand | Shri Ajay Kumar Sinha | Addl. Commissioner of State Taxes |
| 25. | Karnataka | Shri Srikar M.S. | Commissioner, CT |
| 26. | Kerala | Dr. Rajan Khobragade | Commissioner, State GST Dept. |
| 27. | Madhya Pradesh | Shri Manoj Govil | Principal Secretary |
| 28. | Madhya Pradesh | Mrs. Shanmuga Priya Mishra | Addl. Commissioner, CT |
| 29. | Madhya Pradesh | Shri Sudip Gupta | Jt. Commissioner, CT |
| 30. | Maharashtra | Shri Rajiv Jalota | State Tax Commissioner |
| 31. | Maharashtra | Shri Dhananjay Akhade | Jt. Commissioner, State Tax |
| 32. | Manipur | Shri Hrisheekesh Modak | Commissioner, CT |
| 33. | Meghalaya | Shri L. Beimoipha | Jt. Commissioner, CT |

| | | | |
|---|---|---|---|
| 34. | Meghalaya | Shri K. War | Asstt. Commissioner |
| 35. | Meghalaya | Shri A.M. Paul | Asstt. Commissioner |
| 36. | Meghalaya | Shri G.G. Marbaniang | Asstt. Commissioner |
| 37. | Meghalaya | Shri B.Wahlang | Asstt. Commissioner |
| 38. | Meghalaya | Shri P. Hadem | Scientist E, NIC |
| 39. | Mizoram | Shri Vanlalchhuanga | Sectretary |
| 40. | Mizoram | Shri L. H. Rosanga | Commissioner (State Taxes) |
| 41. | Odisha | Shri Tuhin Kanta Pandey | Principal Secretary Finance |
| 42. | Odisha | Shri Saswat Mishra | Commissioner, CT |
| 43. | Odisha | Shri Sahadev Sahoo | Addl. Commissioner, CT |
| 44. | Puducherry | Dr. V. Candavelou | Secretary Finance |
| 45. | Puducherry | Shri G. Srinivas | Commissioner (ST) |
| 46. | Punjab | Shri V.K Garg | Advisor (Finance) |
| 47. | Rajasthan | Shri Praveen Gupta | Secretary Finance (Revenue) |
| 48. | Rajasthan | Shri Alok Gupta | Commissioner, CT |
| 49. | Rajasthan | Ms Meenal Bhosle | OSD, Finance |
| 50. | Sikkim | Smt. Dipa Basnet | Secretary, CT |
| 51. | Sikkim | Shri Manoj Rai | Jt. Commissioner, CT |
| 52. | Tamil Nadu | Shri T.V Somanathan | Pr. Secretary, CCT |
| 53. | Tamil Nadu | Shri Balachandran | Secretary, CCT |
| 54. | Tamil Nadu | Shri Gnana Sekaran | Addl. Commissioner |
| 55. | Telangana | Shri Somesh Kumar | Principal Secretary (Revenue) |
| 56. | Telangana | Shri Anil Kumar | Commissioner (CT) |
| 57. | Telengana | Shri Laxmi Kumar Jaanu | Addl Commissioner |
| 58. | Tripura | Shri Pravin Srivastava | Chief Resident Commissioner, Tripura Bhavan |
| 59. | Uttar Pradesh | Shri Alok Singh | Addl. Chief Secretary (CT, Ent.Tax) |
| 60. | Uttar Pradesh | Ms Kamini Chauhan Ratan | Commissioner, CT |
| 61. | Uttar Pradesh | Shri Muktinath Verma | Joint Secretary |
| 62. | Uttar Pradesh | Shri Vivek Kumar | Addl. Commissioner, CT |
| 63. | Uttarakhand | Smt. Sowjanya | Commissioner, State Tax |
| 64. | Uttarakhand | Shri Piyush Kumar | Additional Commissioner of State Tax |
| 65 | West Bengal | Shri Khalid A Anwar | Senior Joint Commissioner |

**Annexure - 3**




## Agenda

- Deemed Ratification of Notifications / Circulars etc.
- Decisions taken by GIC
- Issues for approval of GST Council

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## Agenda Note No. 2 : Ratification of Notifications, Circulars & Orders

- Ratification of following notifications, circulars & orders issued after 26th GST Council meeting :

| Act/Rules | Type | Notification / Circular / Order Nos. |
|---|---|---|
| CGST Act | Central Tax | 14 to 21 of 2018 |
| | Central Tax (Rate) | 10 of 2018 |
| IGST Act | Integrated Tax (Rate) | 11 of 2018 |
| UTGST Act | Union territory Tax | 02 to 06 of 2018 |
| | Union territory Tax (Rate) | 10 of 2018 |
| Circulars | CGST Act | 36 to 43 of 2018 |
| Orders | CGST Act | 01 & 02 of 2018 |

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## Agenda Note No. 3 : Decisions of GIC post 10.03.2018 (1/5)

- **Decisions in 14th GIC Meeting (19.03.2018)**
  - Amendment in rule 45 of the CGST Rules, 2017 to provide for the movement of goods from one job-worker to another job-worker under the cover of challan
    - ✓ Notification No. 14/2018 – CT dated 23.03.2018 issued
  - Extension of present system of filing of **FORM GSTR 3B** for April to June, 2018
    - ✓ Notification No. 16/2018 – CT dated 23.03.2018 issued
  - Clarification on issues regarding job work provisions
    - ✓ Circular No. 38/12/2018-GST dated 26.03.2018 issued

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## Agenda Note No. 3 : Decisions of GIC post 10.03.2018 (2/5)

- **Decisions in 15th GIC Meeting (26.03.2018)**
  - Clarification on issues regarding grievances of taxpayers due to technical glitches on GST Portal & setting up of an IT Grievance Redressal Mechanism
    - ✓ Circular No. 39/13/2018-GST dated 03.04.2018 issued
  - Extension of due date of filing of **FORM GSTR 1** for April to June, 2018
    - ✓ Notification No. 17/2018 & 18/2018 – CT both dated 28.03.2018 issued
  - Clarification on complexities existing in supply of food and/or drinks in the railways
    - ✓ Order No. 02/2018-GST dated 31.03.2018 issued

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## Agenda Note No. 3 : Decisions of GIC post 10.03.2018 (3/5)

- **Decisions in 15th GIC Meeting (26.03.2018 Contd…)**
  - Extension of time limit for filing refund claims by UIN, CSD and other persons notified under section 55 of the CGST Act
    - ✓ Notification No. 20/2018 – CT dated 28.03.2018 issued
  - Extension of due date for filing the return in **FORM GSTR-6** by an Input Service Distributor
    - ✓ Notification No. 19/2018 – CT dated 28.03.2018 issued
  - Extension of due date for filing of **FORM GST TRAN-2**
    - ✓ Order No. 01/2018-GST dated 28.03.2018 issued

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## Agenda Note No. 3 : Decisions of GIC post 10.03.2018 (3/5)

- **Decisions in 15th GIC Meeting (26.03.2018 Contd…)**
  - Extension of time limit for filing refund claims by UIN, CSD and other persons notified under section 55 of the CGST Act
    - ✓ Notification No. 20/2018 – CT dated 28.03.2018 issued
  - Extension of due date for filing the return in **FORM GSTR-6** by an Input Service Distributor
    - ✓ Notification No. 19/2018 – CT dated 28.03.2018 issued
  - Extension of due date for filing of **FORM GST TRAN-2**
    - ✓ Order No. 01/2018-GST dated 28.03.2018 issued

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## Agenda Note No. 3 : Decisions of GIC post 10.03.2018 (4/5)

- **Decisions in 16th GIC Meeting (10.04.2018)**
  - Notification of Final Return to be filed in **FORM GSTR- 10**
  - Amendment in Rule 89(5) of the CGST Rules, 2017
  - Amendment in **FORM GST DRC- 07**
  - Amendment in Rule 97 of the CGST Rules, 2017
    - ✓ Notification No. 21/2018 – CT dated 28.03.2018 issued
  - Early roll out of e-way bill for intra-State movement of goods in the State of Tripura
  - Clarification on issues related to furnishing of Bond/Letter of Undertaking for exports (**Post-facto approval**)
    - ✓ Circular No. 40/14/2018-GST dated 06.04.2018 issued

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## Agenda Note No. 3 : Decisions of GIC post 10.03.2018 (5/5)

- **Decisions in 16th GIC Meeting (10.04.2018 Contd…)**
  - Clarification on one-time waiver of recording UINs on Invoices for getting refunds for the quarters of July-Sep 2017, Oct-Dec 2017 & Jan-Mar 2018
    - ✓ Circular No. 43/17/2018-GST dated 13.04.2018 issued
  - Clarification on procedure for interception of conveyances for inspection of goods in movement, and detention, release and confiscation of such goods and conveyances
    - ✓ Circular No. 41/15/2018-GST dated 13.04.2018 issued
  - Clarification on the procedure for recovery of arrears under the existing law & reversal of inadmissible ITC
    - ✓ Circular No. 42/16/2018-GST dated 13.04.2018 issued
  - Waiver of late fee paid by taxpayers on filing of **FORM GSTR-3B** due to delayed filing of **FORM GST TRAN-1**

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## Agenda Note No. 5: Applicability of IGST on goods supplied while in Customs Warehouse

| S. No. | Clarification | Rationale / Reason |
|---|---|---|
| 1 | Circular on clarification regarding applicability of IGST on goods supplied while being deposited in a warehouse | • Method of valuation for ex-bond clearance B/E has been amended vide Section 102 of the Finance Act, 2018 so as to capture any value addition due to sale/transfer within the Custom bonded Warehouse<br>• In-principle approval to declare these supplies as 'no supply' under Schedule III of the CGST Act, 2017, has already been granted by the GSTC in its 25th Meeting held on 18.01.2018<br>• Proposal<br>✓ Circular No. 46/2017- Customs dated 24.11.2017 may be rescinded<br>✓ Fresh circular may be issued so as to clarify that supply of warehoused goods before their clearance would not be subject to IGST |

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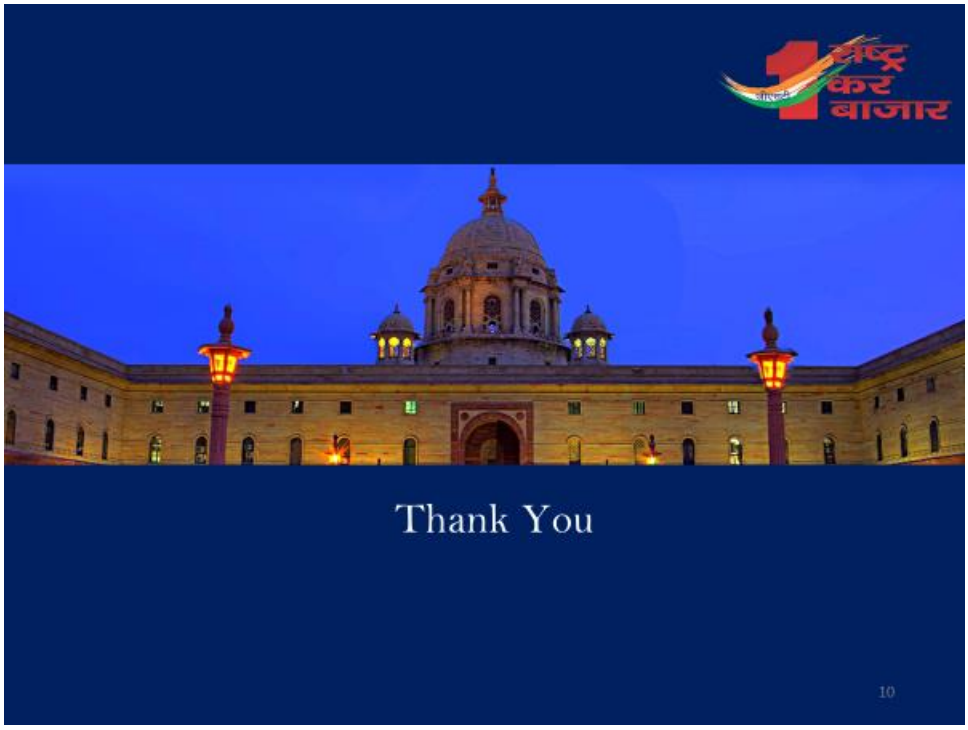
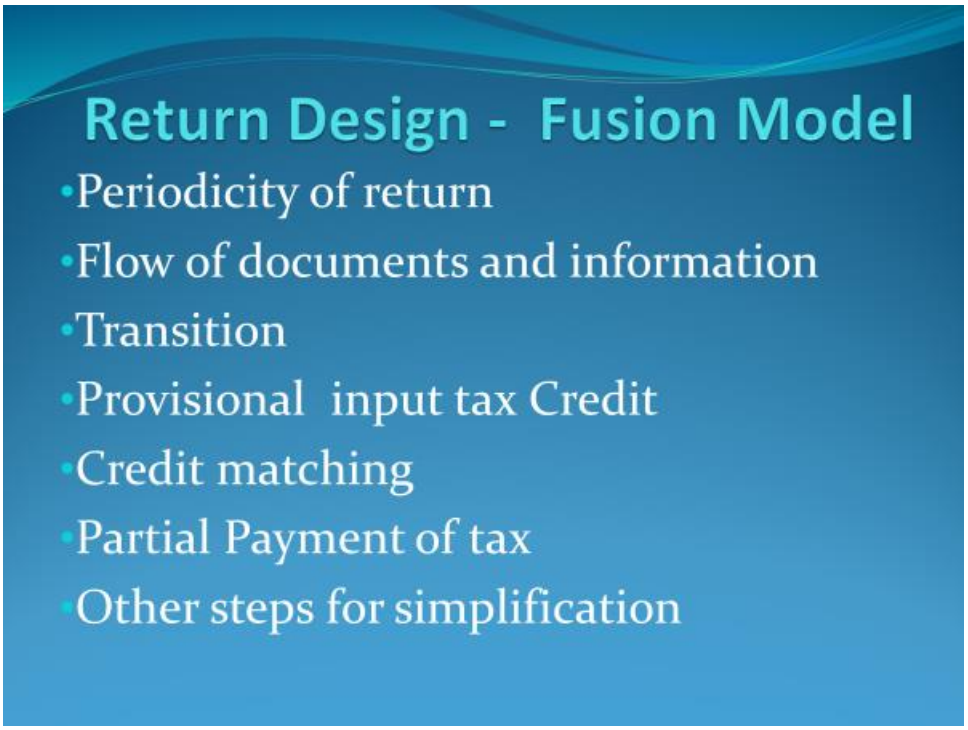

Thank You
10




**Periodicity of return & Flow of documents**

- All taxpayers to file monthly return except composition dealers and NIL returns which would be quarterly.
- Staggering of the dates of returns - Large taxpayers by 20th, Small by 25th and Nil quarterly.
- Unidirectional flow of documents from seller with continuous upload of invoice with viewing and locking by the buyer to control input tax credit.
- Locking may be deemed to reduce compliance.

## Transition to be in three stages

- **Stage 1**: GSTR 3B + GSTR 1 plus any extra information to close cycle.
- **Stage 2**: GSTR 3B+ new return.
- Provisional Credit available. (Information on missing and rejected invoices/credit thereon may be collected and cost imposed to expedite transition) .
- **Stage 3**: Only the new return.
- GSTR 3B withdrawn and provisional credit comes to an end.

## Recovery of tax and reversal of credit

- There shall be not be any automatic reversal of credit.
- In case of non-payment of tax, recovery shall be first made from the seller.
- Where recovery is not feasible due to seller being missing or assets not being available, reversal of credit shall be carried out.
- Both recovery of tax from seller or reversal of credit from buyer shall be based on notice and order.
- To control non-payment of tax, upload of invoice shall be controlled by making rules. Analytics to be used to identify new registrants with high risk and build safeguards to control credit.

## Other simplification measures

- Content of the return to be reviewed.
- HSN to be uniformly collected on invoices at four digit level.
- Partial payment of tax to be considered to the extent possible.
- MIS on credit gap and declared liability gap to be shown to the taxpayer and shared with the tax administration.
- Details on above principles to be worked out by the law committee.

Thank You

**Agenda Item 2: Deemed ratification by the GST Council of Notifications, Circulars and Orders issued by the Central Government**

In the 22nd meeting of the GST Council held at New Delhi on 06 October 2017, it was decided that the notifications, Circulars and orders which are being issued by the Central Government with the approval of the competent authority shall be forwarded to the GST Council Secretariat, through email, for information and deemed ratification by the GST Council. Accordingly, in the 27th Meeting held on 04 May, 2018, the GST Council had ratified all the notifications, circulars and orders issued before the said date.

2. In this respect, the following notifications and Circulars issued after 04th May, 2018 (date of the 27th GST Council Meeting) and till 16th July, 2018, under the GST laws by the Central Government, as available on www.cbic.gov.in, are placed before the Council for information and ratification: -

| Act/Rules | Type | Notification/Circular Nos. |
|---|---|---|
| CGST Act/CGST Rules | Central Tax | 22 to 29 of 2018 |
| | Central Tax (Rate) | 11 and 12 of 2018 |
| IGST Act | Integrated Tax (Rate) | 12 and 13 of 2018 |
| UTGST Act | Union territory Tax | 07 to 11 of 2018 |
| | Union territory Tax (Rate) | 11 and 12 of 2018 |
| Circulars | Under the CGST Act | 44 to 49 of 2018 |
| | Under the IGST Act | 3 of 2018 |

3. The GST Council may grant deemed ratification to the Notifications, Circulars and orders listed above.

**Agenda Item 3: Decisions of the GST Implementation Committee (GIC) for information of the GST Council**

GST Implementation Committee (GIC) took certain decisions between 04 May 2018 (when the 27th GST Council Meeting was held) and 12 July 2018 (before the 28th GST Council Meeting scheduled on 21 July 2018). Post the Council Meeting, whenever there were issues which required immediate resolution, the approval of the GIC was sought and consequential notifications/circulars/orders were issued. Due to the urgency involved, certain decisions were taken after obtaining approval by circulation amongst the GIC Members. The details of the decisions taken are given below:

**Decisions by Circulation – 20 April 2018**

2. A proposal for approval of the GIC Member was received from TRU-II regarding levy of GST on supply of Priority Sector Lending Certificates (PSLCs) under reverse charge (RCM).

2.1. It was stated that the objective of the PSLC instrument is to incentivise the banks having surplus lending in priority sector through market-driven mechanism. Presently GST on PSLC is under forward charge. Only scheduled commercial banks, regional rural banks and small finance banks, urban cooperative banks and local area banks were allowed to trade in PSLCs.

2.2. Request has been made on the ground that trading of PSLC is done on e-Kuber platform and buying and selling entities are not known to each other and invoice cannot be issued containing the GST number of the selling bank without compromising the anonymous nature of the PSLC trading due to which buying bank cannot avail ITC. RBI is also of the view that anonymous nature of PSLC trading should not be compromised.

2.3. The GIC approved the proposal to levy GST on PSLCs on reverse charge basis by inserting a new entry under tariff heading "Any Chapter" in notification No. 4/2017-CT(R) dated 28-06-2017

2.4. The implementing notification No 11/2018 – Central Tax (Rate) dated 28 May 2018 was issued.

**17th GIC Meeting – 16 May 2018**

3. The 17th Meeting of the GIC was held on 15 May 2018. At the outset, CCT, Gujarat pointed that in the 16th GIC Meeting, it was decided to review the action points of the previous GIC meeting in the next GIC Meeting. Commissioner, GST Policy Wing stated that he would circulate the action taken report on decisions of the 16th GIC meeting through GST Council Secretariat on 16 May 2018. CCT, Gujarat also suggested that for ease of reference and uniformity, all circulars issued by Customs wing of CBIC in relation to GST should also be circulated to States through GST Council Secretariat. Members of the GIC agreed to the suggestion. The following agenda items were discussed and decided:

**Agenda item 1: Changes in the CGST Rules, 2017**

4. Commissioner, GST Policy Wing informed that the Law Committee in its meeting on 19th and 20th April, 2018 proposed certain amendments to the CGST Rules, 2017.

**Amendment to Rule 37**

4.1. Commissioner, GST Policy Wing stated that doubts were raised as to whether moulds and dies supplied by the Original Equipment Manufacturer (OEM) to the component manufacturer free of cost is additional consideration and whether the amortization charges of such moulds and dies need to be included while arriving at the taxable value of supply of components by the component manufacturer to

OEM. Doubts had also been raised about the requirement or otherwise for reversal of input tax credit on moulds and dies by the OEM.

4.2. The Law Committee opined that the treatment of the value of moulds and dies provided by the OEM to the component manufacturer shall depend on the contract. In case the contract specifies that the moulds and dies will be provided by the OEM free of cost to the component manufacturer, the value shall not be added to the value of supply made by the component manufacturer in terms of section 15(2)(b) of the CGST Act, 2017 and ITC is not required to be reversed by the OEM as the cost of moulds and dies was not to be incurred by the component manufacturer. However, if the contract was for supply of components made by using the moulds and dies procured by the component manufacturer on his own, but the same had been supplied by the OEM (recipient), the value of the same shall be added to the value of components supplied by the component manufacturer. In such cases, the OEM (recipient) will be required to reverse the credit on moulds and dies as the same will not be considered to be provided by OEM to the component manufacturer in the course or furtherance of his (OEM's) business.

4.3. In this background, it was proposed that the following proviso may be added to rule 37(1) when the value of a supply is increased in terms of section 15(2)(b) of the CGST Act:

*"Provided further that the value of supplies on account of any amount added in accordance with the provisions of clause (b) of sub-section (2) of section 15 shall be deemed to have been paid for the purposes of the second proviso to sub-section (2) of section 16."*

4.4. The GIC approved the amendment proposed in Rule 37 of the CGST Rules, 2017.

4.5. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued.

**Distribution of amount received under an order of NAPA among Consumer Welfare Fund of Centre and States**

4.6. Introducing this agenda item, Commissioner, GST Policy Wing recalled that in the 16th GIC Meeting it was decided that a new sub-rule regarding distribution of amount following the order of National Anti-Profiteering Authority (NAPA for short), and that distribution of CESS shall be discussed in the forthcoming Law Committee meeting and then taken up in the next GIC meeting. He mentioned that the Law Committee opined that any amount ordered to be deposited in the Consumer Welfare Fund pursuant to an order passed by NAPA should be distributed between the Centre and States. Accordingly, the Law Committee proposed that sub-rule (3) of rule 133 of CGST Rules, 2017 may be substituted to read as:

"(3) Where the Authority determines that a registered person has not passed on the benefit of the reduction in the 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 the higher amount till the date of the return of such amount or recovery of the amount including interest not returned, as the case may be*; ~~in case the eligible person does not claim return of the amount or is not identifiable, and depositing the same in the Fund referred to in section 57~~;*

*(c) the deposit of an amount equivalent to fifty per cent. of the amount determined under clause (b) in the Fund referred to in section 57 and the remaining fifty per cent. of the amount in the Fund referred*

*to in section 57 of the Goods and Services Tax Act, 2017 of the concerned State, where the eligible person does not claim return of the amount or is not identifiable;*

*(d)* imposition of penalty as specified under the Act; and

*(e)* cancellation of registration under the Act.

*Explanation: For the purpose of this sub-rule, the expression, "concerned State" refers to the State in respect of which the Authority has determined by an order under sub-rule (3) that a registered person has not passed on the benefit of the reduction in the 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."*

4.7. The GIC approved the proposal of substitution of sub-rule (3) of rule 133 of CGST Rules, 2017 regarding distribution of amount received under an order of NAPA among Consumer Welfare Fund of Centre and States as above.

4.8. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued.

**Distribution of CESS received under an order of NAPA among Consumer Welfare Fund (CWF) of Centre and States**

4.9. Commissioner, GST Policy Wing, CBIC stated that the amount of CESS ordered to be credited to the Fund under an order of the NAPA may be distributed in the ratio of 50:50 between the Centre and the States. Accordingly, it was proposed by the Law Committee that the following proviso may be added to sub-rule (1) of rule 97, as second proviso:

*"Provided further that an amount equivalent to fifty per cent. of the amount of cess determined under sub-section (5) of section 54 of the Central Goods and Services Tax Act, 2017, read with section 11 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017), shall be deposited in the Fund."*

4.10. The GIC approved the proposal to add proviso to sub-rule (1) of rule 97, as second proviso regarding distribution of CESS received under an order of NAPA among Consumer Welfare Fund of Centre and States.

4.11. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued.

**Exemption from e-way bill for movement of empty LPG cylinders**

4.12. Commissioner, GST Policy Wing, CBIC explained that Ministry of Petroleum and Natural Gas recommended that empty LPG cylinders when being returned should not be subjected to requirement of carrying e-Way Bill. Accordingly, it was proposed that a new entry may be added to the Annexure to rule 138(14) of the CGST Rules as follows:

*(o) "Cylinders, for packing of liquefied petroleum gas, when moved for reasons other than supply";*

4.13. ACS, Haryana observed that this issue was relevant for other types of durable containers like oxygen cylinders, empty bottles etc. Commissioner, GST Policy Wing, CBIC stated that one option was to exempt return of all durable and returnable containers from the ambit of e-Way Bill requirement but it may become a wide exemption. Instead, one could start with LPG cylinders and gauge the need of other similar sectors based on representations.

4.14. The GIC approved the proposal to add a new entry to the Annexure to rule 138(14) of the CGST Rules, 2017 to exempt the movement of empty LPG cylinders, when moved for reasons other than supply, from the requirement of e-Way Bill.

4.15. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued.

**Amendment of FORM GSTR-4**

4.16. Commissioner, GST Policy Wing, CBIC introduced the agenda item and stated that since **Table 4A** of **FORM GSTR-4** may not be auto populated for the first two quarters of 2018, accordingly**,** the instruction at Sl. No. 10 of the **FORM GSTR-4** may be substituted as under:

"For the tax periods July, 2017 to September, 2017, ~~*and*~~ October, 2017 to December, 2017, *January, 2018 to March, 2018 and April, 2018 to June, 2018*, serial 4A of Table 4 shall not be furnished."

4.17. The GIC approved the proposal to amend the FORM GSTR-4 as indicated at paragraph 4.16 above.

4.18. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued.

**Amendment of FORM GST PCT-01**

4.19. Commissioner, GST Policy Wing, CBIC stated that it was proposed that **FORM GST PCT-01** may be amended to include a declaration from the applicant to the effect that he has not been convicted by a competent Court. Accordingly, the verification in **FORM GST PCT-01** may be amended as below:

*"Verification*

*I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom. I also declare that I have not been convicted by any competent court."*

4.20. The GIC approved the proposal to amend and include a declaration from the applicant to the effect that he has not been convicted by a competent Court as indicated at paragraph 4.19 above.

4.21. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued after certain further amendments as suggested in the 18th GIC Meeting held on 28 May 2018.

**Agenda Item 2: Issuance of notifications to:**

**(i) Specify the number of HSN Digits to be indicated in tax invoices for supplies of goods to Defence formations**

**(ii) Notify DG, NACIN as the authority to conduct exams for GST Practitioners**

5. Specify the number of HSN digits to be indicated in tax invoices for supplies of goods to Defence formations: Commissioner, GST Policy Wing, CBIC introduced the agenda and stated that this was proposed on the specific request of the Ministry of Defence. ACS, Haryana and CCT, West Bengal raised a concern whether even routine supplies made to Defence forces like food, clothing etc. should be exempted from requirement of e-Way Bill. ACS, Haryana also expressed concern regarding the possible evasion due to multiple rates in the same chapter. CCT, Gujarat stated that the Law Committee had similar concern but agreed to the proposal in view of the concerns of national security. CCT, West Bengal observed that even declaring the location of supply could breach confidentiality. CCT, Gujarat observed that full secrecy could not be maintained and some declaration regarding movement of goods

would need to be made and the present proposal was based on the suggestion of the Ministry of Defence and could be accepted. ACS, Haryana desired to know as to what quantity of supplies of food, etc. went to the Defence forces. As this data was not readily available, ACS, Haryana suggested to defer this agenda for a week's time to gather some details from his State tax department. Accordingly, Members of the GIC agreed to defer this agenda for one week. [This issue was subsequently discussed and decided in the 18th GIC Meeting held on 28 May 2018 (paragraph 10 of this agenda item may be referred to).]

5.1. Notify DG, NACIN as the authority to conduct exams for GST Practitioners: Commissioner, GST Policy Wing, CBIC explained that under the provisions to sub-rule (3) of rule 83 of the CGST Rules, 2017, examination for enrolment of GST Practitioners is required to be conducted under GST. The examination has to be conducted within a period of one year from the appointed date, for those GST practitioners who were enrolled as sales tax practitioners or tax return preparers under the existing law. He informed that the Law Committee proposed that the Director General, National Academy of Indirect Taxes and Narcotics (DG, NACIN) may be authorized to conduct the examination in terms of rule 83(3) of the CGST Rules. The assistance of State tax authorities may be sought by NACIN in this respect, as and when required.

5.2. After discussion, GIC decided that the Director General (DG), National Academy of Indirect Taxes and Narcotics (NACIN) shall be authorised to conduct the examination in terms of Rule 83(3) of the CGST/SGST/UTGST Rules under a notification. It was further decided that States which are Members of GIC shall be part of the Committee involved in conducting the examination under the Convenorship of DG, NACIN and that any other State willing to be a member of this Committee may send its willingness within 2 days to the GST Council Secretariat. The said Committee would be empowered by an administrative order to assist DG, NACIN in smooth conduct of the examination.

5.3. The implementing notification No 24/2018 – Central Tax dated 28 May 2018 and the Office Memorandum vide F.No. 257/GIC Meetings/GSTC/2018 dated 04 June 2018 was issued.

**Agenda Item 3: Circulars to be issued for clarifying certain issues**

**Circular on refund related issues:**

6. Commissioner, GST Policy Wing, CBIC stated that the Board vide Circular Nos. 17/17/2017-GST dated 15.11.2017, 24/24/2017-GST dated 21.12.2017 and 37/11/2018-GST dated 15.03.2018 had clarified the procedure for manual filing and processing of different types of refund claims under GST. However, doubts have been raised on the issue of refund claims filed by Input Service Distributors (ISDs), persons paying tax under section 10 of the Central Goods and Services Tax Act, 2017 (composition taxpayer) and non-resident taxable persons, as well as relating to export of services and supplies made to SEZ unit/SEZ developer. Doubts have also been raised as to whether an exporter is eligible to claim refund of unutilised ITC of compensation cess availed on inputs in cases where the final product is not subject to levy of compensation cess; whether refund can be claimed by the exporter in the case of zero rated supply of non-GST goods; whether bond or Letter of Undertaking (LUT) is required in such cases and regarding the scope of the restriction imposed by rule 96(10) of the CGST Rules.

6.1. He informed that the Law Committee has proposed that a Circular may be issued under section 168 (1) of the CGST Act, 2017 in order to clarify the issues as follows:

a. Claim for refund filed by an Input Service Distributor, a person paying tax under section 10 or a non-resident taxable person.

b. Application for refund of integrated tax paid on export of services and supplies made to Special Economic Zone developer or a Special Economic Zone unit

c. Refund of unutilized input tax credit of compensation cess availed on inputs in cases where the final product is not subject to levy of compensation cess

d. Whether bond or Letter of Undertaking (LUT) is required in the case of zero rated supply of exempted or non-GST goods and whether refund can be claimed by the exporter of exempted or non-GST goods?

e. What is the scope of the restriction imposed by rule 96(10) of the CGST Rules, regarding non-availment of the benefit of notification Nos. 48/2017-Central Tax dated the 18.10.2017, 40/2017-Central Tax (Rate) dated 23.10.2017, 41/2017-Integrated Tax (Rate) dated 23.10.2017, 78/2017-Customs dated 13.10.2017 or 79/2017-Customs dated 13.10.2017?

6.2. Commissioner, GST Policy Wing, CBIC further stated that suggestions were received from the State of Gujarat and accordingly following changes were being incorporated in the draft circular:

i. In paragraph 5.2., the word *'exporting'* may be replaced by '*making zero-rated supply of'* before the words '*aluminium products'*.

ii. In paragraph 5.3., the word *'export'* may be replaced by *'make zero-rated supply of*' before the words aluminium products and the word *'export made'* may be replaced by *'zero-rated supply'* before the words '*on payment of integrated tax'*.

iii. In paragraph 6.2., to add the following sentence *'Such registered persons exporting non-GST or exempted goods shall comply with the requirements prescribed under the existing law (i.e. VAT law of the respective State or Central Excise Act, 1944) or under the Customs Act, 1962, if any.' at the end.*

iv. In paragraph 7.1., the word *'by'* after the words specified notifications may be replaced by *'under'* and the words '*without payment of tax /or at reduced rate of tax, for'* may be substituted in place of '*at zero/reduced rate of tax, from'*. The phrase *'and to prevent zero rating of domestic supplies made by the exporter, if any.'* may be deleted.

v. In paragraph 7.2., the words *'zero/reduced rate of tax'* may be replaced with *'without payment of tax or at reduced rate of tax'*

vi. In paragraph 7.3., the word *'those'* may be inserted before the phrase '*suppliers who are availing the benefit*' and the phrase '*zero/reduced rate of tax on their outward supplies'* may be deleted.

6.3. The Members of the GIC approved the Draft Circular with the changes as suggested in paragraph 6.2. In addition to above, CCT, Tamil Nadu observed that refund of ITC on capital goods for exports was not clear. Commissioner, GST Policy Wing stated that the matter was under consideration of the Law Review Committee. Members of the GIC took note of it.

6.4. The clarificatory Circular No.45/19/2018-GST dated 30 May 2018 was issued.

**Master Circular clarifying various issues under GST**

6.5. Commissioner, GST Policy Wing, CBIC stated that representations had been received from the field formations seeking clarifications on certain issues. The Law Committee has proposed that a consolidated Master Circular may be issued clarifying the doubts raised on the applicability of certain

provisions of the CGST Act, 2017 and the rules thereunder. The Circular would cover the following issues:

a. Whether services of short-term accommodation, conferencing, banqueting etc provided to Special Economic Zone (SEZ) developer or unit should be treated as an inter-State supply (under section 7(5)(b) of the IGST Act, 2017) or an intra-State supply (under section 12(3)(c) of the IGST Act, 2017)?

b. Whether the benefit of zero rated supply can be allowed to all procurements by SEZ developer or unit such as event management services, hotel and accommodation services, consumables etc?

c. Whether moulds and dies owned by Original Equipment Manufacturers (OEM) that are sent free of charge (FOC) to a component manufacturer is leviable to tax and whether OEMs are required to reverse input tax credit in this case?

d. How is servicing of cars involving both supply of goods (spare parts) and services (labour), where the value of goods and services are shown separately, to be treated under GST?

e. In case of auction of tea, coffee, rubber etc, whether the books of accounts are required to be maintained at every place of business by the principal and the auctioneer, and whether they are eligible to avail input tax credit?

f. In case of transportation of goods by railways, whether goods can be delivered even if the e-way bill is not produced at the time of delivery?

g. Whether e-way bill is required in the following cases –

(i) Where goods transit through another State while moving from one area in a State to another area in the same State.
(ii) Where goods move from a DTA unit to a SEZ unit or vice versa located in the same State

6.6. CCT, Gujarat stated that they needed more time to consider issues at paragraph 6.5 (a) and 6.5 (b) above

6.7. The Members of the GIC approved the Circular for the other five issues at paragraph 6.5 (c), 6.5 (d), 6.5 (e) 6.5 (f) and 6.5 (g) above**.**

6.8. The clarificatory Circular No.47/21/2018-GST dated 08 June 2018 was issued.

**Agenda Item 4: Cross empowerment of officers under CGST/SGST (UTGST) & IGST Acts**

7. Commissioner, GST Policy Wing, CBIC stated that cross empowerment of State and Central Tax officials to ensure single interface under GST was discussed in the 9th meeting of GST Council held on 16 January, 2017. It was stated in the Minutes of the said meeting that both the Central and the State tax administration shall have the power to take intelligence-based enforcement action in respect of the entire value chain. Further, powers under IGST Act shall be cross empowered to the State tax administration on the same basis as under the CGST and the SGST Acts either under law or under Article 258 of the Constitution but with the exceptions to issues relating to place of supply; where the State Governments appoint Central Tax officers as an adjudicating authority; issues relating to export and import as discussed by Law Committee officials. He further stated that it was decided in the last GIC meeting that the issuance of the notification for cross empowerment was necessary for certain actions being taken by the State/Central Government officers on e-way bills. Therefore, in light of the above, draft notifications under CGST Act, SGST Act & IGST Act prepared in accordance with the decision

of the GST Council taken in the 9th Meeting held on 16 January, 2017 and report of the single interface committee were placed before the Members of the GIC for approval.

7.1. Commissioner, GST Policy Wing, CBIC further stated that CCT, Gujarat had sent three observations, namely not to mention Article 258; there was no mention of import and export in draft notifications; and that there was no agreement regarding exclusion of determination of place of supply under IGST. CCT, West Bengal stated that place of supply was a substantive issue which could not be decided in GIC. Commissioner, GST Policy Wing, CBIC suggested that in view of the difference over IGST cross-empowerment, notification could be issued for CGST and SGST. CCT, Gujarat agreed to this suggestion. However, he suggested that notification should not have a listing of what shall be cross-empowered but should have a negative list containing only what shall not be cross-empowered as the language of Section 6 of the CGST/SGST Acts was worded on these lines. CCT, West Bengal and the CCT, Tamil Nadu supported this view. It was proposed that a new draft of cross-empowerment notification shall be prepared by the CCT, West Bengal in consultation with CCT, Gujarat and discussed in the Law Committee, and then be brought before the GIC.

7.2. The GIC agreed to defer this agenda item and to consider the new draft of notification on cross empowerment under CGST and SGST to be prepared by CCT, West Bengal in consultation with CCT, Gujarat after it is discussed in the Law Committee.

**Agenda Item 5: Allowing a single transporter id for all States for a registered person in e-Way Bill system**

8. Commissioner, GST Policy Wing, CBIC, stated that the Law Committee in its meeting held on 19th and 20th April, 2018 had proposed that a person registered in more than one State or Union territory may use a centralised GSTIN for the purpose of e-way bill generation for transportation of goods. That is, for the purpose of e-Way Bill generation, such person would use only one GSTIN irrespective of the State in which the e-way bill is generated. In this regard, it was proposed to insert the following sub-rule after the sub-rule (2) of rule 58 of the CGST Rules, 2017: -

*(2A) A person registered in any other State or Union territory and engaged in the business of transporting goods shall be deemed to be registered in the State or Union territory only for the purpose of transportation of goods into the State or Union territory or from the State or Union territory.*

8.1. ACS Haryana raised a concern that this should not have an adverse impact on the generation of MIS for States. CEO, GSTN informed that this would not affect the generation of State level MIS.

8.2. The GIC approved the proposal to allow a single transporter id for all States for a registered person by inserting a sub-rule after the sub-rule (2) of the rule 58 of the CGST Rules, 2017 as indicated at paragraph 8 above.

8.3. In addition, the Members of the GIC approved that notifications for the amendment in the CGST, Rules 2017 would be issued after legal vetting by the Union Law Ministry and that *pari materia* changes would be required to be carried out in the SGST Rules, 2017 as well.

8.4. However, during the process of legal vetting by the Union Law Ministry, the Law Ministry opined that both the formulation of the amendment and its placement do not clearly bring out the intent sought to be achieved, and therefore the same may be re-examined by the administrative ministry, in order to appropriately align the amendment with its intent.

8.5. Accordingly, the proposal and the formulation was discussed by the Law Committee in its meetings held on 17th and 18th May, 2018 wherein it was decided to request NIC to examine the viability

of the proposal to allow a single transporter id on a common PAN and give its inputs. [Based on the inputs received from NIC, the Law Committee further deliberated on this issue and its recommendations were accepted during the 19th GIC Meeting held 05 June 2018 (paragraphs 19.1 to 19.6 of this agenda item may be referred to).]

9. A proposal for approval of the GIC Member was received from Commissioner, GST Policy Wing, CBIC relating to extension of due dates for filing FORM GSTR-3B for the month of April, 2018. It was stated that GSTN *vide* email dated 18.05.2018 informed that the **FORM GSTR-3B** return system was facing certain technical issues leading to slowness of return filing and that in order to apply emergency maintenance to fix the technical issues, the system will need to be stopped for 30 to 60 minutes.

9.1. The due date for filing the **FORM GSTR-3B** for the month of April, 2018 was 20.05.2018, which fell on a Sunday, and that a large number of tax payers were yet to file the return. It was requested that the due date for filing the same may be extended by two days.

9.2. The GIC approved the proposal to extend the due date for filing of **FORM GSTR-3B** for the month of April, 2018 by two days, i.e, till 22.05.2018 in the interest of tax payer facilitation.

9.3. The implementing notification No 23/2018 – Central Tax dated 18 May 2018 was issued.

**18th GIC Meeting – 28 May 2018**

10. The 18th Meeting of the GIC was held 28 May 2018. At the outset, the Member (GST), CBIC briefed about the action points of the 17th GIC Meeting. ACS, Haryana stated that as discussed in the 17th GIC Meeting, the view of his State on the agenda regarding "**Specify the number of HSN Digits to be indicated in tax invoices for supplies of goods to defence formations"** had been sent to GST Council Secretariat. They propose that supply of goods to defence formations made by registered persons should be allowed to mention two digits HSN Code only in respect of those goods which fall under Chapter 93 (arms & ammunition, parts and accessories thereof) or Chapter 85 (electrical/ electronic machinery and equipment). After discussion, it was decided that the proposal would be discussed in the Law Committee and then brought before the GIC.

10.1. As regards the agenda on "**Cross empowerment of officers under CGST/SGST (UTGST) & IGST Acts**", discussed in the 17th GIC Meeting, CCT, West Bengal informed that the draft proposal (notification) was almost ready and that CCT, Gujarat had made some suggestions on it. The draft with the suggested changes would be sent to the GST Council Secretariat. After discussion, it was decided that the proposal would be discussed in the Single Interface Committee and then placed before the GIC.

10.2. The following agenda items were discussed and decided in the 18th GIC meeting:

**Agenda item 1: Amendment to CGST Rules**

11. Commissioner, GST Policy Wing informed that the Law Committee met on 17th and 18th May 2018 and proposed amendments to the CGST Rules, 2017, as detailed below:

**Amendment to Rule 83**

11.1. Commissioner, GST Policy Wing stated that the GIC in its 17th meeting, held on 15.05.2018, approved that NACIN may be notified as the authority that shall conduct the examination for GST Practitioners in terms of rule 83(3) of CGST Rules, 2017. The examination under the second proviso to rule 83 (3) of the CGST Rules (for continued enrolment of sales tax practitioners/ tax return preparers

who were registered under the existing law) is required to be conducted within a period of one year from the appointed date, i.e., on or before 01.07.2018.

11.2. As the conduct of the said examination requires various preparatory steps (notifying the examination, identifying location of exam, selecting technology partner, registering applicant, dry run of exam, actual exam etc.) to be taken, it was proposed by the Law Committee that the due date for conducting the examination may be extended by six more months, i.e, till December, 2018.

11.3. Accordingly, it was proposed that the second proviso to rule 83(3) may be amended as follows:

"Provided further that no person to whom the provisions of clause (b) of sub-rule (1) apply shall be eligible to remain enrolled unless he passes the said examination within a period of ~~*one year*~~ *eighteen months* from the appointed date."

11.4 The GIC approved the amendment proposed in Rule 83 of the CGST Rules, 2017. The GIC also decided that *pari materia* changes would be required to be carried out in the respective SGST Rules.

11.5. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued.

**Amendment of Statement 1A in FORM GST RFD-01 and FORM GST RFD-01A to capture the supplier's GSTIN**

11.6. Commissioner, GST Policy Wing, CBIC stated that taxpayers claiming refund of excess ITC due to inverted duty structure are required to file Statement 1A in **FORM GST RFD-01/FORM GST RFD-01A.** Currently, only the invoice number, date and value of purchase are required to be furnished. However, an invoice can be uniquely defined if the GSTIN of the supplier is also furnished.

11.7. Hence, it was proposed that the GSTIN of the suppliers may also be captured under the head of purchase details in Statement 1A before column 2 in **FORM GST RFD-01/FORM GST RFD-01A.**

11.8. The GIC agreed to the proposal above. The GIC also decided that the *pari materia* changes would be required to be carried out in the respective SGST Rules.

11.9. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued.

**Amendment of Statement 5B in FORM GST RFD-01 and FORM GST RFD-01A to capture supplier's GSTIN**

11.10. Commissioner, GST Policy Wing, CBIC stated that taxpayers claiming refund on account of deemed exports are required to file Statement 5B in **FORM GST RFD-01/FORM GST RFD-01A.** Currently only the invoice number, date and value are required to be furnished. However, an invoice can be uniquely defined if the GSTIN of the supplier is also furnished.

11.11. Hence, it was proposed that the GSTIN of supplier may also be added under the head of details of invoices in Statement 5B before column 2 in **FORM GST RFD-01/FORM GST RFD-01A.**

11.12. The GIC agreed to the proposal. The GIC also decided that *pari materia* changes would be required to be carried out in the respective SGST Rules.

11.13. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued.

**Amendment of FORM GST PCT-01**

11.14. Commissioner, GST Policy Wing, CBIC stated that **FORM GST PCT-01** as available on the common portal contains two fields on the category of "*enrolment sought as GST practitioner*", as per

the qualifications laid down in clause (b) of sub-rule (1) of rule 83 of the CGST Rules but the form which has been notified does not contain these two fields. It was proposed that Sl. No. 4 of Part B of the said FORM may be amended with retrospective effect from 01.07.17 to include the following two categories:

*(a) Sales Tax practitioner under existing law for a period of not less than five years; or*
*(b) tax return preparer under existing law for a period of not less than five years.*

11.15. He further added that the GIC in its 17th meeting held on 15 May 2018 had recommended that **FORM GST PCT-01** may be amended to include a declaration from the applicant to the effect that he has not been convicted by a competent Court. However, as the FORM currently does not contain declaration regarding any of the qualifications laid down in rule 83 (1), it was proposed that a declaration to the following effect may be added to the verification in **FORM GST PCT-01: -**

*"I hereby declare that:*

*(i) I am a citizen of India;*
*(ii) I am a person of sound mind;*
*(iii) I have not been adjudicated as an insolvent; and*
*(iv) I have not been convicted by a competent court."*

11.16. CCT, Tamil Nadu suggested that the examination may be restricted to those who are GST Practitioners and do not have any other qualification such as Commerce graduate, Chartered Accountant, etc.

11.17. The GIC agreed to the proposals under paragraph 11.14 and 11.15 and that the Committee involved in conducting the examination under the convenorship of DG, NACIN can decide on the point highlighted by CCT, Tamil Nadu at paragraph 11.16 above. The GIC also decided that *pari materia* changes would be required to be carried out in the respective SGST Rules.

11.18. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued.

**Agenda Item 2: Retrospective amendment of Rule 95**

12. Commissioner, GST Policy Wing, CBIC introduced the agenda and stated that *vide* Notification No. 75/2017-Central Tax, dated 29.12.2017, rule 95 (3) (a) of the Central Goods and Services Tax Rules, 2017 (CGST Rules for short) was amended to remove the limit of Rs. 5000/- per tax invoice for refund paid to certain persons including UIN agencies under Section 55 of the Central Goods and Services Tax Act, 2017. The amendment was carried out with effect from 29.12.2017. However, since the reciprocity certificates issued by the Ministry of External Affairs to various embassies provide for refund on invoices from July, 2017 without any specified value limit, it was observed that the amendment carried out in the said rule should have retrospective effect.

12.1. In this regard, the Law Committee in its meetings held on 17th and 18th May, 2018 had proposed that the amendment in rule 95(3)(a) of the CGST Rules should have retrospective effect from 01.07.2017. Thus, it was proposed to amend rule 2(iv)(b) of the Central Goods and Services Tax (Fourteenth Amendment) Rules, 2017, published *vide* notification No. 75/2017-Central Tax, dated 29.12.2017, to read as follows:

*"(b) with effect from the 01st day of July, 2017, in sub-rule (3), in clause (a), the words "and the price of the supply covered under a single tax invoice exceeds five thousand rupees, excluding tax paid, if any" shall be omitted;"*

12.2. The GIC approved the proposal to amend the notification No. 75/2017-Central Tax, dated 29.12.2017 with retrospective effect and that *pari materia* amendment would be required to be carried out in the respective State notifications also.

12.3. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued.

**Agenda Item 3: Notifying perishable or hazardous goods that may be disposed of after seizure, under section 67(8) of the CGST Act, 2017**

13. Commissioner, GST Policy Wing, CBIC stated that as per Section 67(8) of the CGST Act, 2017, the Government may, having regard to the perishable or hazardous nature of any goods, depreciation in the value of the goods with the passage of time, constraints of storage space for the goods or any other relevant considerations, by notification, specify the goods or class of goods which shall, as soon as may be after its seizure, be disposed of by the proper officer in such manner as may be prescribed.

13.1. It was proposed that the following perishable, hazardous and other goods may be notified under section 67(8) of the CGST Act:

**List of perishable goods**

i. Salt and hygroscopic substances
ii. Raw (wet and salted) hides and skins
iii. Newspapers and periodicals
iv. Menthol, Camphor, Saffron
v. Re-fills for ball-point pens
vi. Lighter fuel, including lighters with gas, not having arrangement for refilling
vii. Cells, batteries and rechargeable batteries
viii. Petroleum Products
ix. All taxable goods falling within Chapters 1 to 24.

**List of hazardous and other goods**

i. Dangerous drugs and psychotropic substances
ii. Bulk drugs and chemicals falling under Section VI of the First Schedule to the Customs Tariff Act, 1975
iii. Pharmaceutical products falling within Chapter 30 of Section VI of the First Schedule to the Customs Tariff Act, 1975
iv. Fireworks
v. Red Sander
vi. Sandalwood
vii. All unclaimed/abandoned goods which are liable to rapid depreciation in value on account of fast change in technology or new models etc.
viii. Any goods seized by the proper officer under section 67 of the said Act, which are to be provisionally released under sub-section (6) of section 67 of the said Act, but provisional release has not been taken by the concerned person within a period of one month from the date of execution of the bond for provisional release.

13.2. Commissioner, GST Policy Wing, CBIC informed that CCT, Gujarat had sent written comments, suggesting that reference to 'Section 68' may be corrected to *'Section 67'*; in Sl. No. 11, *'of section VI'* may be omitted; and that in Sl. No 15 the phrase *'of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975)'* may be added in the draft notification.

13.3. CCT, Tamil Nadu suggested that this list of perishable, hazardous and other goods should also be notified under Section 129 (2) of the CGST/SGST law relating to detention and seizure of goods and conveyances in transit. Commissioner, GST Policy Wing, CBIC clarified that the above list was

proposed to be notified under Section 67 of CGST/SGST Acts and therefore by virtue of Section 129(2), the same list will be applicable under Section 129 of CGST/SGST Act as well.

13.4. The GIC agreed to the proposal of notifying perishable or hazardous goods that may be disposed of after seizure, under section 67(8) of the CGST Act, 2017 with changes as suggested by CCT, Gujarat.

13.5. The implementing notification No 27/2018 – Central Tax dated 13 June 2018 was issued.

**Agenda Item 4: Refund of accumulated ITC to an independent fabric processor (Job Worker)**

14. Commissioner, GST Policy Wing, CBIC stated that doubts have been raised as to whether notification No. 5/2017-Central Tax (Rate) dated 28.06.2017 which specifies the goods in respect of which no refund of unutilized input tax credit on account of inverted duty structure shall be allowed under section 54 (3) of the Central Goods and Services Tax Act, 2017 is applicable to independent fabric processors (job workers) in the textile sector or not. It was proposed that a clarification may be issued *vide* a Circular that refund will be available in such cases as a part of the Master Circular that was approved to be issued by the GIC, during its 17th meeting on 15.05.2018 as detailed below.

| **Doubt** | **Clarification** |
|---|---|
| Whether independent fabric processors (job workers) in the textile sector supplying job work services are eligible for refund of unutilized input tax credit on account of inverted duty structure under section 54 (3) of the CGST Act, 2017, even if the goods (fabrics) supplied are covered under notification No. 5/2017-Central Tax (Rate) dated 28.06.2017? | Notification No. 5/2017-Central Tax (Rate) dated 28.06.2017 specifies the goods in respect of which refund of unutilized input tax credit (ITC) on account of inverted duty structure under section 54 (3) of the CGST Act, 2017 shall not be allowed where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on the output supplies of such goods. However, in case of fabric processors, the output supply is the supply of job work services and not fabrics. Hence, it is clarified that the fabric processors shall be eligible for refund of unutilized ITC on account of inverted duty structure under section 54 (3) of the CGST Act, 2017 even if the goods (fabrics) supplied to them are covered under notification No. 5/2017-Central Tax (Rate) dated 28.06.2017. |

14.1. The GIC agreed with the proposal as above to clarify doubts regarding refund of accumulated ITC to an independent fabric processor (Job Worker).

14.2. The clarificatory Circular No.48/22/2018-GST dated 14 June 2018 was issued.

**Agenda Item 5: GST Appellate (Appointment and Conditions of Service of President and Members) Rules, 2018**

15. Commissioner, GST Policy Wing, CBIC stated that as per Section 109 (1) of the CGST Act, 2017 the Government shall, on the recommendations of the Council, by notification, constitute with effect from such date as may be specified therein, an Appellate Tribunal known as the Goods and Services Tax Appellate Tribunal for hearing appeals against the orders passed by the Appellate Authority or the Revisional Authority. Whereas, under Section 110 (8) of the CGST Act, the salary, allowances and other terms and conditions of service of the President, State President and the Members of the Appellate Tribunal shall be such as may be prescribed.

15.1. It was proposed that the rules should be prescribed (**Annexure 1**), in order to specify the salary, allowances and other terms and conditions of service of the President, State President and the Members of the Appellate Tribunal.

15.2. CCT, Tamil Nadu suggested that the 'Selection Committee' recommending Technical Member (Centre) and Technical Member (State) of the National Bench and Regional Benches should also include one Officer from State who is in-charge of Finance say a Principal Secretary (Finance) or Additional Chief Secretary (Finance) for the State as may be nominated by the Central Government to give a State's perspective for the 'Selection Committee'. Shri S. M. Bhatnagar, DG, DGEP, CBIC, while supporting the suggestion of CCT, Tamil Nadu proposed that for the same reason (to give a perspective regarding CBIC officers) in addition, Chairman, CBIC may also be added as Member of the 'Selection Committee'.

15.3. The Members of the GIC approved the GST Appellate (Appointment and Conditions of Service of President and Members) Rules, 2018 with increased membership of the 'Selection Committee' from 4 to 6, that is, Chairman, CBIC and an Officer, in-charge of Finance {Principal Secretary (Finance) or Additional Chief Secretary (Finance)} from a State, nominated by the Central Government shall also be part of the 'Selection Committee' in addition to those mentioned in the draft rule 3(1) (**Annexure 1**).

15.4. The implementing notification is yet to be issued.

**Agenda Item 6: Standard Operating Procedure (SOP) for enrolment of GST Practitioners**

16. Commissioner, GST Policy Wing, CBIC introduced the agenda regarding issuance of a Standard Operating Procedure (SOP) for the enrolment of GST Practitioners in order to expedite and streamline the process of enrolment.

16.1. Commissioner, GST Policy Wing, CBIC informed that CCT, Gujarat had sent written comments suggesting that application for approval should be distributed alternately between the Centre and the State and that the State authorities should be given a choice to decide the level of officer who would process these applications. He had further suggested that the SOP should be made applicable to new applications and a cut-off date may be fixed for approval/rejection of the earlier applications. CCT, Tamil Nadu stated that reference to Rule 83(1)(c)(iii) may be removed as no examination has been notified under this provision at this point of time. DG, DGEP, CBIC stated that in terms of Rule 83, a GST practitioner enrolled in one State could work in another State. There should also be a provision in the rule that if a GST Practitioner was registered with the Central Government, he should be able to represent taxpayers registered with the State Government and *vice versa*.

16.2. The GIC agreed to the proposal along with changes stated above at paragraph 16.1 and directed that Law Committee may consider amendment of Rule 83 so as to provide that if a GST Practitioner was registered with the Central Government, he should be able to represent taxpayers registered with the State Government and *vice versa*.

16.3. The SOP has been circulated to the States on 17th July 2018 (attached as **Annexure 2**).

**Decisions by Circulation – 31 May 2018**

17. A proposal for approval of the GIC Member was received from Commissioner, GST Policy Wing, CBIC regarding extension of last date for filing FORM GSTR-6 by two months. It was stated that the last date for filing of return in **FORM GSTR-6** by Input Service Distributor was extended up to 31st May, 2018 *vide* notification No. 19/2018-Central Tax, dated 28.03.2018. However, owing to

several technical issues being faced on the common portal, majority of ISDs were unable to file the same.

17.1. The Law Committee proposed that the due date for filing the return in **FORM GSTR-6** by Input Service Distributors for the months from July, 2017 to April, 2018 may be extended for two months, i.e. from 31.05.2018 to 31.07.2018 in the interest of taxpayer facilitation.

17.2. The GIC approved the proposal to extend the due date for return filing by Input Service Distributors for the months from July, 2017 to April, 2018 by two months, i.e. from 31.05.2018 to 31.07.2018.

17.3. The implementing notification No 25/2018 – Central Tax dated 31st May 2018 was issued.

**19th GIC Meeting – 05 June 2018**

18. The 19th Meeting of the GIC was held on 05 June 2018. At the outset, Commissioner, GST Policy Wing, CBIC stated that certain notifications are yet to be issued to implement decisions of the 17th and 18th GIC Meeting and they will be issued together after receipt of approved minutes of the 18th GIC meeting.

18.1. The following agenda items were discussed and decided in the 19th GIC meeting:

**Agenda item 1: Changes in the CGST Rules, 2017**

19. Commissioner, GST Policy Wing, CBIC informed that the Law Committee met on 29th and 30th May 2018 and proposed amendments to the CGST Rules, 2017, as detailed below:

**Amendment of rule 58 and insertion of FORM GST ENR-02**

19.1. Commissioner, GST Policy Wing, CBIC stated that in the present e-Way bill system, when the consignment moves from one place to another through transhipment stages, at each stage, the transporter has to first change the transporter's name and then Part-B of the e-Way bill for further movement of consignment, because of the fact that as per the law, the transporter has a separate GSTIN in each State. Representations had been made to enable a single transporter ID to be used by the transporter across different States as present system was causing hardship in transhipment and further movement of the consignment got unduly delayed.

19.2. He further stated that the GIC in its 17th meeting, held on 15.05.2018, had approved the proposal but the Union Law Ministry did not agree with the formulation. The matter was discussed in Law Committee and it was recommended that the matter be referred to NIC for examining the feasibility of the same. NIC suggested that to implement the same, the transporter may be asked to file a separate **FORM GST ENR-02**, providing all its GSTINs having the same PAN, in order to generate a 15-digit Transporter Id (TRANSIN) based on the said common PAN. This common transporter id shall start with 88 (instead of the State code).

19.3. Accordingly, it was proposed by the Law Committee that a transporter may be given the option to operate using a unique common enrolment number, across different States, for the purpose of e-Way Bill. In order to implement the same, the following amendments to the CGST Rules was proposed:

(a) a new sub-rule (1A) may be inserted in rule 58 as given below:

*"(1A) For the purposes of Chapter XVI, where more than one registered person is having the same Permanent Account Number, one of them may submit the details in **FORM GST ENR-02** and upon*

*validation of the details furnished, a unique common enrolment number shall be generated and communicated to such registered persons:*
*Provided that where more than one registered person having the same Permanent Account Number have opted for the facility of a unique common enrolment number, they shall not be eligible unless all such registered persons opt to avail of such facility."*

(b) insertion of a new FORM GST-ENR-02

19.4. Sr. Joint Commissioner, Commercial Tax Dept., West Bengal stated that the amendment proposed at paragraph 19.3. (a) appeared to cover all registered persons, whereas it should be restricted for transporters only. CCT, Gujarat stated that the word *"registered person"* in the first sentence of the paragraph 19.3. (a) may be replaced by *"registered person who is a transporter,".* Commissioner, GST Policy Wing, CBIC clarified that the change proposed would apply only to transporters.

19.5. The GIC approved the amendments proposed in paragraph 19.3. (a) in principle, and that it should be restricted to transporters. The wordings of the same shall be finalised in consultation with the Union Law Ministry. The GIC also decided that *pari materia* changes would be required to be carried out in the respective SGST Rules.

19.6. The implementing notification No 28/2018 – Central Tax dated 19 June 2018 was issued.

**Amendment of rule 138C**

19.7. Commissioner, GST Policy Wing, CBIC stated that under rule 138C of the CGST Rules, a summary report of every inspection of goods in transit shall be recorded online by the proper officer within twenty-four hours of inspection and the final report within three days of such inspection. However, para 2 (e) of Circular No. 41/15/2018-GST dated 13.04.2018 provides that where circumstances so warrant, the Commissioner may permit an extension of time for completion of inspection.

19.8. As currently, there is no provision for extension of time limit under rule 138C, it was proposed that the following proviso may be added to rule 138C:

*"Provided, that where the circumstances so warrant, the Commissioner, or any other officer authorized by him, may, on sufficient cause being shown, extend the time for recording of the final report in Part B of **FORM EWB-03**, for a further period not exceeding three days.*

*Explanation. - The period of twenty-four hours or, as the case may be, three days shall be counted from the midnight of the date on which the vehicle was intercepted."*

19.9. The GIC agreed to add the proviso to rule 138C for extension of time limit as proposed at paragraph 19.8. above. The GIC also decided that the *pari materia* changes would be required to be carried out in the respective SGST Rules.

19.10. The implementing notification No 28/2018 – Central Tax dated 19 June 2018 was issued.

**Amendment of rule 142**

19.11. Commissioner, GST Policy Wing, CBIC stated that at present, rule 142 (5) of the CGST Rules, 2017 does not make reference to an order issued under Sections 129 or 130 of the CGST Act. Therefore, it was proposed to amend rule 142 (5) to read as below:

*"(5) A summary of the order issued under sub-section (9) of section 73 or sub-section (9) of section 74 or sub-section (3) of section 76 or section 129 or section 130 shall be uploaded electronically in **FORM***

***GST DRC-07**, specifying therein the amount of tax, interest and penalty payable by the person chargeable with tax."*

19.12. Further, he stated that Section 129 of the CGST Act provides for the detention, seizure and release of goods and conveyances in transit while Section 130 provides for the confiscation of goods or conveyances and levy of penalty. Under sub-section (6) of Section 129, where the person transporting any goods or the owner of the goods fails to pay the amount of tax and penalty within seven days of such detention or seizure, further proceedings shall be initiated in accordance with the provisions of Section 130, that is confiscation of the goods/conveyance. Therefore, it follows that once proceedings are initiated under Section 130 of the CGST Act, the proceedings under section 129 shall stand withdrawn. Accordingly, it was proposed to be clarified by inserting a new sub-rule (5A) after sub-rule (5) of rule 142.

19.13. The GIC agreed to proposal at paragraph 19.11. above and to carry out *pari materia* changes in the respective SGST Rules. However, the issue at paragraph 19.12. above was referred back to the Law Committee for more deliberation.

19.14. The implementing notification No 28/2018 – Central Tax dated 19 June 2018 was issued.

**Retrospective effect to the amendment of rule 89 (5) of the CGST Rules carried out vide notification No. 21/2018 – Central Tax dated 18.04.2018**

19.15. Commissioner, GST Policy Wing, CBIC stated that rule 89 (5) of the CGST Rules was amended *vide* notification No. 21/2018 – Central Tax dated 18.04.2018 wherein the words "services" was included in the formula given for computing the maximum amount of refund on account of inverted duty structure. Under the CGST Act, refund of ITC on account of inverted tax structure was always available on output supplies of services and vide the said amendment to rule 89(5), it was only sought to clarify the same. However, the said amendment was effective from 18.04.2018 i.e., the date of the publication of the said notification in the Official Gazette. In order to clear any doubts that may arise in this regard, it is proposed to give retrospective effect (from 01.07.2017) to the amendment carried out to rule 89 (5) of the CGST Rules.

19.16. The GIC approved the proposal at paragraph 19.15. above and also decided that *pari materia* changes would be required to be carried out in the respective SGST Rules.

19.17. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued.

**Agenda item 2: Modification of Circular No. 41/15/2018-GST, dated 13.04.2018**

20. Commissioner, GST Policy Wing, CBIC, stated that on the basis of inputs received from field formations, certain modifications were proposed in the Circular No. 41/15/2018-GST dated 13.04.2018 issued earlier to clarify the procedure for interception of conveyances for inspection of goods in movement, and detention, release and confiscation of such goods and conveyances as detailed below.

20.1. As per rule 138C of the CGST Rules, 2017, the final report of inspection of goods shall be recorded by the proper officer within "three days" of such inspection. However, para 2 (e) of the Circular mentions that the proper officer shall conclude the inspection proceedings within a period of "three working days" from the date of issue of the order in **FORM GST MOV-02**, and paragraph 2(f) of the said circular mentions the expression "within three days". It was proposed that in para 2 (e) of the Circular, the expression "*three working days*" may be replaced by the expression "*three days*".

20.2. Release Order in **FORM GST MOV-05** states that: "In view of the above, the goods and conveyance are hereby released on _____ at ____ AM/PM in good condition." However, there could arise situations where the condition of the goods/conveyance at the time of confiscation itself may not be "good". It was therefore, proposed that the expression "in good condition" may be removed from the statement in **FORM GST MOV-05.** Accordingly, the statement in the circular may read only as: "In view of the above, the goods and conveyance are hereby released on _____ at ____ AM/PM."

20.3. Under rule 138C (2) of the CGST Rules, where the physical verification of goods being transported on any conveyance has been done during transit at one place within a State or Union territory or in any other State or Union territory, no further physical verification of the said conveyance shall be carried out again in the State or Union territory, unless a specific information relating to evasion of tax is made available subsequently. However, as the FORMS are not available online currently, any action initiated by the State tax officers is not intimated to the Central Tax officers and *vice-versa.* It was proposed to clarify that a transporter may carry the notices/orders passed in the specified FORMS by a tax authority to show to another tax authority as and when required. Hence, it may be clarified that:

*"Since at present any action initiated by the State tax officers is not being intimated online to the central tax officers and vice-versa, the physical copies of the notices/orders etc that are passed in the specified FORMS by a tax authority may be shown by the transporter/registered person to another tax authority as and when required, as proof of initiation of action by such tax authority."*

20.4. It was proposed to clarify that the confiscation/detention may generally be done of only those goods which have violated the provisions of the law or rules as detailed below:

*"Only such goods and/or conveyances should be confiscated/detained, in respect of which there is a violation of the provisions of the GST Acts or the rules made thereunder.*

*Illustration: Where a conveyance carrying twenty-five consignments is intercepted and the person-in-charge of such conveyance produces valid e-way bills and/or other relevant documents in respect of twenty consignments but is unable to produce the same with respect to the remaining five consignments, detention/confiscation can be made only with respect to the five consignments in respect of which violation of the Act or the rules made thereunder has been established by the proper officer."*

20.5. CCT, Gujarat suggested that if a transport vehicle was found to be carrying consignments without e-Way bill, the vehicle also needs to be detained and suggested that this should also be included as part of clarification.

20.6. The GIC agreed to modify Circular No. 41/15/2018-GST dated 13.04.2018 with respect to issues as referred at paragraph 20.1 and 20.2 above and also to clarify the issues mentioned at paragraph 20.3 and 20.4 as detailed above along with the additional clarification suggested in paragraph 20.5 above.

20.7. The clarificatory Circular No.49/23/2018-GST dated 21 June 2018 was issued.

**Additional Agenda Item: Master Circular clarifying various issues under GST**

21. Commissioner, GST Policy Wing, CBIC stated that in the 17th GIC Meeting held on 15.05.2018, it was decided to defer two issues in relation to services provided to Special Economic Zone (SEZ) developer or unit, pending examination by CCT, Gujarat. He informed that CCT, Gujarat had conveyed his concurrence to the proposed Circular clarifying the issues on following aspects:

a. Whether services of short-term accommodation, conferencing, banqueting etc provided to Special Economic Zone (SEZ) developer or unit should be treated as an inter-State supply (under section 7(5)(b) of the IGST Act, 2017) or an intra-State supply (under section 12(3)(c) of the IGST Act, 2017)?

b. Whether the benefit of zero rated supply can be allowed to all procurements by SEZ developer or unit such as event management services, hotel and accommodation services, consumables etc.?

21.1. The GIC approved the Circular to clarify issues referred at paragraph 21 (a) and 21 (b) above.

21.2. The clarificatory Circular No.48/22/2018-GST dated 14 June 2018 was issued.

22. In addition to the above agenda items, the following issues were discussed by the GIC:

**Issues relating to Grievance Redressal Mechanism:**

22.1. CCT, Tamil Nadu stated that the Nodal Officers from Tamil Nadu had sent approximately 137 cases relating to TRAN-1 issues and 347 cases relating to migration issues to GSTN and such issues were to be resolved urgently. CCT, Gujarat stated that some genuine cases such as where taxpayers could not file TRAN-2 due to unintended errors like not mentioning quantity etc. could also be considered.

22.2. EVP (Services), GSTN clarified that they were categorising and compiling the issues received from Central Tax and State Tax Nodal officers and would shortly be placing them before the GIC for consideration. With respect to issues raised by CCT, Gujarat, CEO, GSTN observed that such issues may not qualify as technical glitch.

**Issues relating to coordination:**

22.3. ACS, Haryana requested that to utilise the manpower of Central and State Tax administration optimally, it was necessary to have a Standard Operating Procedure (SOP) for conducting checks of e-Way bill by officers of both Central and State Tax administrations. Member (GST), CBIC stated that a formal instruction to field formations would be issued shortly and then SOP would be drawn up.

22.4. Members of the GIC took note of the issues raised at paragraph 22.1 and 22.3 They also requested GSTN to place the agenda at the earliest to the Committee on Grievance Redressal Mechanism on issues arising out of IT related technical glitches.

**20th GIC Meeting – 22 June 2018**

23. The 20th Meeting of the GIC was held on 22 June 2018. At the outset, Commissioner, GST Policy Wing, CBIC apprised the Committee of the action taken based on the decisions from previous GIC meetings.

23.1. The following agenda items were discussed and decided in regard to 20th GIC meeting:

**Agenda item 1: Extension of suspension of reverse charge mechanism under section 9 (4) of the CGST Act, 2017, section 5(4) of the IGST Act, 2017 and section 7 (4) of the UTGST Act, 2017 and provisions relating to TDS and TCS under sections 51 and 52 of the CGST Act, 2017 / SGST Act, 2017 respectively till 30.09.2018**

24. Commissioner, GST Policy Wing, CBIC informed that the GST Council had constituted a Group of Ministers (GoM) regarding the Reverse Charge Mechanism, the report of which was still awaited. Since the date of earlier suspension i.e. 30.06.2018 (as notified vide notification No.s 10/2018 – Central Tax (Rate) dated 23.03.2018, 11/2018 – Integrated Tax (Rate) dated 23.03.2018 and 10/2018 – Union Territory Tax (Rate) dated 23.03.2018) was approaching, the GIC may consider further

extension of these provisions. It was further requested that provisions relating to TDS and TCS under section 51 and 52 of CGST Act, 2017/ SGST Act, 2017 may also be extended in view of the fact that software for the same is not yet ready.

24.1. The GIC approved the agenda to extend the suspension of reverse charge mechanism, TDS and TCS provisions for a further period of three months, i.e. till 30.09.2018.

24.2. The implementing notification No 26/2018 – Central Tax dated 13 June 2018 was issued.

**Agenda item 2: Proposal to settle an additional IGST amount of Rs. 50,000 crore on an *ad hoc* basis**

25. Introducing the agenda item, the Joint Secretary, Department of Revenue stated that Section 17 of the IGST Act provided for apportionment of IGST in case of final consumption and section 18 provides for settlement of IGST in case of cross utilization. It has been observed since introduction of GST due to various reasons, including balances in IGST ledger, substantial amount of IGST was remaining unsettled with Central Government. He recalled that the Council took note of this in its 25th Meeting held on January, 2018 and approved *ad hoc* advance settlement of IGST to States and accordingly Rs. 35,000 crore was settled on *ad hoc* basis to States and Centre. This *ad hoc* advance settlement was to be recovered from regular settlement that would happen over next ten months and a few instalments had already been recovered.

25.1. He added that the situation of substantial amount of IGST not getting settled on a monthly basis continued to exist and in the months of April and May 2018, while gross IGST collection was Rs. 99,668 crore, the amount of IGST settled to the CGST and SGST account was only Rs. 53,655 crore. The balance amount only added to the IGST left unsettled at the end of 2017-18 which led to a situation where the growth in total GST revenues did not manifest into similar growth of State revenues, leading to artificial revenue gap and, thus, need for compensation.

25.2. In view of this, it was proposed that an additional amount of Rs. 50,000 crore be settled on an *ad hoc* basis. He added that henceforth effort shall be made to do apportionment on regular basis. In the meantime, DOR was also trying to take up with the Principal Chief Controller of Accounts and the Controller General of Accounts the issue of recovery of provisionally settled amount only from annual settlement and not by way of ten instalments. It was also informed that on this issue, comments were received from the States of Tamil Nadu, Kerala and Haryana, which were circulated to the GIC members (**Annexure 3**).

25.3. The Additional Commissioner, Tamil Nadu stated that the entire IGST apportionment amount accrued in a financial year under Section 17 of the IGST Act should be settled to the States then and there so that the States could know their actual revenue collections under GST in a particular financial year. At least, they should all be settled before the end of a financial year in which the IGST apportionment is accrued. Suppose, if any such apportionment is subsequently found to be refundable to any person and refunded to such person, then the same shall be reduced from the amount to be apportioned in future as per the provision of Section 17(5) of the IGST Act, 2017. On the other hand, the delayed, deferred and piecemeal settlement of IGST apportionment accrued for a particular financial year in the next financial year do not reflect the true revenue collection of a State in a particular financial year based on which the Compensation is also claimed. Due to non-apportionment of the entire IGST amount accrued under Section 17 of the Act for the year 2017-18 within the above financial year, the State of Tamil Nadu has lost a sum of Rs. 5,142 crore for the year 2017-18, taking into account a sum of around Rs.1,90,000 crore was accrued under the IGST apportionment amount for the year 2017-18. If the above amount had been apportioned entirely before the financial year 2017-18 itself, Tamil Nadu

would have achieved a growth of more than 16% comparing the base year revenue of 2015-16 and would not have required the compensation. Additional Chief Secretary, Haryana suggested that they should be informed regarding the deliberations of the IGST Settlement Committee and also the time frame within which recovery of earlier provisional settlement from the States would stop. Joint Secretary, Department of Revenue clarified that the recovery of the amount was only being postponed as accumulation in IGST amount was increasing. He further clarified that the amount of IGST was accumulating primarily for three reasons: (i) accumulation of IGST credit in the ITC ledger of such taxpayers who had paid IGST but had not utilized the credit which amounted to around Rs. 1,25,000 crore; (ii) in many cases, taxpayers were making exempt supplies but were not reversing the input tax credit proportionate to the exempt supplies; (iii) there were cases of delayed IGST refunds.

25.4. The GIC approved the proposal to settle Rs. 50,000 crore of IGST provisionally on the basis of the same principle as adopted earlier for provisional settlement of Rs. 35,000 crore pursuant to the decision taken in the 25th GST Council Meeting held on 18 January 2018.

25.5. The Department of Revenue issued an *ad hoc* settlement order for Rs 50, 000 crore *vide* F. No. S.31013/16/2017-ST-I-DoR/2 dated 27 June 2018.

**Agenda Item 3: Changes in CGST Rules, 2017**

26. Commissioner, GST Policy Wing, CBIC stated that consequent to the renaming of the Directorate General of Safeguards as Directorate General of Anti-profiteering, few consequential changes in Chapter XV of the CGST Rules would be required to be made. He further proposed that the amendments may be made applicable from 12.06.2018 since the renaming was done from that date, vide Office No. 05/Ad.IV/2018 dated 12.06.2018

26.1. The GIC agreed to the proposed amendments and also approved that the amendments will be effective from 12 June 2018.

26.2. The implementing notification No 29/2018 – Central Tax dated 06 July 2018 was issued.

27. The decisions of GIC are placed for information of the Council.

**Annexure 1**

G.S.R. _____. - In exercise of the powers conferred by section 164 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government hereby makes the following rules, namely: -

**1. Short title, commencement and application. –**

(1) These rules may be called the Goods and Services Tax Appellate Tribunal (Appointment and Conditions of Service of President and Members) Rules, 2018.

(2) They shall come into force on the date of their publication in the Official Gazette.

(3) These rules shall apply to the President of the National Bench, Judicial Member of the National Bench, Judicial Member of the Regional Bench, Technical Member (Centre) of the National Bench, Technical Member (State) of the National Bench, Technical Member (Centre)of the Regional Bench, Technical Member (State) of the Regional Bench, Judicial Member of the State Bench, Judicial Member of the Area Bench, Technical Member (Centre) of the State Bench, Technical Member (State) of the State Bench, Technical Member (Centre)of the Area Bench and Technical Member (State) of the Area Bench of the Goods and Services Tax Appellate Tribunal.

**2. Definitions. –**

(1) In these rules, unless the context otherwise requires, -

(a) "Act" means the Central Goods and Services Tax Act, 2017 (12 of 2017).

(b) "Appellate Tribunal" shall have the same meaning as assigned to it in clause (9) of section 2 of the Act;

(c) "Judicial Member" means a Judicial Member of the Regional Bench or the State Bench or the Area Bench of the Appellate Tribunal;

(d) "President'' means the President of the Appellate Tribunal;

(e) "Member" means a Judicial Member or a Technical Member of the Appellate Tribunal;

(f) "Selection Committee" means the Selection Committee referred to in rule 3 of these rules; and

(g) "Technical Member" means a Technical Member (Centre) or a Technical Member (State) of the National Bench or Regional Bench or the State Bench or the Area Bench of the Appellate Tribunal.

(2) Words and expressions used herein and not defined but defined in the Act shall have the same meaning as assigned to them in the said Act.

**3. Method of recruitment. -**

(1) The Technical Member (Centre) and Technical Member (State) of the National Bench and Regional Benches shall be appointed by the Central Government on the recommendations of a Selection Committee consisting of:

(i) Cabinet Secretary to the Government of India - Chairperson

(ii) Secretary to the Government of India in the Ministry of Finance (Department of Revenue) - Member

(iii) Secretary to the Government of India in the Ministry of Personnel, Public Grievances and Pensions (Department of Personnel and Training) - Member

(iv) Secretary to the Government of India in the Ministry of Law (Department of Legal Affairs) - Member

(2) The Technical Member (Centre) of the State Bench and Area Benches shall be appointed by the Central Government on the recommendations of a Selection Committee consisting of:

(i) Secretary to the Government of India in the Ministry of Finance (Department of Revenue) – Chairperson

(ii) Chairman, Central Board of Indirect Taxes and Customs – Member

(iii) Additional Secretary to the Government of India in the Ministry of Personnel, Public Grievances and Pensions (Department of Personnel and Training) - Member

(iv) Additional Secretary to the Government of India in the Ministry of Law (Department of Legal Affairs) - Member

(3) The Technical Member (State) of the State Bench and Area Benches shall be appointed by the respective State Governments on the recommendations of a Selection Committee consisting of:

(i) Chief Secretary of the State - Chairperson

(ii) Additional Chief Secretary/Principal Secretary/Secretary to the State/Union territory Government in-charge of Finance Department or the Taxation Department, as the State/Union Territory Government may specify - Member

(iii) Additional Chief Secretary/Principal Secretary/Secretary (GAD/Personnel) to the State/Union territory Government in-charge of Personnel matters as the State/Union Territory Government may specify- Member

(iv) Secretary/Principal Secretary (Law) to the State/Union territory Government - Member

(4) The Secretary to the Government of India in the Department of Revenue, Ministry of Finance shall be the convener of the Selection Committee under sub-rule (1) and the Additional Chief Secretary/Principal Secretary/Secretary (Finance/Taxation) to the State/Union territory Government shall be the convener of the Selection Committee under sub-rule (2).

(5) The Selection Committee shall determine its procedure for making its recommendation.

**4.** (Already provided in section 110(6) of Act) **Medical fitness. –**

No person shall be appointed as President or Member unless he is declared medically fit by an authority specified by the Central Government in the case of an appointment under sub-rule (1) of rule 3 and by an authority specified by the corresponding State/Union territory Government in this behalf, in the case of an appointment under sub-rule (2) of rule 3.

**5. Salary and allowances. -**

(1) The President shall be paid a monthly salary **of Rs. 2,50,000 (fixed**) and other allowances and benefits as are admissible to a Central Government officer holding posts carrying the same pay and allowances.

(2) The Member shall be paid a monthly salary of Rs. 2,25,000 (fixed) and shall be entitled to draw allowances as are admissible to a Central Government officer holding Group 'A' post carrying the same pay and allowances.

(3) Where a person appointed as the President or a Member is in receipt of any pension, the pay of such person shall be reduced by the gross amount of pension drawn by him.

**6. Pension, Gratuity and Provident Fund. –**

(1) Where a serving Judge of a Supreme Court, High Court, or a serving District Judge or a serving member of the State or Central Government is appointed to the post of President or Member, as the case may be, the service rendered in the Appellate Tribunal shall count for pension to be drawn in accordance with the rules of the service to which he belongs and he shall be governed by the provisions of the relevant provident fund rules or **the Contribution Pension System, as the case may be.**

(2) Additional pension and gratuity shall not be admissible for service rendered in the Appellate Tribunal.

**7. Leave. –**

(1) The President and Members shall be entitled to thirty days of earned leave for every year of service.

(2) Casual leave not exceeding eight days may be granted to the President and Member in a calendar year.

(3) The payment of leave salary during leave shall be governed by rule 40 of the Central Civil Services (Leave) Rules, 1972.

(4) The President and Members shall be entitled to encashment of leave in respect of the earned leave standing to his credit, subject to the condition that maximum leave encashment, including the amount received at the time of retirement from previous service shall not in any case exceed the prescribed limit under the Central Civil Service (Leave) Rules,1972.

**8. Leave sanctioning authority. -**

(1) The leave sanctioning authority for a Member shall be the President, and for the President, it shall be **the Central Government**.

(2) The **Central Government** shall be the sanctioning authority for foreign travel of the President and Members.

**9. House rent allowance. -**

The President and the Member shall be entitled to house rent allowance at the same rate as are admissible to Group ‘A ’officer of the Government of India of corresponding status.

**10. Transport allowance. –**

The President and the Member shall be entitled to the facility of staff car for journeys for official and private purposes in accordance with the facilities provided to Group ‘A ’officer of the Government of India of a corresponding status as per the provisions of Staff Car Rules.

**11. Declaration of Financial and other Interests. -**

The President and the Member shall, before entering upon his office, declare his assets and his liabilities and financial and other interests.

**12. President to exercise powers of Head of Department: (to be included in the State Rules also)**

The President shall exercise the powers of Head of the Department for the purpose of:

i. Delegation of Financial Power Rules;

ii. General Financial Rules; and

iii. Fundamental Rules and Supplementary Rules.

**13. Other conditions of service. -**

(1) The terms and conditions of service of the President and Member, with respect to which no express provision has been made in these rules, shall be such as are admissible to a Group 'A' Officer of the Government of India of a corresponding status.

(2) The President and a Member shall not, for a period of two years from the date on which they cease to hold office, accept any employment in, or connected with the management or administration of, any person who has been a party to a proceeding before the Appellate Tribunal:

Provided that nothing contained in this section shall apply to any employment under the Central Government or a State Government or local authority or in any statutory authority or any corporation established by or under any Central, State Act or a Government company as defined in **section 617 of the Companies Act, 1956 (1 of 1956)/clause (45) of section 2 of the Companies Act, 2013 (18 of 2013).**

**14. Oaths of office and secrecy. -**

Every person appointed to be President and Member shall, before entering upon his office, make and subscribe an oath of office and secrecy in Forms I and II annexed to these rules.

**15. Power to relax: -**

Where the Central Government is of the opinion that it is necessary or expedient so to do, it may, by order and for reasons to be recorded in writing, relax any of the provisions of these rules with respect to any class or category of persons.

**16. Interpretation. -**

If any question arises relating to the interpretation of these rules, the decision of the Central Government thereon shall be final.

**17. Saving. –**

Nothing in these rules shall affect reservations, relaxation of age limit and other concessions required to be provided for the Scheduled Castes, Scheduled Tribes, Ex-servicemen and other special categories of persons in accordance with the orders issued by the Central Government from time to time in this regard.

**FORM I**

(See rule 14)

**Form of Oath of Office for President/Member of the Appellate Tribunal**

I, A. B., having been appointed as President/ Member of the Goods and Services Tax Appellate Tribunal do solemnly affirm/do swear in the name of God that I will faithfully and conscientiously discharge my duties as President/Member to the best of my ability, knowledge and judgment, without fear or favour, affection or ill-will.

**FORM II**

(See rule 14)

**Form of Oath of Secrecy for President/Member of the Appellate Tribunal**

I, A. B., having been appointed as President/Member of the Goods and Services Tax Appellate Tribunal, do solemnly affirm/do swear in the name of God that I will not directly or indirectly communicate or reveal to any person or persons any matter which shall be brought under my consideration or shall become known to me as President/Member of the Appellate Tribunal except as may be required for the due discharge of my duties as the President/Member.

**Annexure 2**

**Standard Operating Procedure with respect to GST Practitioners**

1. The applicant needs to file the application in the **FORM GST PCT-01** on the GST common portal. Once filed, an Application Reference Number (ARN) would be generated.
2. The application will be alternatively sent from the common portal to the system of the Central Government and the respective State Government.
3. The application will be sent to the dashboard of the concerned jurisdictional officer. In case the jurisdictional division of the Central Government could not be identified by the system, the application shall be first sent to the Central Processing Centre for the assignment of jurisdiction and thereafter, to the concerned jurisdictional officer.
4. If the jurisdictional officer is of the opinion that the application does not pertain to his jurisdiction, he can reassign the application to the concerned jurisdiction (in case of Central Government to the jurisdictional division) within the State through the **REASSIGN** option. The jurisdictional officer should reassign the application in **seven working days** from the date of receipt of the application in the system.
5. If the jurisdictional officer is satisfied that the jurisdiction has been correctly assigned, he may either process the application directly or **DELEGATE** the application to a subordinate for verification. The jurisdictional officer needs to delegate the application within **three working days** from the date of receipt of the application in the system.
6. If the application is delegated, the designated officer (in case of Central Government, the Superintendent) shall submit a verification report. The verification report needs to be submitted within **ten working days** from the date of delegation.
7. The jurisdictional officer may either choose to **APPROVE** the application or **RAISE QUERY** in case any discrepancy or deficiency is noticed.
    a. In case of approval, the same needs to be done within **three working days-**

(i) from the date of receipt of the application in the system, where the said officer has not delegated in terms of para 6 above, or

(ii) from the date on which the verification report has been received from the subordinate officer.

    b. In case a query needs to be raised, the same should be done within **three working days** from the date of receipt of the application in the system or the date on which the verification report has been received from the subordinate officer, as the case may be.
8. If a **QUERY** is raised, it will be visible to the applicant on the common portal. The applicant should respond to the query on the common portal and the response would be shown on the dashboard of the jurisdictional officer for further processing. The reply to the query should be sent by the applicant within **ten working days** of the date on which the query was raised, otherwise, it would be deemed that the applicant does not wish to reply to the query.
9. After receiving the response to the query, the application would finally be **APPROVED** or **REJECTED**. The approval / rejection should be done within **three working days** from the date on which the reply to the query is received.
10. **Details of the documents to be verified: -**
    (i) Degree/qualification of the applicant should be verified with the copy of the degree submitted. Only in case of doubt, the copy of the degree submitted may be verified against the original degree.
    (ii) Address verification needs to be done on the basis of the supporting document submitted. Physical verification need not be carried out.

(iii) Certificate / Document as a proof that the applicant was enrolled as a sales tax practitioner or tax return preparer under the erstwhile tax regime for a period of not less than five years (if applicable).

11. This procedure would be applicable to the applications filed after the date of its issuance.

**Annexure 3**

**Comments of States on "Agenda Note: *Ad hoc* settlement of IGST" for the 20th GIC Meeting scheduled on 22.06.2018**

The Agenda Note was circulated to State Nodal Officers through email on Tuesday, 19 June 2018 by Special Secretary, GST Council for any comments from States by 21 June 2018 after which the matter was to be placed before the GST Implementation Committee.

The Comments received from States are as follows:

| Sl. No | State | Comments |
|---|---|---|
| 1. | Tamil Nadu | 1. Every month, final settlement of IGST under Goods and Services Tax Settlement of Fund Rules, 2017 has to be issued, but provisional order is being issued due to non-availability of entire returns under GST. The State's revenue under GST includes the IGST settlement and delay in final settlement distorts actual revenue position under GST as observed in the e-mail. It is requested **that the entire amount remaining unsettled in the IGST account may be settled instead of Rs.50,000 crore now proposed**. Even if the entire amount is not settled, at least Rs.1, 50,000/- crore may be settled to tide over the fiscal needs of the State.<br>2. With regard to advance settlement of IGST amounting to Rs.35,000/- Crore and its recovery in ten monthly installments, it is submitted that the Compensation has not yet been fully paid during the financial year 2017-18 as this advance settlement IGST amount was added to the State revenue under GST, even though it was said to be recoverable in installments. It is informed that the advance amount now proposed to be settled under IGST settlement may not be recovered monthly and instead, it may be verified at the end of the fiscal year and if any excess amount of settlement is made under this proposed advance settlement, it may be adjusted from the final settlement to be made at the end of this fiscal year. |
| 2. | Kerala | 1. Kerala is of the view that the earlier criteria adopted for settlement of Rs. 35,000 Crores based on the recommendation of the 25th GST Council can be adopted. |
| 3. | Haryana | 1. It was stated in the proposal that substantial amount of IGST is not getting settled on monthly basis and this situation continues to exist in the GST regime. The collection under IGST Account for the month of April and May 2018 has been reported to be Rs. 99,668 Crore, whereas the IGST settled to CGST and State GST Account has been Rs. 53,655 Crore during this period.<br>2. Keeping in view the huge amount of IGST left unsettled, the proposal seeks to settle an additional amount of Rs. 50,000 Crore on ad-hoc basis.<br>3. It is pertinent to mention here that an amount of Rs. 35,000 Crore was provisionally settled during the previous financial year in response to the requests made by the States for provisional settlement of the amount lying in the IGST account, so that it can be put to use. Out of Rs. 35,000 Crore, Rs. 17,500 Crore was distributed amongst states and remaining Rs. 17,500 Crore was allocated to the Centre. However, the amount to the states was counted towards computation of compensation to the States. Though, the states did get revenue as per the compounded growth of 14%, however, in doing so, the states did not get benefit of any additional revenue from the idly lying amount in IGST account, over and above the 14%, which the states intended to. It created a situation wherein the Central government benefited the utilization of Rs. 17,500 Crore over and above its CGST collection but the states did not get such benefit of using this amount over and above their collections under State |

| | | |
|---|---|---|
| | | GST. The amount of compensation is part of the collection under State GST under GST mechanism.<br>4. The tax on Inter-State supplies of Goods and services is levied under IGST Act, 2017. It is an act of Parliament enacted under the Article 246A (2). This mechanism is created in the GST system so that integrity of the supply chain across states can be maintained and ITC flows seamlessly from one state to another. Though, it is an act of parliament, the states have right in equal measures over the IGST amount. Article 269A (1) mandates that IGST tax shall be apportioned between Centre and the States. So, if any amount is taken out of IGST account for ad-hoc settlement in order to make use of the huge amount lying unutilized in the IGST account, it should not be counted for computing the compensation to the states i.e. over and above 14% growth.<br>5. Taking up this opportunity, we also raise our concern over the continuous piling up of huge amount in the IGST account. It needs to be analysed and the reasons thereof should be shared with the states. |

**Agenda Item 4: Decisions/recommendations of the IT Grievance Redressal Committee for information of the Council**

In the 26th GST Council Meeting held on 10 March 2018, it was decided that GST Implementation Committee (GIC) shall act as the IT Grievance Redressal Committee (ITGRC) to address IT issues or IT glitches and that CBIC shall issue a detailed circular in this regard with the approval of the GIC.

2. Accordingly, CBIC issued the Circular No. 39/132018 dated 3 April 2018 with the approval of the GIC in its 15th Meeting held on 26 March 2018. The Circular was circulated to States (through email) on 3 April 2018. Subsequently, a Standard Operating Procedure (SOP) was circulated (through email) on 12 April 2018 by the Goods and Service Tax Network (GSTN) to Chief Commissioner/Commissioners of Centre and State delineating the process that was to be followed by the designated nodal officers in forwarding representations received from taxpayers after collating the representations.

3. The 1st Meeting of the ITGRC was held on 22 June 2018. (Minutes of the Meeting is attached at **Annexure I** of this agenda item). At the outset, EVP (Services), GSTN stated that two categories of cases had been received from the nodal officers. (i) Problems in migration to GST/registration; (ii) Issues in filing TRAN1/TRAN2 and that apart from the above two categories, the GSTN helpdesk received representations on two other issues: (i) inability of certain taxpayers to file FORM GST ITC-01; (ii) reversal of late fees levied wrongly.

4. Following decisions/recommendations were made by the ITGRC on the issues as detailed below:

**Problems related to migration/registration**

4.1. The ITGRC decided to allow migration/registration in 406 cases (list enclosed at **Annexure 2** of the Minutes of the 1st Meeting of ITGRC) relating to technical issues and also allow all the consequential benefits flowing to the taxpayer. It was further decided that the Law Committee would map the consequential issues related to such migration, suggest ways to handle such situations, wherever required in a time bound manner. It was further agreed that the GST Council Secretariat would ask the States/Central zones to appoint single point contact and adhere to the SOP as circulated by GSTN. GSTN was also asked to examine remaining cases pertaining to migration/registration pending with them on urgent basis.

**Issues in filing TRAN1/TRAN2**

4.2. The ITGRC decided to allow filing of TRAN1/TRAN 2 for 122 cases (List enclosed at **Annexure 3** of the Minutes of the 1st Meeting of ITGRC) relating to technical issues only (as mentioned in para 5.2. A. i to 5.2.A.iv of the Minutes of the 1st Meeting of ITGRC) with all consequential benefits flowing to the taxpayer. It was further decided that the Law Committee would map consequential benefits related to filing of TRAN1/TRAN2 and suggest ways to handle such situations, in a time bound manner. GSTN was also asked to examine remaining cases pertaining to TRAN1/TRAN2 pending with them on urgent basis.

**Allowing filing of FORM GST ITC-01for claiming Input Tax Credit (ITC) in certain cases and reversal of late fee in certain cases**

4.3. The ITGRC decided these issues may be examined separately by GST Policy Wing as mainly law issues were involved and then brought before the GIC.

5. The decisions/recommendations of ITGRC are placed for information of the Council.

**Annexure I**

**Minutes of the 1st IT Grievance Redressal Committee (ITGRC) Meeting held on 22 June 2018**

The 1st Meeting of the IT Grievance Redressal Committee was held in Kalpvriksha in North Block, New Delhi on 22 June 2018. The list of officers who attended the meeting is attached as **Annexure 1**.

2. At the outset, Ms. Kajal Singh, EVP (Services), GSTN apprised the Committee that subsequent to the issuance of Circular no. 39/13/2018 which setup the IT Grievance Redressal Committee, several complaints were received from the nodal officers. She stated that two categories of cases had been received from the nodal officers. (i) Problems in migration to GST/registration; (ii) Issues in filing TRAN1/TRAN2. She further stated that apart from the above two categories, the GSTN helpdesk received representations on two other issues: (i) inability of certain taxpayers to file FORM GST ITC-01; (ii) reversal of late fees levied wrongly.

3. CEO, GSTN clarified that last two categories mentioned above were due to system issues. He further stated that consequent to the Circular 39/13/2018, a Standard Operating Procedure (SOP) was sent by mail on 12th April 2018 by the GSTN to the Chief Commissioners/ Commissioners of Centre and State delineating the process that was to be followed by the designated nodal officers in forwarding representations received from taxpayers after collating the representations. The SOP was issued in order to systematically address the grievances and ensure that a *prima facie* examination was done by the tax officers and thereafter they would forward with their remarks or recommendations. However, this SOP was not followed by most of the officers, nor were the representations collated in terms of the circular. This led to a lot of effort in segregating the issues which were being sent in piecemeal and duplicates had to be weeded out.

4. Discussion on problems related to migration/registration:

4.1. EVP, GSTN informed that for migration, the taxpayers were required to create their username and password first by using the provisional ID and token password given to them at the GST Common Portal - www.gst.gov.in and they were also expected to complete GST REG-26 available on GST Portal. She further stated that pursuant to the Circular no. 39/13/2018 dated 03.04.2018, a total of 1881 unique cases were received by GSTN from the nodal officers which are related to migration/registration issues. She stated that out of 1881 cases, 748 cases were examined and fell into following categories:

- **Cases which are stuck in validation errors** such as mismatch of name, PAN mismatch, pending for verification etc. (Validation error occurs due to incorrect entry of the legal name of promoter or authorized signatory. System validates legal name of the person or entity with the name as mentioned in the CBDT data base.).
- **Profile has been activated** but the enrolment form has not been filled completely. In such **cases application is in the draft stage and in some cases showing zero profile**. This occurs due to System error and due to this, saved data of the applicant in the database does not reflect on the screen before him.
- **Active pending verification stage**. - This is an intermediate stage where complete information of a taxpayer is not transferred completely on the GST System portal. In this stage, the profile of taxpayer is not activated.
- **Application stuck in pending for validation stage**: - This happens due to failure of bulk validation of PAN data sent to CBDT. Once the validation failed, data of taxpayers clubbed for that particular batch are stuck with their application and the status of such cases are shown as pending for validation.

- **Profile not activated.** Such taxpayers after receiving Provisional ID and Token never activated their profile and have not created user id and password after registering email and mobile number on the GST Portal.

4.2. EVP, GSTN further gave the reasons for the cases, categorised into technical and non-technical issues as follows:

- Technical issues:
    a. Cases which are stuck in validation errors.
    b. Profile has been activated but the enrolment form has not been filled completely and application are in the draft stage and in some cases showing zero profile;
    c. Active pending verification stage.
    d. Application stuck in pending for validation stage
    e. Application already mapped
    f. Unable to authenticate the application with DSC
    g. Provisional ID cancelled and after restoration they are unable to migrate.
    h. Show cause notice for verification was issued and taxpayer failed to respond in time and their registration cancelled.
    i. Multiple Ids activated.
    j. Incorrect JSON upload (Typical for Tamil Nadu)
    k. Unable to migrate due to miscellaneous technical reasons
- Non-technical issues:
    a. Mistake on part of the taxpayer such as filling in-correct/incomplete details
    b. Failure to respond to Show Cause Notice issued by jurisdictional authority.
    c. Health reasons.
    d. Non-cooperation by consultant or chartered accountant
    e. PID received late etc.
    f. Not having knowledge about GST.
    g. GST Portal was throwing the error "already mapped". This error message was shown to taxpayer when the taxpayer had created his/her new credentials; however, he/she tried to log in to the GST Portal using the credentials received from tax authorities for logging into GST Portal for the first time.

4.3. CEO, GSTN stated that the SOP should be followed while forwarding representations to GSTN and that the GST Council may issue necessary directions to the States reiterating the SOP. EVP, GSTN stated that the recommendation of the GSTN is to allow migration of 406 cases on following grounds:

a. Cases which are stuck in validation errors such as mismatch of name, PAN mismatch, pending for verification etc.
b. Profile has been activated but the enrolment form has not been filled completely.
c. Multiple IDs were activated while migrating.
d. Cancellation of PID without receipt of any notice by the taxpayer and faced issues while proceeding after restoration.
e. Taxpayer could not migrate due to technical issues such as taxpayer could not access the Portal, was automatically logged out of the Portal, could not upload documents, 0% profile, blank profile etc.
f. Issues faced while attaching DSC.
g. Where the taxpayer was unable to migrate where show cause notice was issued and taxpayers failed to respond in time and the registration is cancelled.

4.4. Commissioner, GST Policy Wing, CBIC observed that the points (b), (d) and (g) of Para 4.3 did not appear to be technical in nature. CCT, West Bengal stated that these issues also arose out of technical glitches. For instance, with regard to issues covered under Para 4.3 (d), even after restoration, response to show cause notice was not visible due to technical glitch. EVP, GSTN also confirmed that all the categories in 4.3 (a) to 4.3 (g) were due to technical or system errors or due to errors committed by the

taxpayers while trying to migrate due to which they could not complete the process. DG, Systems, CBIC suggested that all cases may be considered for migration. However, for cases involving non-technical reasons, the resultant benefits might not be given. EVP, GSTN responded that this might further complicate the system design. Commissioner, GST Policy Wing, CBIC stated that allowing for migration results in consequential issues such as extension of TRAN1/TRAN2 for these cases, the question of penalty/ interest waiver and other legal aspects. ACS, Haryana observed that cases pertaining to non-technical issues or where the taxpayer did not attempt migration are outside the purview of ITGRC. However, taxpayers who could not migrate due to technical glitches should be allowed to migrate and given all consequential benefits. Member (GST), CBIC suggested that the consequential issues may be looked into by the Law Committee and it may suggest measures to handle such issues. He also observed that these categories of cases should not be taken as a precedent by GSTN to decide future cases by themselves and that all future cases should also be brought before the IT Grievance Redressal Committee for decision.

4.5. Decision: After discussion, the ITGRC decided to allow migration/registration in 406 cases (list enclosed at **Annexure 2**) relating to technical issues and also allow all the consequential benefits flowing to the taxpayer. It was further decided that the Law Committee would map the consequential issues related to such migration, suggest ways to handle such situations, wherever required in a time bound manner. It was further agreed that the GST Council Secretariat would ask the States/Central zones to appoint single point contact and adhere to the SOP as circulated by GSTN. GSTN was also asked to examine remaining cases pertaining to migration/registration pending with them on urgent basis.

5. Discussion related to TRAN1/TRAN2:

5.1. EVP, GSTN informed the Committee about the background of the issue. The functionality to file GST TRAN-1 was made live on 21.08.2017 on GST portal. Till 27.12.2017, around 9.41 lakh taxpayers availed the facility to file FORM GST TRAN-1 and on the last day of filing, on 27.12.2017 about 1,63,857 taxpayers filed fresh or revised TRAN-1. She stated that as per directions of the Group of Ministers on IT Challenges, a facility for revision of TRAN 1(onetime revision) was made available on GST portal on 08.11.2017 where the taxpayers were required to follow the stages of *revise*, *save*, *submit* and *file*. Around 91,000 taxpayers availed the facility to revise GST TRAN-1. She further explained that out of 598 cases pertaining to TRAN 1/TRAN 2 issues, forwarded to GSTN, detailed analysis of system logs had been done in 172 cases to confirm if the taxpayer faced any technical issues in filing TRAN 1/ TRAN 2.

5.2. EVP, GSTN informed that reasons for these 172 cases can be categorised as below:

A. Technical reasons:
   i. **Cases where the taxpayer received the error "Processed with Error".** The taxpayer could not claim transitional credit as the line items requiring declarations of earlier existing law registration were processed with error since the taxpayer had not added them in his registration details. (78 cases).
   ii. Cases where TRAN-1 was attempted or TRAN-1 revision was attempted by taxpayer on or before 27.12.2017. However, the taxpayer could not file due to encountered errors. **The taxpayer in these cases received messages such as "system error", "upload in progress", "save in progress" etc.** (40 cases)
   iii. Cases in which as per GST system logs, the taxpayer was not enabled to file TRAN1 till its due date of filing of 27.12.2017 due to registration/migration issues. In this category, the taxpayers' dashboards were not enabled because of issues in migration application and hence they could not file their TRAN 1. (4 cases)
   iv. Cases in which the taxpayer filed his Tran 1 once but no credit has been posted due to technical reasons (2 cases)

B. Non-technical reasons:

i. Cases in which as per logs the taxpayer has successfully filed his TRAN 1 and no technical error has been found. This includes cases which were in submitted state and were later enabled to file TRAN 1 after due date as per decision of the GIC. The logs do not indicate any technical issues. (29 cases)
ii. Cases in which as per GST system log, there are no evidences of error or submission/filing of TRAN1 prior to due date. (13 cases).
iii. Cases in which the taxpayer were unable to file TRAN 2 as they had not made or made incorrect declaration of related stock in TRAN 1. (3 cases)
iv. Cases in which taxpayer has attempted downward revision of distributed credit in Table 8 of Tran 1. The system design did not allow them to revise downwards. (2 cases)
v. Case where taxpayer has filed TRAN 1 twice but no credit has been received. As per technical team since only onetime revision facility is developed as per law, enabling such taxpayers to file TRAN 1 third time would technically be very problematic. (1 case)

5.3. Special Secretary, GST Council raised the issue of why cases listed under para 15 of the agenda note should be allowed as these related to the taxpayers who submitted their TRAN-1 but could not file TRAN-1. CEO, GSTN explained that these were cases where input tax credit went into the ledger without affixing digital signature and that 17000 plus such cases were earlier allowed following the decision of GST Council. However, only around 9000 have completed the process. Commissioner, GST Policy Wing, CBIC observed that notification in this regard was issued with an end date for TRAN-1 filing. After discussion, it was agreed not to include such cases for extending any further relaxation.

5.4. Decision: After discussion, the ITGRC decided to allow filing of TRAN1/TRAN 2 for 122 cases (List enclosed at **Annexure 3**) relating to technical issues only (as mentioned in para 5.2.A.i to 5.2.A.iv ) with all consequential benefits flowing to the taxpayer. It was further decided that the Law Committee would map consequential benefits related to filing of TRAN1/TRAN2 and suggest ways to handle such situations, in a time bound manner. GSTN was also asked to examine remaining cases pertaining to TRAN1/TRAN2 pending with them on urgent basis.

6. Discussion on proposals to allow filing of GST ITC-01 for claiming ITC in certain cases and reversal of late fee in certain cases:

6.1. Decision: After discussion, it was agreed that the above two issues may be examined separately by GST Policy Wing as mainly law issues were involved and then brought before the GIC.

**Annexure 1**

**GST Council**

- Sh. Arun Goyal, Special Secretary, GST Council

**Members (Centre)**

- Sh. Mahender Singh, Member (GST), CBIC
- Sh. P.K. Jain, Pr. Director General, DG-Audit, CBIC
- Sh. Sandeep M. Bhatnagar, Director General, DG-Systems, CBIC

**Members (States) (through VC)**

- Sh. Sanjeev Kaushal, ACS, Haryana
- Ms. Smaraki Mahapatra, CCT, West Bengal
- Sh. K. Gnanasekaran, Additional Commissioner, Tamil Nadu on behalf of Sh. T. V. Somanathan, CCT, Tamil Nadu
- Sh. Ajay Kumar, Special Commissioner, Gujarat on behalf of Sh. P.D. Vaghela, CCT, Gujarat

**Special Invitees**

- Sh. Shashank Priya, Joint Secretary, GST Council
- Sh. Upender Gupta, Commissioner, GST Policy Wing, CBIC
- Sh. Dheeraj Rastogi, Joint Secretary, GST Council
- Sh. Prakash Kumar, CEO, GSTN
- Ms. Kajal Singh, EVP (Services), GSTN

**Others**

- Sh. Gauri Shankar Sinha, Joint Commissioner, GST Council
- Ms. Himani Bhayana, Joint Commissioner, GST Policy Wing, CBIC
- Ms. Gayathri P.G, Deputy Commissioner, GST Policy Wing, CBIC
- Sh. Rakesh Agarwal, Under Secretary, GST Council
- Sh. Mahesh Singarapu, Under Secretary, GST Council

**Annexure 2**

Summary Sheet of cases approved for migration/registration

| State | Total Count of taxpayer examined | Count of taxpayer who have not attempted migration | Count of taxpayer who attempted migration | Active pending verification | Validation error | Pending for Validation | Draft or blank profile |
|---|---|---|---|---|---|---|---|
| Jharkhand | 6 | 2 | 4 | 1 | 1 | 1 | 1 |
| Delhi | 1 | 0 | 1 | 1 | 0 | 0 | 0 |
| Nagaland | 1 | 0 | 1 | 0 | 0 | 1 | 0 |
| Sikkim | 7 | 3 | 4 | 0 | 0 | 1 | 3 |
| West Bengal | 6 | 2 | 4 | 2 | 2 | 0 | 0 |
| Bihar | 255 | 125 | 130 | 9 | 21 | 52 | 48 |
| Assam | 28 | 11 | 17 | 0 | 1 | 6 | 10 |
| Tamil Nadu | 273 | 128 | 145 | 2 | 23 | 74 | 46 |
| Gujarat | 8 | 2 | 6 | 0 | 2 | 3 | 1 |
| UP | 121 | 67 | 54 | 10 | 11 | 18 | 15 |
| Maharashtra | 41 | 2 | 39 | 0 | 7 | 30 | 2 |
| Odisha | 1 | 0 | 1 | 0 | 0 | 0 | 1 |
| **Total** | **748** | **342** | **406** | **25** | **68** | **186** | **127** |

**Category wise break up of 406 Cases**

| Sl.No. | Category | Count |
|---|---|---|
| 1 | Cases which are stuck in validation errors | 68 |
| 2 | Profile has been activated | 127 |
| 3 | Active pending verification stage | 25 |
| 4 | Application stuck in pending for validation stage | 186 |
| | **Total** | **406** |

1) **Cases which are stuck in validation errors** such as mismatch of name, PAN mismatch, pending for verification etc. (Validation error occurs due to incorrect entry of the legal name of promoter or authorized signatory. System validates legal name of the person or entity with the name as mentioned in the CBDT data base.)

| Sl.No. | GSTIN | Legal Name | State | Constitution as per PAN |
|---|---|---|---|---|
| 1 | 20AAWFM4888Q1Z7 | MAHTO CONSTRUCTION | Jharkhand | Partnership |
| 2 | 19AAFFG9995H1ZM | BROJA GOPAL KUNDU | West Bengal | Partnership |
| 3 | 19AALFA5707H1ZC | A K NTERNATIONAL | West Bengal | Partnership |
| 4 | 10AABAP8541P1ZC | PRIMARY AGRICULTURE CREDIT SOCIETY EKADARI | Bihar | Other |
| 5 | 10AACCC7656H1ZV | CH PHARMACOM BIOSYSTEM PRIVATE LIMITED | Bihar | Company |

| | | | | |
|---|---|---|---|---|
| 6 | 10AAHCR7320L1ZH | ROHINI AGRO PRODUCTS PRIVATE LIMITED | Bihar | Company |
| 7 | 10AAHPF5695H1ZT | SYED IQABAL FAHEEM | Bihar | Proprietorship |
| 8 | 10AAICP5271D1ZT | SANTOSH KUMAR SINGH | Bihar | Company |
| 9 | 10AAOFA0626J1ZU | AUTO SHINE | Bihar | Partnership |
| 10 | 10AARFB9578K1ZV | BALAJI & CO | Bihar | Partnership |
| 11 | 10AILPS4570J1Z2 | STANDARD SERVICE STATION | Bihar | Proprietorship |
| 12 | 10AJKPM3325K1ZE | SHREE NARAYAN STORE | Bihar | Proprietorship |
| 13 | 10AJVPK5437F2Z6 | SUKESH KUMAR | Bihar | Proprietorship |
| 14 | 10ALPPA6724K2Z7 | MOHAMMAD ARIF | Bihar | Proprietorship |
| 15 | 10AOHPD2369G1ZF | MD. IZHAR ANJUM | Bihar | Proprietorship |
| 16 | 10AQUPS9396M1ZP | JAYLAXMI SINHA | Bihar | Proprietorship |
| 17 | 10ATFPA3542H1ZF | GULAM AHMAD | Bihar | Proprietorship |
| 18 | 10BASPP2905G1ZU | RAMA SHANKAR PASI | Bihar | Proprietorship |
| 19 | 10BCZPK2928K1Z8 | VIKASH CHANDRA KHAN | Bihar | Proprietorship |
| 20 | 10BKIPK1239G1ZN | SHRAWAN VASTRALAY | Bihar | Proprietorship |
| 21 | 10BUMPD4133L1ZW | SHARMILA DEVI | Bihar | Proprietorship |
| 22 | 10BWZPA5442C1ZV | YASHIN CLOTH STORES | Bihar | Proprietorship |
| 23 | 10CGBPS4196J1Z9 | VIJAY SAH | Bihar | Proprietorship |
| 24 | 10CNGPK4656K1ZY | RAVI KUMAR | Bihar | Proprietorship |
| 25 | 18AFZPA1448N1ZU | SAIFUDDIN AHMED | Assam | Proprietorship |
| 26 | 24AACFK2244C1Z0 | KRISHNA INDUSTRIES CO | Gujarat | Partnership |
| 27 | 24ANHPP0481E1Z7 | DEVDA VIMALABEN | Gujarat | Proprietorship |
| 28 | 33AAACM2599M2Z3 | M G M TRAILERS PVT LTD | Tamil Nadu | Company |
| 29 | 33AAACQ3599F1ZD | QIN INTERNATIONAL PRIVATE LIMITED | Tamil Nadu | Company |
| 30 | 33AABCF7384G1ZM | FIRST OFFICE SOLUTIONS INDIA PRIVATE LIMITED | Tamil Nadu | Company |
| 31 | 33AACCV4731A1ZW | VRS FOODS LIMITED | Tamil Nadu | Company |
| 32 | 33AACFD2867N1Z8 | DESIGNER EXPORTS | Tamil Nadu | Partnership |
| 33 | 33AADCC4813B1ZD | CUMBUM VALLEY WINERY PRIVATE LIMITED | Tamil Nadu | Company |
| 34 | 33AADCJ8411C1Z2 | KRISHNAMOORTHY RAJA | Tamil Nadu | Company |
| 35 | 33AAGPI3816G1Z2 | MOHAMEDHUSSAIN ISMAIL | Tamil Nadu | Proprietorship |
| 36 | 33AAHFT1328F1ZI | TAMILNADU AGRO SERVICE CENTRE | Tamil Nadu | Partnership |
| 37 | 33AAPFA7877C1Z9 | ABHITHANJALI TRADERS | Tamil Nadu | Partnership |
| 38 | 33AAPFR4750D1Z8 | R.K.R. TILES | Tamil Nadu | Partnership |
| 39 | 33AATFM8342E1Z3 | M M TRADING COMPANY | Tamil Nadu | Partnership |
| 40 | 33ADAFS2817E1ZI | S G R ENTERPRISES | Tamil Nadu | Partnership |
| 41 | 33ADRPD2699C1ZJ | MUTHUSAMY DHARMALINGAM | Tamil Nadu | Proprietorship |
| 42 | 33AEOPR3685Q1ZH | VELAYUTHA PADYACHI RADHAKRISHNAN | Tamil Nadu | Proprietorship |
| 43 | 33AFHPR6846R1ZJ | RAMU | Tamil Nadu | Proprietorship |
| 44 | 33AGSPN3225A1ZQ | MOHANDOSS NARENDRAN | Tamil Nadu | Proprietorship |

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| 45 | 33AHIPA7624B1ZY | THIRU.R. ALLABAGASH ALLABAGSH WORKS CONTRACT | Tamil Nadu | Proprietorship |
| 46 | 33AOXPB9149J1ZE | KUPPUSAMYMUDALIAR BALADANDAYUDAM | Tamil Nadu | Proprietorship |
| 47 | 33BJQPR1155R1ZG | CHINNASAMY RAMESH | Tamil Nadu | Proprietorship |
| 48 | 33CCLPS4573B1ZJ | ANANDAN SHANMUGAM | Tamil Nadu | Proprietorship |
| 49 | 33CCZPM5968E1ZW | MURUGARAJ | Tamil Nadu | Proprietorship |
| 50 | 33DMZPS6973Q1ZG | SUBRAMANI SUNDAR | Tamil Nadu | Proprietorship |
| 51 | 09AABCT2136J2ZB | TECHNOCLEAN EQUIPMENTS PRIVATE LIMITED | Uttar Pradesh | Company |
| 52 | 09AACCR9033K1Z1 | PRAVEEN KUMAR RAI | Uttar Pradesh | Company |
| 53 | 09AADAP5947K1ZZ | M/S PURVANCHAL GRAMIN AND KRISHAK V V S S LIMITED | Uttar Pradesh | Other |
| 54 | 09AAIFR7946N1Z9 | RAGHUVAR BRICK UDDYOG JAMALPUR | Uttar Pradesh | Partnership |
| 55 | 09AAKFT4751B1Z5 | TANYA TRADING COMPANY | Uttar Pradesh | Partnership |
| 56 | 09AAMFV1381K1ZM | VISHAL STONE CRUSHER | Uttar Pradesh | Partnership |
| 57 | 09AAVPJ4846N1ZQ | NAREN DAE | Uttar Pradesh | Proprietorship |
| 58 | 09AFSPV6052N1ZD | TUSHAR VARSHNEY | Uttar Pradesh | Proprietorship |
| 59 | 09AGTPJ7466N1ZA | VRINDA JAIN | Uttar Pradesh | Proprietorship |
| 60 | 09ANUPK9159K1ZX | HANUMAN DAS KESARI | Uttar Pradesh | Proprietorship |
| 61 | 09BROPS3885F1Z0 | RANA BRAJENDRA PRATAP SINGH | Uttar Pradesh | Proprietorship |
| 62 | 27AABCR0445E1ZR | RISHABH CONSTRUCTIONS PRIVATE LIMITED | Maharashtra | Company |
| 63 | 27AACPW6110H1ZQ | JAGANNATH MURLIDHAR WANI | Maharashtra | Proprietorship |
| 64 | 27AAECV2535N1ZY | VEETECH IT SOLUTIONS PRIVATE LIMITED | Maharashtra | Company |
| 65 | 27AAFCB0745B1Z6 | BEIGH CONSTRUCTION COMPANY PRIVATE L | Maharashtra | Company |
| 66 | 27AAIHA1542B1ZX | A.G. LOHANA | Maharashtra | Other |
| 67 | 27AAQHS1388K1ZC | SANJAY KANTILAL SHAH (HUF) | Maharashtra | Other |
| 68 | 27ACKPT6576G1ZX | AJAY AJIT THAPAR | Maharashtra | Proprietorship |

2) **Profile has been activated** but the enrolment form has not been filled completely in such **cases application is in the draft stage and in some cases showing zero profile;** This occurs due to system error and due to this saved data of the applicant in the database does not reflect on the screen before him.

| Sl.No. | GSTIN | Legal Name | State | Constitution as per PAN |
|---|---|---|---|---|
| 1 | 20BVHPK2596J1ZG | SATYENDRA KUMAR | Jharkhand | Proprietorship |
| 2 | 11AARPO1438K1ZK | AJEET OBEROI | Sikkim | Proprietorship |
| 3 | 11AARPO1438K2ZJ | AJEET OBEROI | Sikkim | Proprietorship |
| 4 | 11BEQPS7114L1Z5 | MACHHU SHARMA | Sikkim | Proprietorship |
| 5 | 10AABCP4962E1ZU | PUJA PRINTECH PVT LTD | Bihar | Company |
| 6 | 10AADCH9202M1ZS | HAQUE INFOTECH PRIVATE LIMITED | Bihar | Company |
| 7 | 10AAEAS2383M1ZG | SHEKHOPUR SARAI PRAKHAND KRISHAK SEVA SAWABLAMBI SAHKARI SAMITI LIMITED | Bihar | Other |
| 8 | 10AAECG9426B1Z5 | GOPAL KRISHNA INFRACON PRIVATE LIMITED | Bihar | Company |

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|---|---|---|---|---|
| 9 | 10AAECV6162F1ZN | VINDHYAWASHINI AGRO PROCESSING PRIVATE LIMITED | Bihar | Company |
| 10 | 10AAFCN4593D1ZR | MANISH KUMAR | Bihar | Company |
| 11 | 10AAGCK2173D1Z5 | KRISHNA ELECTRICALS & ENGINEERS PRIVATE LIMITED | Bihar | Company |
| 12 | 10AAHCM4912F1ZZ | MARUTISUT CONSTRUCTION PRIVATE LIMITED | Bihar | Company |
| 13 | 10AAICS5105K1ZM | SATCHANDI CONSTRUCATION PRIVATE LIMITED | Bihar | Company |
| 14 | 10AAKPY7539A2ZP | MURLI KUMAR YADAV | Bihar | Proprietorship |
| 15 | 10AANCS4323A1Z0 | JK SANDIP INFRASTRUCTURE PRIVATE LIMITED | Bihar | Company |
| 16 | 10AANCS6414J1ZD | SHARDA BHAWANI INFRASTRUCTURE PRIVATE LIMITED | Bihar | Company |
| 17 | 10AANPZ0554F1ZR | ZASIM | Bihar | Proprietorship |
| 18 | 10AAOFV1580G1Z9 | VANTAGE MOTORS LLP | Bihar | Partnership |
| 19 | 10AAWCS2735B1ZL | SHASTA IMPEX MARKETING PRIVATE LIMITED | Bihar | Company |
| 20 | 10AAYFM7643P1ZH | MAA BANGLA MUKHI INFRASTRUCTURE | Bihar | Partnership |
| 21 | 10ABEFA6633L1ZN | ALMIRA FARMERS | Bihar | Partnership |
| 22 | 10ABFFA0113Q1ZX | ARAVALI MARBLES & TILES | Bihar | Partnership |
| 23 | 10AEFPC7775M1ZE | NISHANT CHOUDHARY | Bihar | Proprietorship |
| 24 | 10AFBPB6899Q1Z2 | SANJAY KUMAR BHADANI | Bihar | Proprietorship |
| *25 | 10AGWPD3855C1ZO | SUDARSHAN DAS | Bihar | Proprietorship |
| 26 | 10AHJPY6286E1Z3 | ANIL KUMAR YADAV | Bihar | Proprietorship |
| 27 | 10AIGPC8853P1Z1 | BIRENDRA KUMAR CHOUDHARY | Bihar | Proprietorship |
| 28 | 10AJCPM9276H1Z7 | ANINDYA MAZUMDER | Bihar | Proprietorship |
| 29 | 10AJPPR0105F1ZR | ROHIT KUMAR RISHABH | Bihar | Proprietorship |
| 30 | 10ALWPK1771B1ZD | HARE KRISHNA KUMAR | Bihar | Proprietorship |
| 31 | 10AMNPG3519M1Z3 | BINAY KUMAR GUPTA | Bihar | Proprietorship |
| 32 | 10AOHPA8917K1Z3 | ANUP AWALIK | Bihar | Proprietorship |
| 33 | 10AORPK7044P1ZH | BIRENDRA KUMAR | Bihar | Proprietorship |
| 34 | 10AOZPR3876G1ZD | DEL ENTERPRISES | Bihar | Proprietorship |
| 35 | 10ASTPD7636E2ZU | LAXMI TRADERS | Bihar | Proprietorship |
| 36 | 10AWFPJ8863K1ZB | RAGHAVENDAR JHA | Bihar | Proprietorship |
| 37 | 10BAQPK1035E1ZA | KRISHNA KUMAR KAKKAR | Bihar | Proprietorship |
| 38 | 10BAYPK9511M1Z8 | VINAY KUMAR | Bihar | Proprietorship |
| 39 | 10BCUPG4103M1ZQ | BHOLE NATH TEXTILES | Bihar | Proprietorship |
| 40 | 10BFGPS1012C1ZD | LALIHAR ENTERPRISES | Bihar | Proprietorship |
| 41 | 10BQSPS6846K1Z5 | DEVENDRA KUMAR SINGH | Bihar | Proprietorship |
| 42 | 10BSWPR6797L1ZM | VINAY KUMAR ROY | Bihar | Proprietorship |
| 43 | 10BXUPS0475H1Z7 | UMESH KUMAR SINGH | Bihar | Proprietorship |
| 44 | 10CCSPK6688L1ZV | TUNTUN KUMAR | Bihar | Proprietorship |
| 45 | 10CHFPP7418B1ZS | SASHI PRASAD | Bihar | Proprietorship |
| 46 | 10CSZPS1701D1ZW | SHIV KUMAR SAH | Bihar | Proprietorship |
| 47 | 10CVMPS5715B1ZT | M/S NARAYAN PETROLEUM | Bihar | Proprietorship |
| 48 | 10DGMPS1297G1Z8 | AMIT KUMAR | Bihar | Proprietorship |
| 49 | 10DVLPK5014B1Z9 | KRISHNA ELECTRICALS | Bihar | Proprietorship |

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| 50 | 10EDZPK0544M1Z7 | RAJEEV KUMAR | Bihar | Proprietorship |
| 51 | 10EEDPS2775K1ZA | VIJETA SINGH | Bihar | Proprietorship |
| 52 | 10GKEPS1290E1ZF | S.K.S. STORE | Bihar | Proprietorship |
| 53 | 18AAEFL1542L1Z8 | LION HEART CONSTRUCTION | Assam | Partnership |
| 54 | 18ABRFS5765L1Z5 | SATHI ENTERPRISE | Assam | Partnership |
| 55 | 18ADJPM3414A1ZZ | UTITSILS | Assam | Proprietorship |
| 56 | 18ADKPP5336M1ZX | GAURANGA PAUL | Assam | Proprietorship |
| 57 | 18AFQPK0236H1ZE | KARUN KRISHNA KUNDU | Assam | Proprietorship |
| 58 | 18AIGPD8061Q1ZQ | SWAPAN DAS | Assam | Proprietorship |
| 59 | 18ANEPS6732J1ZJ | KAILASH KUMAR SETHIA | Assam | Proprietorship |
| 60 | 18AZDPC3401H1ZX | SABITA CHAKRABORTY | Assam | Proprietorship |
| 61 | 18BKVPK4806L1ZG | BAPPA KUNDU | Assam | Proprietorship |
| 62 | 18BZNPP3948K1ZI | ASIT PAUL | Assam | Proprietorship |
| 63 | 24AAFCM4689P1ZP | MALAY INFOTECH PRIVATE LIMITED | Gujarat | Company |
| 64 | 33AAAAL6819M1ZE | LAKSHAYA MANAMAKIL MANDRAM | Tamil Nadu | Other |
| 65 | 33AAAAP3419R1ZA | PON HARDWARES | Tamil Nadu | Other |
| 66 | 33AAAFZ0734C1ZP | ZEENATH AUTOMOBILES | Tamil Nadu | Partnership |
| 67 | 33AABCP9335K1Z8 | PRATIK ART INTERIORS PRIVATE LIMITED | Tamil Nadu | Company |
| 68 | 33AADCJ8903H1ZN | JASON SHIPPING SERVICES PRIVATE LIMITED | Tamil Nadu | Company |
| 69 | 33AAGCA0009G1ZE | ADARSH NOBLE CORPORATION LIMITED | Tamil Nadu | Company |
| 70 | 33AAHFR1811R1ZZ | RADHA TIMBER DEPOT | Tamil Nadu | Partnership |
| 71 | 33AALFB1381J1ZI | BABA FURNITURES | Tamil Nadu | Partnership |
| 72 | 33AAMHP8337D1Z2 | PADAMRAJ JAIN HUF | Tamil Nadu | Other |
| 73 | 33AAOCA1774E1ZS | KHIZAR AND CO | Tamil Nadu | Company |
| 74 | 33AASFM0159N1ZU | MINAR AGENCY | Tamil Nadu | Partnership |
| 75 | 33ABQPU3509D1ZM | NANDAGOPAL USHARANI | Tamil Nadu | Proprietorship |
| 76 | 33ABUPC9878M1ZP | ASHISH CHURIWALA | Tamil Nadu | Proprietorship |
| 77 | 33ACDFS6935K1ZT | SRI BADHRI SILVERS | Tamil Nadu | Partnership |
| 78 | 33ACKFS9596B1ZQ | S Y S AGENCIES | Tamil Nadu | Partnership |
| 79 | 33ADBPT1637Q1Z6 | THIRUVADIMUTHU | Tamil Nadu | Proprietorship |
| 80 | 33ADCFS3772Q1ZJ | SRI RANGA INDUSTRIES | Tamil Nadu | Partnership |
| 81 | 33ADDFS6038C1ZE | SRI GANESH BLUE METALS-II | Tamil Nadu | Partnership |
| 82 | 33AFTPA7187A1ZJ | ABDULKAREEM ABDUL MAJEED | Tamil Nadu | Proprietorship |
| 83 | 33AITPJ3579L1ZK | DASAN NADAR JORANSON JEBICSON SMILIN DANIEL | Tamil Nadu | Proprietorship |
| 84 | 33AKDPP7305A1ZP | KANDASAMY PIRAMANAYAGAM MATHIARASU | Tamil Nadu | Proprietorship |
| 85 | 33AKRPP0975E1ZX | PANNIER DURAI NADAR PRAKASH | Tamil Nadu | Proprietorship |
| 86 | 33AMKPS7963C1ZR | P. SELVARAJ P.S. MEDICALS DEALER IN MEDICINE. | Tamil Nadu | Proprietorship |

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|---|---|---|---|---|
| 87 | 33ANYPA9424D1ZZ | ARULSILUVAIRAJANJESUPONPANDIAN | Tamil Nadu | Proprietorship |
| 88 | 33AOBPJ7384R2ZA | RAMDEV HARDWARES | Tamil Nadu | Proprietorship |
| 89 | 33AOLPC6999P1Z1 | PERUMAL CHENRAL | Tamil Nadu | Proprietorship |
| 90 | 33APHPG6467P1ZC | KRISHNAMOORTHY VELLACHAMI GANESH KUMAR | Tamil Nadu | Proprietorship |
| 91 | 33ARLPC2858C1Z4 | SASIVARNAN CHITRESH | Tamil Nadu | Proprietorship |
| 92 | 33ARVPJ0633J1ZN | ARULSAMY JESURAJ | Tamil Nadu | Proprietorship |
| 93 | 33ATKPT4793N1ZR | THANALAKSHMI | Tamil Nadu | Proprietorship |
| 94 | 33ATRPT8197P1ZA | THANGAMALINI | Tamil Nadu | Proprietorship |
| 95 | 33ATVPR0253L1Z7 | RAJAPAUL | Tamil Nadu | Proprietorship |
| 96 | 33AUNPD6887H1Z8 | SUN TRADERS | Tamil Nadu | Proprietorship |
| 97 | 33AXTPD6483E1ZA | DILIP KUMAR | Tamil Nadu | Proprietorship |
| 98 | 33AYNPB6171E1ZN | KOTHANDARAMAN BALASANKAR | Tamil Nadu | Proprietorship |
| 99 | 33AZXPA4600L1ZB | FAROOK ROOK AHAMED SADATH | Tamil Nadu | Proprietorship |
| 100 | 33BKZPR4391H1ZE | GUNA TRADERS PROP.G. RAJAGOPAL | Tamil Nadu | Proprietorship |
| 101 | 33BLTPM5336C1Z2 | MURUGAPERUMAL | Tamil Nadu | Proprietorship |
| 102 | 33BNGPM4938P1ZE | SOHANLAL MAGANIRAM | Tamil Nadu | Proprietorship |
| 103 | 33BPEPS9623B1ZZ | JAYABALAN SIVAPRAKASAM | Tamil Nadu | Proprietorship |
| 104 | 33BUJPR3170E1ZP | RAJAGOPALR. | Tamil Nadu | Proprietorship |
| 105 | 33BWVPS9858Q1ZW | RAJENDRAN SRIDHAR | Tamil Nadu | Proprietorship |
| 106 | 33CJBPM0396P1ZU | MEHALA | Tamil Nadu | Proprietorship |
| 107 | 33CMOPS4326M1ZH | VELLAPPAN SANTHOSH KUMAR | Tamil Nadu | Proprietorship |
| 108 | 33CRJPM4968F1ZH | J.J. INTERNATIONAL | Tamil Nadu | Proprietorship |
| 109 | 33DGUPS2493N1ZD | SELWVIN | Tamil Nadu | Proprietorship |
| 110 | 09AACCP9383Q1ZE | POL PHARMA(INDIA)PVT LTD | Uttar Pradesh | Company |
| 111 | 09AAECD1327L1ZM | DEZIRE LIFE SCIENCES PRIVATE LIMITED | Uttar Pradesh | Company |
| 112 | 09AAQFM8811M1ZI | MAA DURGE ENTERPRISES | Uttar Pradesh | Partnership |
| 113 | 09ABPPD5551P1Z0 | SRI NATH DAS | Uttar Pradesh | Proprietorship |
| 114 | 09ACNPM2029G1ZJ | MUKESH KUMAR MEHROTRA | Uttar Pradesh | Proprietorship |
| 115 | 09AFCPJ0069H1ZL | ANIL KUMAR JAISWAR | Uttar Pradesh | Proprietorship |
| 116 | 09AFPPK8838J1ZL | MAHENDRA DUTT KAUSHIK | Uttar Pradesh | Proprietorship |
| 117 | 09AHFPG3716K1ZA | AMIT KUMAR GUPTA | Uttar Pradesh | Proprietorship |
| 118 | 09AHGPP6138H2Z0 | AJAY KUMAR PANDEY | Uttar Pradesh | Proprietorship |
| 119 | 09AJQPN4490C1ZV | M/S AHAD PACKING MATERIAL SUPPLIER | Uttar Pradesh | Proprietorship |
| 120 | 09AKEPJ6530E1ZC | JAYPRAKASH | Uttar Pradesh | Proprietorship |

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|---|---|---|---|---|
| 121 | 09AMGPK3293B1Z5 | RAJESH KUMAR | Uttar Pradesh | Proprietorship |
| 122 | 09ANIPA2384E1Z7 | ISHTIYAQUE AHMAD | Uttar Pradesh | Proprietorship |
| 123 | 09GCBPS1556J1Z6 | ROHIT SINGH | Uttar Pradesh | Proprietorship |
| 124 | 09GTLPS0026J1ZA | HARGOVIND SINGH | Uttar Pradesh | Proprietorship |
| 125 | 21EQVPS2974E1ZC | RAMESH SWAIN | Odisha | Proprietorship |
| 126 | 27AADFE8735H1Z9 | ENTREE | Maharashtra | Partnership |
| 127 | 27AAPPA2967H1ZI | OMPRAKASH HARUMAL ADWANI | Maharashtra | Proprietorship |

*Note: Sl. No 25 has filed writ petition in Patna High Court. CW no. 6334 of 2018.

3) **Active pending verification stage**. - This is an intermediate stage where complete information of a taxpayer is not transferred completely on the GST System portal. In this stage the profile of taxpayer is not activated.

| Sl.No. | GSTIN | Legal Name | State | Constitution as per PAN |
|---|---|---|---|---|
| 1 | 07AZXPK1302M1Z1 | SUSHIL KUMAR GOEL | Delhi | Proprietorship |
| 2 | 20AJQPK4365D1ZE | RAKESH KUMAR | Jharkhand | Proprietorship |
| 3 | 19AAAFE7634A1ZR | EASTERN EQUIPMENT ENTERPRISES | West Bengal | Partnership |
| 4 | 19ACSPA1279K1Z6 | BALKISHAN AGARWAL | West Bengal | Proprietorship |
| 5 | 10AAAAU3940Q1ZD | UTTARI SRIPUR PRATHMIK KRISHI SAKH SAHYOG SAMITI LIMITED | Bihar | Other |
| 6 | 10AAFCM8865P1ZW | ARWAL FOOD PRODUCTS PRIVATE LIMITED | Bihar | Company |
| 7 | 10AOGPS3122R1ZT | INDERPAL SINGH | Bihar | Proprietorship |
| 8 | 10BAUPM7111D1Z1 | RADHA RAMAN MISHRA | Bihar | Proprietorship |
| 9 | 10BKAPP4990H1Z8 | KANHAIYA PRASAD | Bihar | Proprietorship |
| 10 | 10BPDPK1116C1ZY | SHYAM KUMAR | Bihar | Proprietorship |
| 11 | 10CMCPK0201M1ZR | MANOJ KUMAR | Bihar | Proprietorship |
| 12 | 10ECEPK5150F1Z5 | AMIT KUMAR | Bihar | Proprietorship |
| 13 | 10FVMPS2746M1Z2 | NAND KISHOR SINGH | Bihar | Proprietorship |
| 14 | 33ABYFS1238B1Z7 | SENTHIL MURUGAN JEWELLARY | Tamil Nadu | Partnership |
| 15 | 33AGQPR9422D1Z7 | RAMESH RAMASWAMY | Tamil Nadu | Proprietorship |
| 16 | 09AAJFR1413K1Z4 | ROHIT PRECISION FASTENERS | Uttar Pradesh | Partnership |
| 17 | 09AALFS1971R1Z8 | SHREE SAIBABA FINANCE ANAND | Uttar Pradesh | Partnership |
| 18 | 09AELPA4324C1ZZ | URMILA AGRAWAL | Uttar Pradesh | Proprietorship |
| 19 | 09AFCPJ8330B1ZT | DHEERAJ JAIN | Uttar Pradesh | Proprietorship |
| 20 | 09AJTPK3581A1Z1 | PRADEEP KUMAR | Uttar Pradesh | Proprietorship |
| 21 | 09AKYPG2668J1ZD | UMESH CHAND GARG | Uttar Pradesh | Proprietorship |
| 22 | 09AUPPS1265A1ZI | AKHILESH KUMAR SHUKLA | Uttar Pradesh | Proprietorship |
| 23 | 09AWFPB1391J1ZJ | BEBI | Uttar Pradesh | Proprietorship |
| 24 | 09AWOPJ2789H1ZV | QAISAR JAHAN | Uttar Pradesh | Proprietorship |
| 25 | 09CVLPK7047K1ZX | NARENDRA KUMAR | Uttar Pradesh | Proprietorship |

4) **Application stuck in pending for validation stage**: - This happens due to failure of bulk validation of PAN data sent to CBDT. Once the validation failed, data of taxpayers clubbed for that particular batch are stuck with their application and the status of such cases are shown as pending for validation.

| Sl.No. | GSTIN | Legal Name | State | Constitution as per PAN |
|---|---|---|---|---|
| 1 | 13AAACI9321H1ZV | INFINITY INFOMATIC PRIVATE LIMITED | Nagaland | Company |
| 2 | 20AADCB6271E1Z7 | BARUN BAGODAR CONSTRUCTION PRIVATE LIMITED | Jharkhand | Company |
| 3 | 11AAJCA0287D1Z7 | IMPRESSION MOTORS PRIVATE LIMITED | Sikkim | Company |
| 4 | 10AABAD1788L1ZT | DARPA PIPARA PRATHMIK KRISHI SAMITI LIMITED | Bihar | Other |
| 5 | 10AAFCT7793P1ZO | TISCA AGRO INDIA PRIVATE LIMITED | Bihar | Company |
| 6 | 10AAFFB7429K1ZL | BHUSHAN AND BROTHERS | Bihar | Partnership |
| 7 | 10AAICP0835H1ZT | POONAM AND SONS INDUSTRIES PRIVATE LIMITED | Bihar | Company |
| 8 | 10AAJFD1476G1ZT | DIPANJALI ENTERPRISES | Bihar | Partnership |
| 9 | 10AAKFP1673L1Z6 | PRAHALAD RAI | Bihar | Partnership |
| 10 | 10AAQFG6760P1ZV | GANPATI TRADERS | Bihar | Partnership |
| 11 | 10AATHS0303M1Z7 | SIYARAM PRADHAN (HUF) | Bihar | Other |
| 12 | 10ABGFS5550A1ZS | SUNIL ENTERPRISES | Bihar | Partnership |
| 13 | 10ABKFS6636D1ZD | SHASHI CONSTRUCTION | Bihar | Partnership |
| 14 | 10ABPPY9966P1ZD | BINDESHWAR YADAV | Bihar | Proprietorship |
| 15 | 10ABRFS2311Q1ZZ | SHREEM CONSTRUCTION | Bihar | Partnership |
| 16 | 10ABTPH7069N1Z4 | MOHAMMED ASHRAFUL HAQUE | Bihar | Proprietorship |
| 17 | 10ACYPB3128J1ZR | KUMAR VIJOY BHANSHALI | Bihar | Proprietorship |
| 18 | 10AFXPA1447H1ZQ | SANA ENTERPRISES | Bihar | Proprietorship |
| 19 | 10AFXPV9411L1ZS | VIKASH CHANDRA VERMA | Bihar | Proprietorship |
| 20 | 10AGCPJ4661J1ZP | DHIRAJ KUMAR JAISWAL | Bihar | Proprietorship |
| 21 | 10AGQPA8765N1ZZ | VIVEK ENTERPRISES | Bihar | Proprietorship |
| 22 | 10AHRPK2616E1ZR | APNA GALLA BHANDAR | Bihar | Proprietorship |
| 23 | 10AHWPA2306C2Z4 | MOHHMAD JAWED ANWER | Bihar | Proprietorship |
| 24 | 10AJMPR7384P1ZE | A RAZZAQ KHAD BEEJ BHANDAR | Bihar | Proprietorship |
| 25 | 10AJZPA8157G1Z4 | MD AFTAB ALAM | Bihar | Proprietorship |
| 26 | 10ANMPV8345G1ZQ | RINKI DRESSES | Bihar | Proprietorship |
| 27 | 10AONPB5142F1ZK | UJJWAL BIOTECH | Bihar | Proprietorship |
| 28 | 10APAPK7282B1ZH | MANORANJAN KUMAR | Bihar | Proprietorship |
| 29 | 10APOPR8544P1Z4 | ULFAT KHADH BHANDAR | Bihar | Proprietorship |
| 30 | 10APZPK4389L1Z5 | PAWAN KUMAR | Bihar | Proprietorship |
| 31 | 10ARNPB2310G1ZO | RITESH KUMAR BARANWAL | Bihar | Proprietorship |
| 32 | 10ASTPD7409H1ZU | PUSHPA DEVI | Bihar | Proprietorship |
| 33 | 10ATLPR6402M1ZK | NIRA RAY | Bihar | Proprietorship |
| 34 | 10AUCPC8665R1ZB | REKHA CHOUDHARI | Bihar | Proprietorship |
| 35 | 10AVNPC2139E1Z8 | ARNAV ARYAN AGENCY | Bihar | Proprietorship |
| 36 | 10AXAPB6654J1ZV | IMRANA BEGAM | Bihar | Proprietorship |
| 37 | 10BAIPK1922Q1ZP | SANJAY KUMAR | Bihar | Proprietorship |
| 38 | 10BDKPC9020L1ZU | GHANASHYAM CHAUDHARY | Bihar | Proprietorship |
| 39 | 10BDSPS4867H1Z2 | MAA KHAD BEEJ TRADING COMPANY | Bihar | Proprietorship |
| 40 | 10BDSPS7495H1ZW | PRASANNA JEE SAHAY | Bihar | Proprietorship |
| 41 | 10BDSPS8581A1ZD | HEMPUSHPA | Bihar | Proprietorship |

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| 42 | 10BIJPD1245E1Z3 | SUDHA KUMARI | Bihar | Proprietorship |
| 43 | 10BIUPM0717K1Z7 | PASHUPATI NATH MAHATO | Bihar | Proprietorship |
| 44 | 10BIWPS8503F1Z2 | KAUSAL KISHOR SINGH | Bihar | Proprietorship |
| 45 | 10BJQPA1117G1ZY | SMART FURNITURE & ELECTRONIC | Bihar | Proprietorship |
| 46 | 10BKFPP7572Q1ZK | AZIZUL RAHMAN CHANDAN PRASAD | Bihar | Proprietorship |
| 47 | 10BNAPS2449K1Z2 | SURENDAR LAL SHARMA | Bihar | Proprietorship |
| 48 | 10BSWPK4153R1Z3 | PRAKASH KUMAR | Bihar | Proprietorship |
| 49 | 10BXEPA0455R1ZO | LATEST FAISHON | Bihar | Proprietorship |
| 50 | 10BYBPK3516M1ZP | PAVAN KUMAR | Bihar | Proprietorship |
| 51 | 10CBLPK4456N1ZE | DILIP WORK SHOP | Bihar | Proprietorship |
| 52 | 10CRYPK7002F1ZX | SRI BALAJI TIMBER & TRADERS | Bihar | Proprietorship |
| 53 | 10CZAPK7815E1ZU | MEHTA PACKAGING | Bihar | Proprietorship |
| 54 | 10DCYPK9214H1ZD | OM HARSH SAI FUEL CENTER | Bihar | Proprietorship |
| 55 | 10EKNPK9772E1ZX | KISAN SAHYOG KENDRA | Bihar | Proprietorship |
| 56 | 18AAAJR1139B1ZH | RAJYESWARPUR AGRO TRADING | Assam | Other |
| 57 | 18AECPT9716Q1ZJ | RAVINDRA KUMAR TODI | Assam | Proprietorship |
| 58 | 18AGOPB0859J1Z5 | RAMAN BANIK | Assam | Proprietorship |
| 59 | 18AIJPN7066J1ZO | BINOY BHUSON NATH | Assam | Proprietorship |
| 60 | 18ANAPP2556K1ZQ | HARENDRA KUMAR PANDEY | Assam | Proprietorship |
| 61 | 18AOXPA5224K1ZL | MD SHAHJAHAN ALAM | Assam | Proprietorship |
| 62 | 24ABDFA7927Q1ZY | KAUSHIKKUMAR BATUKBHAI PAGHADAL | Gujarat | Partnership |
| 63 | 24AFTPV8148J1ZJ | MAHESH MANSUKHLAL VIDHANI | Gujarat | Proprietorship |
| 64 | 24AWOPP7748Q1ZD | SHILPAN R PATEL | Gujarat | Proprietorship |
| 65 | 33AABCV9079L1ZR | V V PHARMACHEM FOOD PRIVATE LIMITED | Tamil Nadu | Company |
| 66 | 33AABFS4854R1ZN | SARASWATHI TRADERS | Tamil Nadu | Partnership |
| 67 | 33AACAM1143M1ZS | M P 80 GOPALNAYAKANPATTY PRIMARY AGRI COOPERATIVE CREDIT SOCIETY | Tamil Nadu | Other |
| 68 | 33AACPC4727G1Z8 | KUPPAM CHINNAKANNUGOUNDER CHINNAKULANDAI | Tamil Nadu | Proprietorship |
| 69 | 33AADPK9854F1ZN | KIRAN DEVI | Tamil Nadu | Proprietorship |
| 70 | 33AADPP2042G1Z6 | KRISHNAMURTHY PRAKASH | Tamil Nadu | Proprietorship |
| 71 | 33AAEPK9194M1Z6 | JAMBULINGAM RAMESH KUMAR | Tamil Nadu | Proprietorship |
| 72 | 33AAFFV8958D1ZW | V KAMALADEVI | Tamil Nadu | Partnership |
| 73 | 33AAFPM3047C1Z8 | SUSHILA MEHTA | Tamil Nadu | Proprietorship |
| 74 | 33AAFPM9336A1Z0 | RAJESH KUNDANMALJI MEHTA | Tamil Nadu | Proprietorship |
| 75 | 33AAGPB7295N1ZD | PRAVEENKUMAR NATHMAL BHANDARI | Tamil Nadu | Proprietorship |
| 76 | 33AAGPV1175K1ZG | KOVAI RATHNAVELU RATHNAVELU VIVEKANANDAN | Tamil Nadu | Proprietorship |
| 77 | 33AAGPV1219G1ZW | MUNUSAMY CHETTIAR VENKATESAN | Tamil Nadu | Proprietorship |
| 78 | 33AAHCA2058G1Z0 | JAI LAXMI VENKATESH GRANITES PRIVATE LIMITED | Tamil Nadu | Company |
| 79 | 33AAJFC0355K1ZL | CODEHOUSE SOLUTIONS LLP | Tamil Nadu | Partnership |

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|---|---|---|---|---|
| 80 | 33AAJFD7301C1Z1 | DIVYA TEX | Tamil Nadu | Partnership |
| 81 | 33AAJFD7833M1Z3 | DIVYA READYMADE | Tamil Nadu | Partnership |
| 82 | 33AAMFP1635J1Z6 | PREMIER HARDWARES | Tamil Nadu | Partnership |
| 83 | 33AANFK3629E1ZF | K S S INTERIOR DECORATORS | Tamil Nadu | Partnership |
| 84 | 33AAWHS8305J1ZK | THIRU.SRIDHAR. V. VENKATESWARA EMPORIUM | Tamil Nadu | Other |
| 85 | 33ABCPE3944N1ZO | SUNDAR ELAMATHI | Tamil Nadu | Proprietorship |
| 86 | 33ABJPE5615P1ZH | PERUMAL ELLAIYAN | Tamil Nadu | Proprietorship |
| 87 | 33ABRPU2878E1Z5 | SRI KRISHNA PLASTIC | Tamil Nadu | Proprietorship |
| 88 | 33ABTPN2959F1ZA | VARADARAJAN NANDAKUMAR | Tamil Nadu | Proprietorship |
| 89 | 33ACUFS1101L1Z2 | SHARMI PAINTS | Tamil Nadu | Partnership |
| 90 | 33ADOPN9980D1Z4 | MURUGESAN NAGESH | Tamil Nadu | Proprietorship |
| 91 | 33ADUPN6835D1ZA | SENBAGARAMAIYAPILLAI NAGENDIRAN | Tamil Nadu | Proprietorship |
| 92 | 33ADWPS3806M1ZV | MUTHIA RAMAR SARAVANAN | Tamil Nadu | Proprietorship |
| 93 | 33ADYPT4247K1ZR | MADASAMY THILAGAR | Tamil Nadu | Proprietorship |
| 94 | 33AEFPV4098E1ZA | SWAMINATHAN VENUGOPAL | Tamil Nadu | Proprietorship |
| 95 | 33AFJPP9399D1ZY | RAMASWAMY PUNITHAS | Tamil Nadu | Proprietorship |
| 96 | 33AFMPV2592K1ZT | VELLORE GOVINDARAJ RAMAMOORTHY VELU | Tamil Nadu | Proprietorship |
| 97 | 33AFVPM2266E2ZA | SELVAM RATHINAM | Tamil Nadu | Proprietorship |
| 98 | 33AHGPP4465P1ZR | PAUL ARAVAMUDHAN | Tamil Nadu | Proprietorship |
| 99 | 33AHHPL2946C1ZN | SRI SAKTHI SIDHA & AYURVEDHA MEDICALS | Tamil Nadu | Proprietorship |
| 100 | 33AHVPM1838J1ZW | ELUMALAI MARIMUTHU | Tamil Nadu | Proprietorship |
| 101 | 33AHYPK4007A1ZN | RAJAKANI KARTHIKEYAN | Tamil Nadu | Proprietorship |
| 102 | 33AIEPB6366Q1ZY | BASKAR SAVARIMUTHU | Tamil Nadu | Proprietorship |
| 103 | 33AIIPN2995F2Z1 | NOOR AHMED NOORUL MUBEEN | Tamil Nadu | Proprietorship |
| 104 | 33AIXPA3926C1ZH | ARULSHANMUGAM | Tamil Nadu | Proprietorship |
| 105 | 33AIZPR6768H1ZA | MARIMUTHU VENKATACHALAM RAAJAH | Tamil Nadu | Proprietorship |
| 106 | 33AKAPM2373C2ZO | MANICKAM | Tamil Nadu | Proprietorship |
| 107 | 33ALWPA7777M1ZA | MOHAMED SHERIEF ABDUL SAMATH | Tamil Nadu | Proprietorship |
| 108 | 33AMAPK5965E1Z7 | PALAALA SUNDARAM KUMAR | Tamil Nadu | Proprietorship |
| 109 | 33ANSPP2195G1ZM | PERYAASIVAKKUMAR | Tamil Nadu | Proprietorship |
| 110 | 33AOJPB1181J1Z8 | ANLUSAMY BUVANESHWARI | Tamil Nadu | Proprietorship |
| 111 | 33AOSPS7642L1Z4 | SURESH BABU MARU | Tamil Nadu | Proprietorship |
| 112 | 33APDPS8614L1ZJ | DILLIBABU SRINIVASALU | Tamil Nadu | Proprietorship |
| 113 | 33APZPN5765K1ZY | RAMALINGAM SHANMUGAM NAGARAJ | Tamil Nadu | Proprietorship |

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|---|---|---|---|---|
| 114 | 33AQZPM2825N1Z4 | RAJARATNAM MUTHULINGAM | Tamil Nadu | Proprietorship |
| 115 | 33ARIPS4724Q1Z5 | SADASIVAM SETTU | Tamil Nadu | Proprietorship |
| 116 | 33AWEPA2805K1ZZ | TAJMOHAMED ABDUL SHUKUR | Tamil Nadu | Proprietorship |
| 117 | 33AWJPR8160R2ZM | KUZHANDHAI RAGHAVAN | Tamil Nadu | Proprietorship |
| 118 | 33AYGPA1559C1Z1 | ANTHONIJOSEPH | Tamil Nadu | Proprietorship |
| 119 | 33AZCPS8856R1ZC | NARAYANASWAMY SARAVANAN | Tamil Nadu | Proprietorship |
| 120 | 33AZEPD3620Q1ZF | RAJINAIDU DOSS | Tamil Nadu | Proprietorship |
| 121 | 33BCDPS2147C1Z0 | MANSINGH SARVANSINGH | Tamil Nadu | Proprietorship |
| 122 | 33BCZPG5742H1Z9 | SAMBANTHAN GOPALAKRISHNAN | Tamil Nadu | Proprietorship |
| 123 | 33BESPR9805K1ZQ | ANGUSWAMY RAJAKUMAR | Tamil Nadu | Proprietorship |
| 124 | 33BFKPS1429H1ZE | ABDULKAREEM SALMANBARIS | Tamil Nadu | Proprietorship |
| 125 | 33BRAPA7124H1ZD | ASHOKNA | Tamil Nadu | Proprietorship |
| 126 | 33BSDPM6824J1ZM | PALARAMAN MUNIYASWAMY | Tamil Nadu | Proprietorship |
| 127 | 33BSGPR3568B1ZS | MAGADEVAN RAMESH | Tamil Nadu | Proprietorship |
| 128 | 33BTXPK5266K1ZY | SHAMSUDHEEN KOTTAYIL | Tamil Nadu | Proprietorship |
| 129 | 33BXLPS2916J1Z5 | SHANMUGAVEL SARAVANAN | Tamil Nadu | Proprietorship |
| 130 | 33CATPS7591F1ZZ | BALAKRISHNAN SASIKALA | Tamil Nadu | Proprietorship |
| 131 | 33CNDPS8124H1ZX | VENKATESWARALU SRIDHAR | Tamil Nadu | Proprietorship |
| 132 | 33COOPP0528Q1ZC | PRABHU | Tamil Nadu | Proprietorship |
| 133 | 33CPYPM2980N1ZX | MODERN GLASS HOUSE | Tamil Nadu | Proprietorship |
| 134 | 33CYNPS8278M1ZB | KANDHASAMY SUBBULAKSHMI SATHAASIVAMKAIKOLAPALAYAM | Tamil Nadu | Proprietorship |
| 135 | 33CYYPK6497F1ZM | YUVARAJ KAMAL GANESH | Tamil Nadu | Proprietorship |
| 136 | 33EGFPS6064F1Z9 | SARAVANAN | Tamil Nadu | Proprietorship |
| 137 | 33EKOPS5465K1ZD | SERAN SANGEETHA | Tamil Nadu | Proprietorship |
| 138 | 33FCHPS7397E1Z2 | STANLEY ABRAHAMYESUPATHAM | Tamil Nadu | Proprietorship |
| 139 | 09AADCJ6941M1Z1 | M/S J AND V INFRATECH PRIVATE LIMITED | Uttar Pradesh | Company |
| 140 | 09AAECA0980A1Z3 | TANGENCE SOLUTIONS INDIA PRIVATE LIMITED | Uttar Pradesh | Company |
| 141 | 09AAFFD2574F1ZH | DEV CONSTRUCTION | Uttar Pradesh | Partnership |
| 142 | 09AALFJ5091K1ZS | J M D TRADING COMPANY | Uttar Pradesh | Partnership |
| 143 | 09AANFM1206F1ZH | M/S JAI BAGRANG CONSTERCTION | Uttar Pradesh | Partnership |
| 144 | 09AASFA5369G1ZY | ANNAPURNA CONSTRUCTION | Uttar Pradesh | Partnership |
| 145 | 09AAUFR2705D1Z3 | M/S ROYAL HANDICRAFTS | Uttar Pradesh | Partnership |
| 146 | 09AAWCS7410D1Z2 | M/S SRIJAN INFRAMAKERS PRIVATE LIMITED | Uttar Pradesh | Company |
| 147 | 09ACOPM9405D1ZE | NARENDER MITTAL | Uttar Pradesh | Proprietorship |
| 148 | 09ADEPN0132D1Z3 | KAILASH NATH | Uttar Pradesh | Proprietorship |
| 149 | 09AELPK1695N1ZQ | KHALILULLAH | Uttar Pradesh | Proprietorship |

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|---|---|---|---|---|
| 150 | 09AFIPB9212L1ZB | SAIRA BANOO | Uttar Pradesh | Proprietorship |
| 151 | 09AQAPJ4586A1Z0 | DURAGHA PARSHAD JAYSAWAL | Uttar Pradesh | Proprietorship |
| 152 | 09AWZPA3876B1Z7 | AMIR AHMAD | Uttar Pradesh | Proprietorship |
| 153 | 09BDTPS1515F1Z9 | VISHNU PARTAP SINGH | Uttar Pradesh | Proprietorship |
| 154 | 09BIQPK2198Q1Z5 | ASHOK KUMAR | Uttar Pradesh | Proprietorship |
| 155 | 09BKUPS3091L1Z5 | ARVIND PRATAP SINGH | Uttar Pradesh | Proprietorship |
| 156 | 09CAKPS6274C1ZB | PUSPANDAR SINGH | Uttar Pradesh | Proprietorship |
| 157 | 27AACCV9853B1Z6 | V CIVILNET INDIA PRIVATE LIMITED | Maharashtra | Company |
| 158 | 27AADFU9263C1Z2 | ULTIMATE POWER SOLUTIONS | Maharashtra | Partnership |
| 159 | 27AAFPN7430E1ZT | PAWANKUMAR SITALDAS NATHANI | Maharashtra | Proprietorship |
| 160 | 27AAGPS1454G1ZN | KIRAN SHAH | Maharashtra | Proprietorship |
| 161 | 27AAIFK5394B1Z9 | KULABA AGRO CENTRE | Maharashtra | Partnership |
| 162 | 27AAMPC0883D1ZW | ASHOKKUMAR MADANLAL CHHAJED | Maharashtra | Proprietorship |
| 163 | 27AAMPL5464H1ZC | PRAVINCHAND BHAGAWANDAS LUNAVAT | Maharashtra | Proprietorship |
| 164 | 27AAOFR9664D1ZN | RED CIRCLE INDUSTRIES | Maharashtra | Partnership |
| 165 | 27AAQHS8183Q1ZT | SUBHASH DEWALKAR HUF | Maharashtra | Other |
| 166 | 27AASFP1130C1ZI | PYRAMID HOSPITALITY | Maharashtra | Partnership |
| 167 | 27AATFM2013N1ZX | MAKARAND BHARATGAS GRAMIN VITRAK | Maharashtra | Partnership |
| 168 | 27AAZPT5238Q1ZC | PRASAD DATTATRYA THAKAR | Maharashtra | Proprietorship |
| 169 | 27ABQPJ5154M1Z2 | DAMAYANTHI VIJENDRAKUMAR JAIN | Maharashtra | Proprietorship |
| 170 | 27ACEFS3383G1ZY | SHRI KRISHNA FABRICS | Maharashtra | Partnership |
| 171 | 27ACIPN9067A1ZH | JETHANAND THAWARDAS NOTWANI | Maharashtra | Proprietorship |
| 172 | 27AEVPJ4857K1ZN | ANJLI DNYANESHWAR JADHAV | Maharashtra | Proprietorship |
| 173 | 27AEXPC2570E1ZF | CHANDRAKANT DATTOBH CHAVAN | Maharashtra | Proprietorship |
| 174 | 27AFQPK2822M1Z0 | KALIMULLAH MOHD SAMEED KHAN | Maharashtra | Proprietorship |
| 175 | 27AFWPC5470K1ZW | MOHAMED AKRAM MUSIBATALI CHOWDHARY | Maharashtra | Proprietorship |
| 176 | 27AGKPB9233E1ZJ | JAWARILAL CHAGANLAL BHURA | Maharashtra | Proprietorship |
| 177 | 27AGWPB0268M1ZX | VINOD LAXMAN BHANGE | Maharashtra | Proprietorship |
| 178 | 27AHRPT8683Q1ZR | SUSHIL KUMAR MANOHAR THAKARE | Maharashtra | Proprietorship |
| 179 | 27AHVPG1450E1ZE | KAILAS ABASAHEB GANAGE | Maharashtra | Proprietorship |
| 180 | 27AMMPD7993D1ZP | MEENA DHANESH DOSHI | Maharashtra | Proprietorship |
| 181 | 27AOFPP8113G1ZW | PRATAPSINGH MOHANSINGH PAWAR | Maharashtra | Proprietorship |
| 182 | 27APDPS1577E1ZR | LATHA SANGHVI | Maharashtra | Proprietorship |
| 183 | 27ATKPS1820P1Z3 | SAJID MAJID SHAH | Maharashtra | Proprietorship |
| 184 | 27BQIPS9471G1Z6 | SUSHILKUMAR RAJMAL SANKHLECHA | Maharashtra | Proprietorship |
| 185 | 27BQJPB1633G1Z6 | MOHAMMAD MOHSIN BAGWAN | Maharashtra | Proprietorship |
| 186 | 27BZQPS1398B1ZW | AVINASH VASANTRAO SHERKAR | Maharashtra | Proprietorship |

**Annexure 3**

Summary Sheet of cases approved for filing TRAN1/TRAN2

| Category | Detailed Description | Count of Taxpayer | Count of Taxpayer who attempted to Save/Submit/File on Last Day |
|---|---|---|---|
| Processed with error. | The taxpayer could not claim transitional credit as the line items requiring declarations of earlier existing law registration were processed with error since the taxpayer had not added them in his registration details. | 77 | 44 |
| TRAN-1 attempted but could not be filed. | As per GST system logs the taxpayer has attempted to submit fresh or revise TRAN1 but could not file because of errors. | 39 | 23 |
| Trans-1 not attempted as per logs - due to Registration Issue | As per GST system logs the taxpayer was not enabled to file TRAN1 rtill its due date due to registration/migration issues. | 4 | 0 |
| Taxpayer filed TRAN-1 once but no credit has been posted | Cases in which taxpayer filed his TRAN-1 once but no credit has been posted | 2 | 0 |
| **Grand Total** | | **122** | **67** |

Note: The total count is 170 and not 172. Two entries were duplicate. Accordingly, in the list approved it should be 122. Though we had removed the duplicates sent by the Nodal officers but as these two had special characters so they were not identified as duplicates. One of the duplicate was in the "processed with error" category and the other one was in the "TRAN-1 attempted but could not be filed" category. The taxpayers which were entered duplicate in the earlier list have been marked with Asterix.

**A). Category A: Cases where the taxpayer received the error "Processed with Error" The taxpayer could not claim transitional credit as the line items requiring declarations of earlier existing law registration were processed with error since the taxpayer had not added them in his registration details.**

| S.No. | GSTIN/ Provisional id | Legal Name (Name reported by the Nodal Officer is in brackets) | State | Constitution of business | Nodal Officer jurisdiction Name |
|---|---|---|---|---|---|
| 1 | 24AAACS5442F1ZO | Shree Central Chemical Satra Industries Private Ltd | Maharashtra | Pvt. Ltd. Co. | Excise and Taxation Commissioner, State Government |
| 2 | 27AABCV1740N1Z4 | Viraj Profiles Ltd | Maharashtra | Pvt. Ltd. Co. | Rajesh Verma, Central Government, Mumbai, Maharashtra |
| 3 | 37AACCC5750A1Z2 | Chandana Brothers Multi Complex Pvt Ltd | Andhra Pradesh | Pvt. Ltd. Co. | B. HARERAM, Central Govt,AP |
| 4 | 37AABCI1302F1Z7 | Its India Pvt. Ltd., | Andhra Pradesh | Pvt. Ltd. Co. | B. HARERAM, Central Govt,AP |
| 5 | 32AAJPR3936M1ZA | ASHOK JAMNADAS RAJHWANI (Jaysons Industries) | Kerala | Prop. | State Tax Office, North Paravur, Kerala |
| 6 | 09AAICS2245N1ZW | SHREE VASU AUTOMOBILES LIMITED (SHREE VASU AUTOMOBILES) | Uttar Pradesh | Pub. Ltd. Co. | Joint Commissioner. Commercial Taxes, State Govt, Uttar Pradesh |
| 7 | 09AAACN3523A1Z1 | Nuberg Engineering Limited | Uttar Pradesh | Pub. Ltd. Co. | Joint Commissioner. Commercial Taxes, State Govt, Uttar Pradesh |
| 8 | 37AABCA4792R1ZY | Andhra Electronics Pvt Ltd | Andhra Pradesh | Pvt. Ltd. Co. | B.Hareram, Central Govt, VISHAKAPATNAM, Andhra Pradesh |
| * 9 | 07AACCJ3938K1ZB | VOLER CAR PRIVATE LIMITED (M/s Voler Car Pvt Ltd) | Delhi | Pvt. Ltd. Co. | Kuldeep Jhakar, Central Govt, Delhi |
| 10 | 27AAECP0264G1ZL | KSPG Automotive India Pvt.Ltd | Maharashtra | Pvt. Ltd. Co. | Shri Milind Gawai, Pune 1, Central Govt, Maharashtra |
| 11 | 08AAACS0206P1ZD | SRF LIMITED (SRF) | Rajasthan | Pub. Ltd. Co. | S.K. Upadhyaya, State Govt, Rajasthan |
| 12 | 09AABHD2065F1ZN | Dhanpat Raj Bhansali Huf | Uttar Pradesh | Prop. | Court Case |
| 13 | 08AAACL6442L1ZA | ULTRATECH CEMENT LIMITED (Ultra tech) | Rajasthan | Pub. Ltd. Co. | S.K. Upadhyaya, State Govt, Rajasthan |
| 14 | 29AABCU1678C1ZB | Unity 3pl Services Private Limited | Karnataka | Pvt. Ltd. Co. | Basavaraj K S, State Govt, Karnataka |
| 15 | 29AABCI2320R1ZB | Interics Interior Management Private Limited | Karnataka | Pvt. Ltd. Co. | Basavaraj K S, State Govt, Karnataka |
| 16 | 29AADCC6152H1ZM | Carl Zeiss India (Bangalore) Private Limited | Karnataka | Pvt. Ltd. Co. | Basavaraj K S, State Govt, Karnataka |
| 17 | 29AADCR5130N1Z2 | Rishi Fibc Solutions Pvt Ltd | Karnataka | Pvt. Ltd. Co. | Basavaraj K S, State Govt, Karnataka |
| 18 | 29AAICS9947B1ZW | Sun Umbrella Private Limited | Karnataka | Pvt. Ltd. Co. | Basavaraj K S, State Govt, Karnataka |
| 19 | 29AADCS7810G1Z9 | Sait Nagjee Purushotham And Company Private Limited | Karnataka | Pvt. Ltd. Co. | Basavaraj K S, State Govt, Karnataka |
| 20 | 29AAECS0597D1Z8 | Suntex Pvt Ltd | Karnataka | Pvt. Ltd. Co. | Basavaraj K S, State Govt, Karnataka |
| 21 | 29AABCB5576GRZR | Bharat Sanchar Nigam Limited | Karnataka | Public Sector Undertaking | Basavaraj K S, State Govt, Karnataka |
| 22 | 29AAACH9129E1ZJ | Hydroline Products Pvt Ltd | Karnataka | Pvt. Ltd. Co. | Basavaraj K S, State Govt, Karnataka |
| 23 | 29AAECT1871F1Z8 | Toyota Boshoku Automotive India Private Limited | Karnataka | Pvt. Ltd. Co. | Basavaraj K S, State Govt, Karnataka |
| 24 | 29AAACE6233G1ZR | Essae Electronics Private Limited | Karnataka | Pvt. Ltd. Co. | Basavaraj K S, State Govt, Karnataka |
| 25 | 33AADCS5069D1ZJ | Schwing Stetter Pvt.Ltd | Tamil Nadu | Pvt. Ltd. Co. | C. SubaSankari, Central Govt Chennai Outer, Tamil Nadu |

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| 26 | 33AAACB2538F1Z7 | R. STAHL PRIVATE LIMITED (M/s. R Stahl (P) Ltd) | Tamil Nadu | Pvt. Ltd. Co. | C. SubaSankari, Central Govt Chennai Outer, Tamil Nadu |
| 27 | 33AAACL1978K1ZC | Lear Automotive India Pvt.Ltd | Tamil Nadu | Pvt. Ltd. Co. | C. SubaSankari, Central Govt Chennai Outer, Tamil Nadu |
| 28 | 27AAACC7256R1Z1 | Ctr Manufacturing Industries Limited | Maharashtra | Pvt. Ltd. Co. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 29 | 27AAEFF1697G1ZA | Flavour Pot Foods Llp | Maharashtra | Partnership | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 30 | 07AADCB8986G1Z9 | Bmw India Financial Services Private Limited | New Delhi | Pvt. Ltd. Co. | Dushyant Kumar, Nodal Officer,Delhi, State Govt |
| 31 | 07ADHPT0457C1ZO | PARAS TANWAR (R. K. OVERSEAS) | New Delhi | Prop. | Dushyant Kumar, Nodal Officer, Delhi, State Govt |
| 32 | 27AACCP7070J1Z6 | Pns Upkeep Services Private Ltd. | Maharashtra | Pvt. Ltd. Co. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 33 | 27AABCW1406A1ZZ | Wahl India Grooming Products Pvt Ltd | Maharashtra | Pvt. Ltd. Co. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 34 | 27AAACU0564G1ZH | Union Bank Of India | Maharashtra | Pub. Ltd. Co. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 35 | 24AAACQ1087G1ZN | Qx Kpo Services Private Limited | Gujarat | Pvt. Ltd. Co. | M.K Bhandari, Deputy State Commissioner, State Govt, Gujarat |
| 36 | 27AADCA3032G1Z5 | Auditime Information Systems India Limited | Maharashtra | Pub. Ltd. Co. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 37 | 02AAACP1612Q1ZM | Sentiss Pharma Pvt. Ltd. | Himachal Pradesh | Pvt. Ltd. Co. | H.B. NEGI, COMMISSIONER, GST COMMISSIONERATE, SHIMLA, Central Govt, Himachal Pradesh |
| 38 | 27AADCS9493H1ZS | Sigma Electric Manufacturing Corporation Private Limited | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 39 | 27AAMCS3562N1ZO | Shree Krishna Controls Pvt. Ltd. | Maharashtra | Pvt. Ltd. Co. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 40 | 27AAKCA7756L1Z0 | Auxilia Technologies Pvt. Ltd. | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 41 | 27ABDFM8324M1ZV | Majestic Weld-Tech Limited Liability Partnership | Maharashtra | Partnership | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 42 | 27AABCW1030C1ZZ | WIREFORM COMPONENTS (INDIA) PRIVATE LIMITED | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 43 | 27AALCA7171N1Z2 | AIRCON AUTOMATION INDIA PRIVATE | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 44 | 27AAFCS3387N1ZO | Steel kraft Equipments (I) Pvt.Ltd | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 45 | 27AAACG4096M2Z6 | Datamatrix Technological Pvt Ltd | Maharashtra | Pvt. Ltd. Co. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 46 | 27AANCS8000L1Z0 | Shantdeep Metal Pvt.Ltd. | Maharashtra | Pvt. Ltd. Co. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 47 | 27AADCK0542R1Z7 | Kanakia Hotels &Resorts Private Limited | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 48 | 27AAACI4142C1Z3 | Inpac Projects Internationals Pvt Ltd | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 49 | 27AAAFT6773F2ZY | Talwalkar Associates | Maharashtra | Partnership | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 50 | 27AERPS5563F1ZW | SUNITA RAJANAND SARADE (PROPRIETOR OF M/S. TEJANAND ENGINEERING) | Maharashtra | Prop. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 51 | 27AABCC5816A1Z5 | Clean Air Projects (I) Pvt. Ltd. | Maharashtra | Pvt. Ltd. Co. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 52 | 33AAACB8772D1ZV | Bull Machines Private Limited | Tamil Nadu | Pvt. Ltd. Co. | Superintendent (Tech),Coimabatore, Central Excixe Policy, Central Govt |
| 53 | 27AAACC2007J1Z2 | Continental Controls Limited | Maharashtra | Pub. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 54 | 27AADCS5177J1ZY | Solar Chemferts Pvt Ltd | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 55 | 04AAACI6383F1ZQ | INNOVATIVE MEDICARE TECHNOLOGIES (P) LTD | Chandigarh | Pvt. Ltd. Co. | KishoriLal, Central Goods And Services, Central Govt, Chandigarh |
| 56 | 27AACCC9747K1Z5 | Chembond Distribution Limitted | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |

| | | | | | |
|---|---|---|---|---|---|
| 57 | 03AADCN7241C1ZZ | Ngm Infra Development Solutions Private Limited | Punjab | Pvt. Ltd. Co. | AshutoshBaranwal, Central Govt, Ludhiana, Punjab |
| 58 | 27AAKPS3234J1ZE | BHARAT RATILAL SHAH (Padmavati Enterprises) | Maharashtra | Prop. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 59 | 27AAFFJ9692J1ZN | Jai Gurudev Industries and Warehousing | Maharashtra | Partnership | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 60 | 33AAECP4690A1ZQ | Print Care India Pvt Ltd | Tamil Nadu | Pvt. Ltd. Co. | Shri. G. Sreenivasa Rao, Commissioner, Central Govt, Tamil Nadu |
| 61 | 27AABCB8159K1ZB | Berger Backer Coating Pvt Ltd | Maharashtra | Pvt. Ltd. Co. | GST Commissioner, GOA, Central Govt |
| 62 | 27AADCI3141A1Z7 | Itech Robotics And Automation Pvt Ltd | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 63 | 30AABCB8159K1ZO | Berger Backer Coating Pvt Ltd | Goa | Pvt. Ltd. Co. | GST Commissioner, GOA, Central Govt |
| 64 | 27AALFG5440P1ZU | Gaytrree Skyscrapers | Maharashtra | Partnership | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 65 | 27AAACT3467B1ZK | Tetra Pak India Pvt. Ltd | Maharashtra | Pvt. Ltd. Co. | Shri MilindGawai, Pune 1 , Central Govt, Maharashtra |
| 66 | 27AAIFR1348A1ZI | R K Lunkad Housing Corporation | Maharashtra | Partnership | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 67 | 27AARCS9668L1Z4 | Shubham Housing Developers Private Limited | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 68 | 27AAACC6956C1ZR | Classic Hotel Management (India) Pvt Ltd | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 69 | 27AABCO8820E1ZJ | Offshore Petrochem Private Limited | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 70 | 27AABCL1870F1ZO | Leoni Cable Solutions (India) Pvt. Ltd | Maharashtra | Pvt. Ltd. Co. | Commissioner, Central Govt, Pune |
| 71 | 27AAEFN5724G1ZA | Novel Home Appliences | Maharashtra | Partnership | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 72 | 19AAACI7443N1Z3 | Induss Food Products And Equipments Ltd. | West Bengal | Pub. Ltd. Co. | AnanthKumar Sarkar , Kolkatta South (Shri BhavanLalaMeena, Central Govt, West Bengal) |
| 73 | 19AADCK4369E1ZE | Kajaria Iron & Steel Co. Pvt. Ltd. | West Bengal | Pvt. Ltd. Co. | Ravi Pratap Singh, Howrah, Central Government, West Bengal |
| 74 | 24AADFB7416Q1Z7 | Bhavin Industries | Gujarat | Partnership | M K Bhanderi Deputy State Tax Commissioner, Gujarat |
| 75 | 27ALNPK5116F1Z4 | VIJAY KISANRAO KAKADE (GAYATRI AGENCIES) | Maharashtra | Prop. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 76 | 27AABFL0095R1ZU | Lunar Engineers (Nagar) | Maharashtra | Partnership | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 77 | 27AAKFS8329J1ZL | Shriram Engineering Works | Maharashtra | Partnership | Dr. Sunil Bodhgire, State Govt, Maharashtra |

**B) Category B: Cases where TRAN-1 was attempted or TRAN-1 revision was attempted by taxpayer on or before 27.12.2017, however the taxpayer could not file due to encountered errors. The taxpayer in these cases received messages such as "system error", "upload in progress", "save in progress" etc.**

| S.No. | GSTIN/ Provisional id | Company Name | State | Constitution of business | Nodal Officer Jurisdiction Name |
|---|---|---|---|---|---|
| 1 | 30AAACH2736F1Z7 | Sanofi India Ltd | Goa | Pub. Ltd. Co. | K Anpazhakan Commissioner, Cgst, Goa |
| 2 | 09AAQCS3155D1Z6 | Sm Sun Power Limited | Uttar Pradesh | Pub. Ltd. Co. | Nidhish Singhal) Nodal Officer assistant Commissioner (Systems), Central Govt Commissionerate, Uttar Pradesh |
| 3 | 09AAQFB9237Q1ZF | Bmg Enterprises | Uttar Pradesh | Partnership | Joint Commissioner. CommcercialTaxes, State Govt, Uttar Pradesh |
| 4 | 09AADCP4281A1ZN | Preet Machines Ltd. | Uttar Pradesh | Pub. Ltd. Co. | Joint Commissioner. Commercial Taxes, State Govt, Uttar Pradesh |
| 5 | 29AADCN2396L1ZW | Niche Beaute Solutions Pvt Ltd | Karnataka | Pvt. Ltd. Co. | Basavaraj K S, State Govt, Karnataka |

| | | | | | |
|---|---|---|---|---|---|
| 6 | 29AAJFP7752M1ZE | Plaunshe | Karnataka | Partnership | Basavaraj K S, State Govt, Karnataka |
| 7 | 07AABCM8821D1ZO | Monotech System Pvt Ltd | Delhi | Pub. Ltd. Co. | Om Prakash, Assistant Commissioner Nodal Officer, CGST Delhi South Commissionerate, Central Govt |
| 8 | 07AAFCM8611F1ZK | Mascot Recycling Private Limited | New Delhi | Pvt. Ltd. Co. | Dushyant Kumar, Nodal Officer-II, Trade &Taxes Department, Govt. Of NCT Of Delhi. State Govt |
| 9 | 07AAKCS8851L1ZM | Alliance Graphic Equipment Pvt Ltd | Delhi | Pvt. Ltd. Co. | Om Prakash, Assistant Commissioner Nodal Officer, CGST Delhi South Commissionerate, Central Govt |
| 10 | 07AAATN2595F1ZI | National Association Of Software And Service Companies (NASSCOM) | New Delhi | Society/ Club/ Trust/ AOP | Dushyant Kumar, Nodal Officer-II, Trade &Taxes Department, Govt. Of NCT Of Delhi.StateGovt |
| 11 | 09AACCR3348B1ZM | Rasik Product Pvt.Ltd. | Uttar Pradesh | Pvt. Ltd. Co. | Court Case |
| 12 | 07AAAFP0001A1ZE | Batra Art Press | Delhi | Partnership | Om Prakash, Assistant Commissioner Nodal Officer, CGST Delhi South Commissionerate, Central Govt |
| 13 | 09AAACD4171A1Z5 | Devpriya Industries Private Limited | Uttar Pradesh | Pvt. Ltd. Co. | Court Case |
| 14 | 33AARCS1760K1Z0 | Sirona Dental Systems Pvt.Ltd | Tamil Nadu | Pvt. Ltd. Co. | C. Suba Sankari, Central Govt Chennai Outer, Tamil Nadu |
| 15 | 33AACCE8198G1ZG | EAP Infrastructure India Pvt.Ltd | Tamil Nadu | Pvt. Ltd. Co. | C. Suba Sankari, Central Govt Chennai Outer, Tamil Nadu |
| 16 | 07AAACM6682R1ZP | Mitutoyo South Asia Pvt Ltd | Delhi | Pvt. Ltd. Co. | Kuldeep Jakhar, Vasant Kunj. Delhi |
| 17 | 27AAACE0138N1ZO | Ericsson India Private Limited | Maharashtra | Pvt. Ltd. Co. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 18 | 27AACPG5090Q1ZA | ABDUL AZIZ GIGANI (SHIFA MARKETING) | Maharashtra | Prop. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 19 | 27AAACM4745P1ZZ | Mahindra Intertrade Limited | Maharashtra | Pub. Ltd. Co. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 20 | 03AABCT6450F1ZO | M/S. TAG Motors Ltd | Punjab | Pub. Ltd. Co. | Ashutosh Baranwal, Central Govt, Ludhiana, Punjab |
| 21 | 03AAACG4005A1ZP | Nandan Auto Tech Ltd | Punjab | Pub. Ltd. Co. | Ashutosh Baranwal, Central Govt, Ludhiana, Punjab |
| 22 | 09AHEPA2039A1Z4 | Ritesh Agarwal | Uttar Pradesh | Prop. | Court Case |
| 23 | 09AGIPA7276N1ZU | Nitesh Agarwal | Uttar Pradesh | Prop. | Court Case |
| 24 | 09BFAPB0954E1ZY | Vinita Bansal | Uttar Pradesh | Prop. | Court Case |
| 25 | 03AAACH4369J1ZM | Happy Forgings Ltd | Punjab | Pvt. Ltd. Co. | Ashutosh Baranwal, Central Govt, Ludhiana, Punjab |
| 26 | 09AAMFN2005J1Z9 | Nath Motors | Uttar Pradesh | Partnership | Court Case |
| 27 | 09AADCV6543K1ZV | Vardaan Tradelink Private Limited | Uttar Pradesh | Pvt. Ltd. Co. | Court Case |
| 28 | 03AAACR7866E1ZF | Rockman Industries Pvt Ltd | Punjab | Pub. Ltd. Co. | Ashutosh Baranwal, Central Govt, Ludhiana, Punjab |
| 29 | 02ABQFS8356J2ZL | Shree Naina Packwell | Himachal Pradesh | Partnership | Court Case |
| 30 | 03AHZPG3111G1ZM | Amit Goel | Punjab | Prop. | Ashutosh Baranwal, Central Govt, Ludhiana, Punjab |
| 31 | 27AAACO5172E1ZL | Arya Omnitalk Wireless Solutions Pvt. Ltd | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 32 | 27AAEFS9128D1Z5 | Swastik Machine Tools | Maharashtra | Partnership | Dr. Sunil Bodhgire, State Govt, Maharashtra |

| | | | | | |
|---|---|---|---|---|---|
| 33 | 27AAFCT4959H1ZW | The Irish Housefood And Beverages Private Limited | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 34 | 24AABCB3639E1Z3 | Bio-Tech Vision Care Private Limited | Gujarat | Pvt. Ltd. Co. | M.K Bhandari, Deputy State Commissioner, State Govt Gujarat |
| 35 | 27AALFN1160B1ZN | Novel Sewing Machine Co Llp | Maharashtra | Partnership | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 36 | 27AACCN7723J1Z8 | Nandan Buildcon Pvt Ltd | Maharashtra | Pvt. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 37 | 27AAACS4457Q1ZQ | Vodafone Mobile Services Limited | Maharashtra | Pub. Ltd. Co. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| *38 | 27ABEPK3581D1ZT (27600829065V) | Nandan Builders (Shamkant Keshav Kotkar) | Maharashtra | Prop. | Dr. Sunil Bodhgire, State Govt, Maharashtra |
| 39 | 27AAFFN6713N1ZV | Nandan Associates | Maharashtra | Partnership | Dr. Sunil Bodhgire, State Govt, Maharashtra |

**C) Category C: Cases where TRAN-1 could not be filed by the taxpayer because taxpayer could not migrate till the last date of filing TRAN-1 (27.12.2017).**

| S.No. | GSTIN/ Provisional id | Company Name | State | Constitution of business | Nodal Officer jurisdiction Name |
|---|---|---|---|---|---|
| 1 | 08AOLPS8601Q121 | Grow Well | Rajasthan | Prop. | S.K. Upadhyaya, State Govt,Rajasthan |
| 2 | 29AAAAT1021D1Z2 | The Ghataprabha Sahakari Sakkare Karakane Niyamit | Karnataka | Society/ Club/ Trust/ AOP | Basavaraj K S, State Govt, Karnataka |
| 3 | 27AAFCD5690M1Z3 | M/S. Dot Propack Industries Pvt.Ltd. | Maharashtra | Pvt. Ltd. Co. | Dr.Sunil Bodhgire, Mazgaon, Mumbai, State Govt |
| 4 | 27ASVPK0673J1Z5 | S K TRADING COMPANY (Proprietor – Shamim ahmed Mohmmad Islam Khan) | Maharashtra | Prop. | Dr. Sunil Bodhgire, State Govt, Maharashtra |

**Category H: Cases in which the taxpayer filed his Tran 1 once but no credit has been posted.**

| S.No. | GSTIN/ Provisional id | Company Name | State | Constitution of business | Nodal Officer jurisdiction Name |
|---|---|---|---|---|---|
| 1 | 27AACCE0107D1ZE | Encorp Power trans Private Limited- | Maharashtra | Pvt. Ltd. Co. | Dr.RkVerma, CentralGovt, Mumbai , Maharashtra |
| 2 | 27AAEFA6263B1ZT | ARIHANT HARDWARE | Maharashtra | Partnership | Dr. Sunil Bodhgire, State Govt, Maharashtra |

**Agenda Item 5: Review of Revenue Position under GST**

In the GST Council Meeting held on 4th May, 2018, revenue collection figures for FY 2017-18 were placed before the Council. The Table 1 below gives the details of revenue collected as Central Goods and Services Tax (CGST), State Goods and Services Tax (SGST), Integrated Goods and Services Tax (IGST) and Cess from April, 18 to June, 2018 including the details of funds transferred to the Centre and States on account of settlement of funds.

**Table 1*: GST revenue for April-June, 2018**

**(Figures in Rs. Crore)**

| MONTH | Apr-18 | May'18 | Jun'18 |
|---|---|---|---|
| CGST | 18,653 | 15,866 | 15,968 |
| SGST | 25,704 | 21,691 | 22,021 |
| IGST | 50,548 | 49,120 | 49,498 |
| Domestic | 29,302 | 24,673 | 25,004 |
| Imports | 21,246 | 24,447 | 24,493 |
| Comp Cess | 8,554 | 7,339 | 8,122 |
| Domestic | 7,852 | 6,485 | 7,349 |
| Imports | 702 | 854 | 773 |
| **Total** | **103,459** | **94,016** | **95,610** |

*Figures rounded to nearest whole number

**Table 2*: IGST Settlement for April-June, 2018**

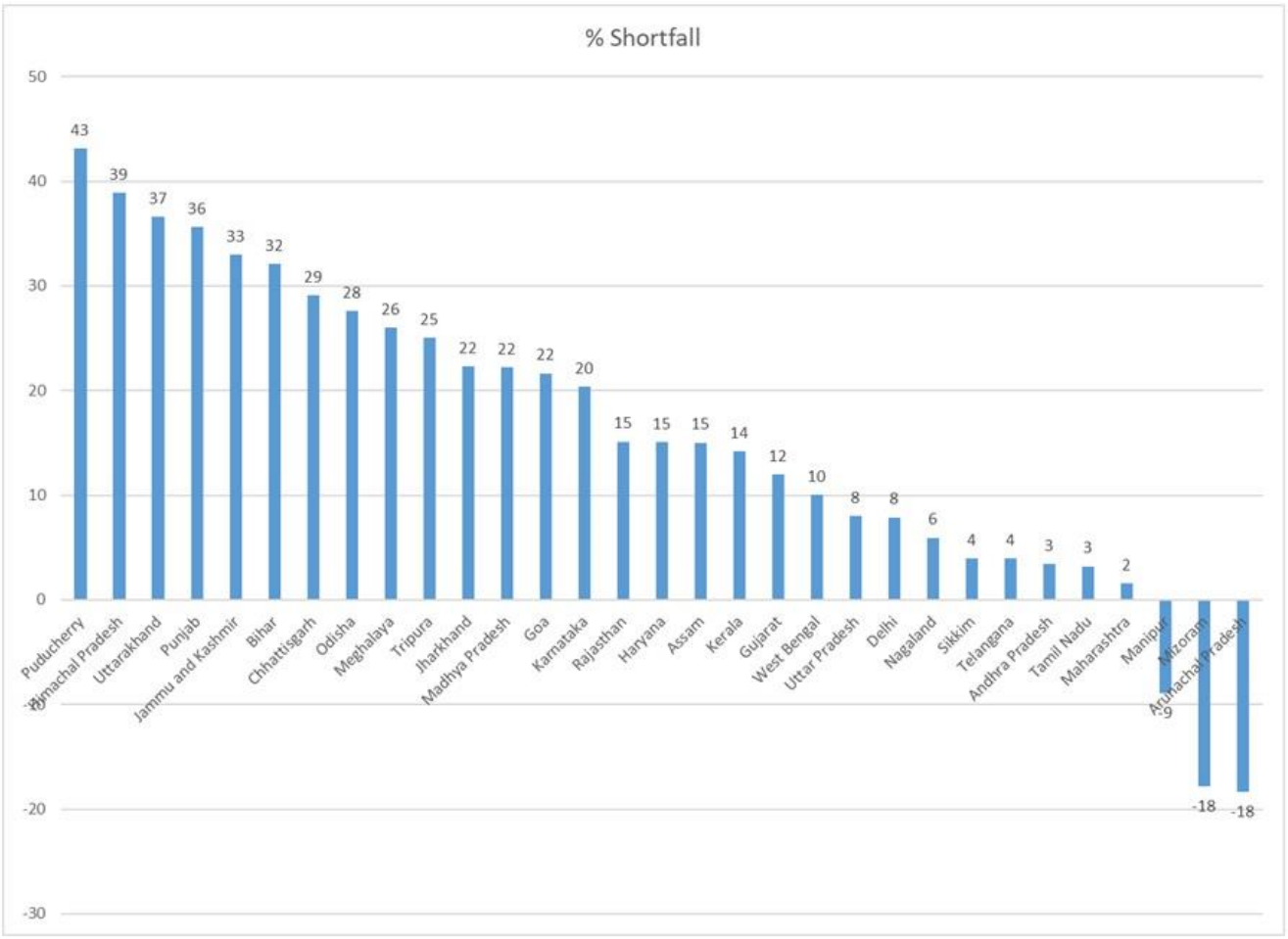
**(Figures in Rs. Crore)**

| | Apr-18 | May'18 | Jun'18 |
|---|---|---|---|
| **IGST Collection** | 50,548 | 49,120 | 49,498 |
| **IGST Refunds** | 1,852 | 5,800 | 9,223 |
| **Settlement** | 28,394 | 25,261 | 30,338 |
| ***CGST*** | *13,841* | *12,931* | *15,676* |
| ***SGST*** | *14,553* | *12,330* | *14,662* |
| ***ad hoc* provisional STL** | - | - | 50,000 |
| ***CGST*** | | | *25,000* |
| ***SGST*** | | | *25,000* |

**Revenue Trends**

2. The details of state-wise revenue to be protected and percentage revenue shortfall of GST collections between August,17-June, 2018 are given below:

| S. No. | State | Average monthly revenue to be protected | Average Revenue (Aug'17-Jun'18 | Revenue Gap | % Shortfall |
|---|---|---|---|---|---|
| 1 | Puducherry | 123 | 70 | 53 | 43 |
| 2 | Himachal Pradesh | 409 | 250 | 159 | 39 |
| 3 | Uttarakhand | 558 | 354 | 204 | 37 |
| 4 | Punjab | 1627 | 1047 | 580 | 36 |
| 5 | Jammu and Kashmir | 536 | 359 | 177 | 33 |
| 6 | Bihar | 1419 | 963 | 456 | 32 |
| 7 | Chhattisgarh | 827 | 587 | 241 | 29 |
| 8 | Odisha | 1240 | 898 | 343 | 28 |
| 9 | Meghalaya | 72 | 53 | 19 | 26 |
| 10 | Tripura | 89 | 67 | 22 | 25 |
| 11 | Jharkhand | 721 | 560 | 161 | 22 |
| 12 | Madhya Pradesh | 1724 | 1341 | 383 | 22 |
| 13 | Goa | 245 | 192 | 53 | 22 |
| 14 | Karnataka | 4064 | 3235 | 829 | 20 |
| 15 | Rajasthan | 1929 | 1638 | 291 | 15 |
| 16 | Haryana | 1712 | 1455 | 258 | 15 |
| 17 | Assam | 673 | 572 | 101 | 15 |
| 18 | Kerala | 1891 | 1623 | 268 | 14 |
| 19 | Gujarat | 3244 | 2855 | 389 | 12 |
| 20 | West Bengal | 2259 | 2032 | 226 | 10 |
| 21 | Uttar Pradesh | 3751 | 3451 | 300 | 8 |
| 22 | Delhi | 1887 | 1738 | 149 | 8 |
| 23 | Nagaland | 29 | 27 | 2 | 6 |
| 24 | Sikkim | 28 | 26 | 1 | 4 |
| 25 | Telangana | 1811 | 1740 | 72 | 4 |
| 26 | Andhra Pradesh | 1512 | 1461 | 51 | 3 |
| 27 | Tamil Nadu | 3349 | 3242 | 107 | 3 |
| 28 | Maharashtra | 6803 | 6698 | 105 | 2 |
| 29 | Manipur | 39 | 43 | -3 | -9 |
| 30 | Mizoram | 21 | 25 | -4 | -18 |
| 31 | Arunachal Pradesh | 29 | 34 | -5 | -18 |
| | **Grand Total** | **44620** | **38635** | **5986** | **13** |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Uttarakhand
Punjab
Jammu and Kashmir
Bihar
Chhattisgarh
Odisha
Meghalaya
Tripura
Jharkhand
Madhya Pradesh
Goa
Karnataka
Rajasthan
Haryana
Assam
Kerala
Gujarat
West Bengal
Uttar Pradesh
Delhi
Nagaland
Sikkim
Telangana
Andhra Pradesh
Tamil Nadu
Maharashtra
Manipur
Mizoram
Arunachal Pradesh

**Return Filing Analysis**

| Return Period | Required to file | Till due date | | Cumulative | |
|---|---|---|---|---|---|
| | | Returns | % | Returns | % |
| July '17 | 6647581 | 3834877 | 57.69% | 6388549 | 96.10% |
| Aug '17 | 7370102 | 2725183 | 36.98% | 6851732 | 92.97% |
| Sep '17 | 7823806 | 3934256 | 50.29% | 7109143 | 90.87% |
| Oct '17 | 7721075 | 4368711 | 56.58% | 6777440 | 87.78% |
| Nov '17 | 7957204 | 4913065 | 61.74% | 6765603 | 85.02% |
| Dec '17 | 8122425 | 5426278 | 66.81% | 6747887 | 83.08% |
| Jan '18 | 8322611 | 5394018 | 64.81% | 6694387 | 80.44% |
| Feb '18 | 8527127 | 5451004 | 63.93% | 6562362 | 76.96% |
| Mar '18 | 8715163 | 5458728 | 62.63% | 5630683 | 64.61% |
| Apr '18 | 8817798 | 5634679 | 62.71% | 6820069 | 77.34% |
| May '18 | 9122309 | 5618415 | 61.59% | 6566885 | 71.99% |

i. From the above table, it is inferred that on average, about 58% of the taxpayers are filing their return within due date.
ii. The percentage of return filed till the due date has consistently reduced from December 2017 to May, 2018. The figure for percentage of returns filed for June, 2018 till the due date will be available on the day on meeting of GST Council.
iii. The number of returns to be filed has increased over a period of time. There has been a proportionate increase in the number of returns filed.
iv. State-wise return filing details are given below.

**State wise Return Filing till Date**

| Code | State/UT Name | Jul,17 | Aug,17 | Sep,17 | Oct,17 | Nov,17 | Dec,17 | Jan,18 | Feb,18 | Mar,18 | Apr,18 | May,18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Jammu and Kashmir | 94.69% | 91.87% | 89.95% | 87.47% | 85.05% | 83.44% | 81.61% | 79.29% | 76.49% | 74.81% | 68.66% |
| 2 | Himachal Pradesh | 96.58% | 93.84% | 91.89% | 89.11% | 86.77% | 85.56% | 84.32% | 82.97% | 80.88% | 80.82% | 75.40% |
| 3 | Punjab | 97.63% | 96.14% | 95.18% | 94.19% | 93.00% | 92.18% | 91.15% | 90.15% | 88.52% | 88.34% | 84.27% |
| 4 | Chandigarh | 96.02% | 94.58% | 93.26% | 92.13% | 90.64% | 89.47% | 88.27% | 87.24% | 85.05% | 84.57% | 80.49% |
| 5 | Uttarakhand | 93.29% | 90.65% | 88.75% | 85.62% | 82.78% | 81.25% | 79.39% | 77.43% | 74.50% | 72.31% | 66.80% |
| 6 | Haryana | 95.83% | 94.69% | 93.40% | 91.61% | 89.92% | 88.74% | 87.38% | 86.02% | 83.74% | 82.00% | 77.46% |
| 7 | Delhi | 95.39% | 93.32% | 91.67% | 89.59% | 87.68% | 86.31% | 84.50% | 82.64% | 79.98% | 77.88% | 72.82% |
| 8 | Rajasthan | 95.49% | 93.24% | 91.79% | 90.40% | 88.48% | 87.41% | 85.93% | 84.37% | 81.75% | 80.01% | 74.42% |
| 9 | Uttar Pradesh | 96.69% | 95.47% | 94.17% | 92.49% | 90.24% | 89.00% | 87.40% | 85.72% | 83.38% | 82.53% | 77.62% |
| 10 | Bihar | 93.31% | 90.09% | 88.08% | 84.77% | 81.33% | 79.43% | 77.22% | 74.91% | 70.98% | 69.97% | 63.41% |
| 11 | Sikkim | 94.16% | 91.93% | 90.04% | 88.08% | 84.78% | 83.05% | 80.86% | 78.25% | 74.01% | 71.13% | 64.53% |
| 12 | Arunachal Pradesh | 84.02% | 79.95% | 77.63% | 72.14% | 68.35% | 65.59% | 62.62% | 58.74% | 51.32% | 45.32% | 38.00% |
| 13 | Nagaland | 80.36% | 74.40% | 71.36% | 66.44% | 62.68% | 60.78% | 57.59% | 52.07% | 48.68% | 46.54% | 41.82% |
| 14 | Manipur | 79.84% | 74.76% | 70.69% | 66.59% | 63.34% | 61.37% | 58.98% | 56.51% | 52.58% | 50.36% | 45.30% |
| 15 | Mizoram | 82.90% | 77.71% | 74.69% | 72.44% | 69.44% | 67.96% | 65.98% | 63.11% | 59.16% | 57.53% | 50.86% |
| 16 | Tripura | 90.52% | 86.02% | 84.28% | 81.12% | 77.52% | 75.44% | 73.75% | 71.83% | 68.86% | 68.29% | 63.91% |
| 17 | Meghalaya | 84.96% | 82.01% | 80.05% | 77.17% | 73.36% | 71.29% | 68.99% | 67.00% | 63.91% | 63.00% | 58.46% |
| 18 | Assam | 84.66% | 79.68% | 77.48% | 73.95% | 70.74% | 68.52% | 66.02% | 63.36% | 58.51% | 56.68% | 51.51% |
| 19 | West Bengal | 96.26% | 93.52% | 91.97% | 89.00% | 86.68% | 85.26% | 83.70% | 82.15% | 79.47% | 78.85% | 72.94% |
| 20 | Jharkhand | 96.24% | 94.16% | 92.61% | 89.88% | 87.59% | 85.89% | 83.93% | 80.80% | 77.63% | 75.46% | 68.89% |
| 21 | Odisha | 84.56% | 80.58% | 78.30% | 71.06% | 68.40% | 66.64% | 65.18% | 63.55% | 60.54% | 70.66% | 64.22% |
| 22 | Chhattisgarh | 93.80% | 90.91% | 88.76% | 86.91% | 84.00% | 82.20% | 79.60% | 76.59% | 71.36% | 71.27% | 62.84% |
| 23 | Madhya Pradesh | 95.83% | 93.63% | 92.00% | 90.45% | 87.95% | 86.37% | 84.40% | 82.04% | 78.80% | 78.93% | 72.05% |
| 24 | Gujarat | 96.45% | 94.87% | 93.65% | 92.48% | 91.09% | 90.13% | 88.69% | 87.29% | 84.97% | 84.19% | 79.08% |
| 25 | Daman and Diu | 95.45% | 93.27% | 91.44% | 89.56% | 87.64% | 86.13% | 84.50% | 82.71% | 79.99% | 77.21% | 72.35% |
| 26 | Dadra and Nagar Haveli | 95.02% | 92.24% | 90.61% | 88.69% | 86.51% | 85.15% | 83.60% | 81.62% | 78.74% | 76.65% | 70.70% |
| 27 | Maharashtra | 94.45% | 91.51% | 89.64% | 87.37% | 85.09% | 83.54% | 81.53% | 79.60% | 76.54% | 74.47% | 69.09% |
| 29 | Karnataka | 94.52% | 92.21% | 90.52% | 88.22% | 85.63% | 84.18% | 82.36% | 80.44% | 77.35% | 75.58% | 70.70% |
| 30 | Goa | 91.82% | 89.25% | 87.41% | 85.21% | 82.57% | 80.80% | 78.55% | 75.94% | 72.64% | 70.20% | 64.35% |
| 31 | Lakshadweep | 65.66% | 64.65% | 52.92% | 50.00% | 46.25% | 41.67% | 40.31% | 34.36% | 32.46% | 31.97% | 28.68% |
| 32 | Kerala | 96.10% | 94.45% | 93.37% | 92.42% | 90.57% | 89.28% | 87.63% | 85.87% | 82.74% | 80.29% | 74.73% |
| 33 | Tamil Nadu | 92.24% | 89.31% | 87.46% | 85.15% | 82.33% | 80.73% | 78.89% | 76.99% | 74.14% | 72.36% | 67.67% |
| 34 | Puducherry | 94.44% | 91.86% | 89.87% | 86.89% | 84.50% | 82.61% | 80.74% | 78.61% | 75.84% | 73.59% | 67.92% |
| 35 | Andaman and Nicobar Islands | 76.89% | 67.09% | 63.42% | 60.49% | 56.36% | 53.52% | 50.43% | 47.48% | 43.00% | 40.11% | 33.47% |
| 36 | Telangana | 94.09% | 91.44% | 89.55% | 86.57% | 83.36% | 81.71% | 79.78% | 77.63% | 74.03% | 72.51% | 65.82% |
| 37 | Andhra Pradesh | 94.76% | 92.21% | 90.45% | 88.57% | 86.08% | 84.83% | 83.13% | 81.39% | 78.48% | 77.41% | 71.91% |
| 97 | Other Territory | 0.00% | 86.36% | 84.62% | 78.13% | 75.00% | 76.32% | 73.33% | 65.38% | 62.75% | 72.22% | 66.07% |
|  | Total | 94.69% | 92.37% | 90.76% | 88.55% | 86.27% | 84.86% | 83.13% | 81.30% | 78.46% | 77.34% | 71.99% |

**State wise Return Filing till Due Date**

| Code | State/UT Name | Sep,17 | Oct,17 | Nov,17 | Dec,17 | Jan,18 | Feb,18 | Mar,18 | Apr,18 | May,18 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Jammu and Kashmir | 48.82% | 54.63% | 76.76% | 63.76% | 61.85% | 61.00% | 57.65% | 58.99% | 55.31% |
| 2 | Himachal Pradesh | 51.32% | 54.40% | 70.84% | 67.97% | 66.67% | 66.42% | 63.98% | 67.93% | 67.24% |
| 3 | Punjab | 71.48% | 73.90% | 67.40% | 82.16% | 79.47% | 78.67% | 75.49% | 78.12% | 73.88% |
| 4 | Chandigarh | 66.83% | 65.36% | 66.55% | 76.70% | 73.16% | 73.69% | 71.14% | 72.81% | 72.75% |
| 5 | Uttarakhand | 37.40% | 44.67% | 65.92% | 58.41% | 57.99% | 58.26% | 55.65% | 57.48% | 57.82% |
| 6 | Haryana | 57.48% | 62.60% | 64.89% | 73.61% | 69.94% | 69.80% | 66.75% | 69.44% | 69.08% |
| 7 | Delhi | 56.96% | 57.96% | 63.73% | 70.34% | 66.08% | 65.02% | 62.38% | 63.54% | 59.93% |
| 8 | Rajasthan | 50.54% | 59.50% | 62.23% | 71.65% | 68.74% | 68.03% | 63.20% | 66.88% | 66.92% |
| 9 | Uttar Pradesh | 49.89% | 60.74% | 61.79% | 73.12% | 70.59% | 70.07% | 67.47% | 69.52% | 69.54% |
| 10 | Bihar | 37.09% | 47.19% | 60.72% | 56.82% | 56.34% | 54.56% | 50.19% | 53.86% | 49.99% |
| 11 | Sikkim | 40.91% | 49.10% | 59.81% | 57.99% | 55.47% | 55.55% | 52.43% | 54.44% | 54.12% |
| 12 | Arunachal Pradesh | 19.17% | 24.92% | 59.50% | 29.79% | 30.86% | 31.87% | 28.75% | 29.47% | 30.02% |
| 13 | Nagaland | 17.18% | 20.44% | 59.01% | 26.26% | 31.04% | 27.73% | 29.18% | 29.41% | 31.35% |
| 14 | Manipur | 19.31% | 20.80% | 58.86% | 27.12% | 27.63% | 28.70% | 31.50% | 33.35% | 30.43% |
| 15 | Mizoram | 24.48% | 28.32% | 58.13% | 33.79% | 39.22% | 39.68% | 39.43% | 40.92% | 41.09% |
| 16 | Tripura | 35.41% | 47.45% | 58.07% | 52.37% | 53.36% | 52.13% | 49.71% | 55.43% | 55.79% |
| 17 | Meghalaya | 26.72% | 37.30% | 57.98% | 40.32% | 40.47% | 40.86% | 43.47% | 47.50% | 48.72% |
| 18 | Assam | 27.92% | 35.20% | 57.86% | 42.00% | 42.75% | 41.70% | 36.42% | 39.97% | 39.19% |
| 19 | West Bengal | 50.26% | 57.61% | 56.81% | 65.73% | 66.63% | 66.02% | 62.55% | 65.50% | 64.53% |
| 20 | Jharkhand | 52.63% | 56.55% | 56.77% | 65.32% | 64.46% | 60.80% | 56.43% | 58.45% | 54.14% |
| 21 | Odisha | 42.48% | 48.69% | 53.24% | 58.14% | 57.73% | 57.08% | 52.58% | 47.64% | 54.02% |
| 22 | Chhattisgarh | 32.39% | 38.64% | 51.74% | 52.17% | 51.85% | 51.10% | 44.79% | 49.12% | 46.82% |
| 23 | Madhya Pradesh | 39.57% | 48.85% | 51.20% | 64.44% | 62.25% | 60.05% | 54.40% | 57.82% | 56.97% |
| 24 | Gujarat | 49.82% | 56.66% | 51.03% | 72.95% | 70.78% | 70.90% | 67.98% | 70.24% | 69.05% |
| 25 | Daman and Diu | 54.21% | 55.36% | 51.02% | 64.58% | 62.10% | 63.56% | 60.33% | 62.05% | 63.15% |
| 26 | Dadra and Nagar Haveli | 54.03% | 55.61% | 49.97% | 66.68% | 62.78% | 63.61% | 60.22% | 60.68% | 57.84% |
| 27 | Maharashtra | 51.70% | 53.64% | 49.80% | 64.79% | 61.72% | 61.87% | 60.33% | 61.51% | 61.49% |
| 29 | Karnataka | 52.88% | 58.91% | 44.81% | 66.81% | 64.99% | 63.43% | 61.24% | 61.88% | 58.71% |
| 30 | Goa | 46.71% | 50.30% | 38.13% | 58.53% | 57.55% | 56.15% | 55.84% | 55.40% | 54.14% |
| 31 | Lakshadweep | 24.81% | 27.94% | 37.75% | 26.69% | 28.68% | 25.00% | 23.88% | 24.63% | 22.06% |
| 32 | Kerala | 52.87% | 57.71% | 30.87% | 63.60% | 58.78% | 57.16% | 52.35% | 58.68% | 58.34% |
| 33 | Tamil Nadu | 47.24% | 55.44% | 25.61% | 60.49% | 59.90% | 58.96% | 56.85% | 58.92% | 55.59% |
| 34 | Puducherry | 52.01% | 55.73% | 23.92% | 58.11% | 57.02% | 56.91% | 56.05% | 57.47% | 53.63% |
| 35 | Andaman and Nicobar Islands | 11.02% | 15.84% | 23.10% | 21.85% | 22.13% | 21.65% | 22.33% | 22.38% | 23.03% |
| 36 | Telangana | 41.04% | 48.21% | 20.27% | 56.20% | 54.51% | 55.03% | 53.42% | 55.12% | 54.81% |
| 37 | Andhra Pradesh | 49.77% | 55.19% | 17.02% | 62.45% | 61.29% | 59.46% | 54.40% | 58.72% | 61.00% |
| 97 | Other Territory | | | | | 55.10% | 55.77% | 50.98% | 53.70% | 46.43% |
| | **Total** | **49.79%** | **56.00%** | **60.92%** | **66.40%** | **64.32%** | **63.62%** | **62.63%** | **62.71%** | **61.59%** |

**Agenda Item 6: Issues recommended by the Law Committee for consideration of the GST Council**

**Agenda Item 6(i): Proposals for amendments in the CGST Act, 2017, IGST Act, 2017, UTGST Act, 2017 and GST (Compensation to States) Act, 2017**

## I. Background

1.1 As per the decisions of the 22nd GST Council Meeting held on 06.10.2017, a Law Review Committee was constituted in order to review and propose changes in the CGST/SGST Acts and the IGST Act, taking into account feedback from all the stakeholders, and bring these proposals before the Council. In pursuance of the same, a Law Review Committee (hereinafter referred to in this note as 'LRC'), as well as an Advisory Group to the LRC were constituted to review the laws and make proposals for making amendments in the Acts.

1.2 The LRC submitted its first draft report on 04.01.2018, taking into consideration the issues raised by the Advisory Group to the LRC, the representations forwarded by GST Council Secretariat and the suggestions received from the State Governments and CBIC formations. The final report of the LRC was submitted on 11.07.2018.

1.3 In addition, the representations received in the GST Policy Wing of CBIC (GSTPW for short), from July to December 2017, from the field formations, GST Feedback and Action Room (FAR) and various trade associations were analysed and a broadsheet containing the proposals for review of the Acts was prepared by the GSTPW.

1.4 The recommendations of the LRC, along with the broadsheet prepared by the GSTPW were discussed in a joint meeting of the LRC and the Law Committee held on 10.01.2018. The combined recommendations of the LRC and Law Committee were thereafter discussed in the meeting of the officers of the Central and the State Governments on 11.01.2018 and the consolidated recommendations of the officers' meeting was placed before the GST Council at its 25th meeting held on 18.01.2018.

1.5 The Council accorded its in-principle approval for the proposals, subject to certain modifications therein. It was stated by the Hon'ble Chairperson of the Council that on the basis of the approval of the proposed changes, the Law Committee would draft the legislative changes and after vetting by the Union Law Ministry, it would be brought before the Council for approval.

1.6 Thereafter, four joint meetings of the Law Committee and LRC were held on 17th and 18thFebruary, 2018, 05th to 07th April, 2018, 10th to 12th May, 2018 and 07th to 09th June, 2018, to finalise the proposals and draft formulations. The draft proposals that were agreed upon after the above four meetings were further discussed by the Law Committee on 06.07.2018. The finalised proposals for amending the law have been collated in the broadsheet placed as **Annexure 1** to this note, wherein the proposed changes have been indicated in **red colour**.

## II. Stakeholder Consultation and Feedback

2.1 The broadsheet containing the proposals (as finalised by the Law Committee on 06.07.2018) was placed in the public domain (https://www.mygov.in/) from 09.07.2018 to 15.07.2018, for inviting comments from the trade and public.

2.2 A total of 1270 suggestions were received. Out of this, 158 suggestions relate to the proposed law amendments. On analysis of these 158 suggestions, 13 actionable suggestions on the proposed

amendments have been identified and have been incorporated in **blue colour** in the **Annexure 1**. However, these suggestions have not been discussed in the Law Committee.

## III. Amendments resulting from changes in the return format

3.1 It is submitted that at Sl. No. 27 of the **Annexure**, on the basis of the proposed new return scheme, it is proposed to insert a new section, viz., section 43A, in order to provide for the procedure for furnishing returns (including amendment thereto) and availing input tax credit.

3.2 As per the extant legal provisions, all taxpayers are required to make monthly tax payment along with monthly filing of return. However, a fresh proposal to allow filing of a quarterly return with monthly tax payment for taxpayers with annual turnover upto Rs. 1.5 crore has been discussed. It was decided to ascertain the feasibility of its quick implementation from GSTN and they have replied in the affirmative.

3.3 A fresh proposal for allowing quarterly return filing for small taxpayers with monthly tax payment is part of a separate Agenda Note. The modalities for implementing the proposal along with its consequential legal amendments relating to payment of tax and input tax credit etc, is being discussed in the Officers' meeting scheduled to be held on 20.07.2018. Changes suggested in the said meeting would be placed before the GST Council separately.

## IV. Approval sought

Accordingly, the approval of the GST Council is sought for the following:

a) Amending the CGST Act, 2017, IGST Act, 2017, UTGST Act, 2017 and GST (Compensation to States) Act, 2017, as detailed in the **Annexure 1**;
b) Granting in-principle approval for allowing quarterly return filing for small taxpayers with monthly tax payments, and for carrying out the necessary law amendment proposals in this regard; and
c) Placing the requisite law amendment Bills before the Parliament and the respective State/Union territory legislatures.

**Annexure 1**

| Sl. No. | Section/Sub-section/Clause | Amendments as shown in Red and Strikethrough | Rationale/Remarks |
|---|---|---|---|
| **CGST Act, 2017** | | | |
| **Definitions** | | | |
| 1. | 2 (4) | 2 (4) "adjudicating authority" means any authority, appointed or authorised to pass any order or decision under this Act, but does not include the Central Board of ~~Excise~~ Indirect Taxes and Customs, the Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority, ~~and~~ the Appellate Tribunal and the Authority referred to in sub-section (2) of section 171; | This is in pursuance of the change in name of the Central Board of Excise and Customs to the Central Board of Indirect Taxes and Customs constituted under the Central Boards of Revenue Act, 1963 (54 of 1963).<br><br>Further, the National Anti-Profiteering Authority constituted by the Central Government under section 171 of the CGST Act is also required to be excluded from the definition of 'adjudicating authority'. |
| 2. | 2 (17) (h) | (17) "business" includes—<br>(h) ~~services provided by~~ activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club; and | Changes are being made to ensure that all activities related to a race club are included. The term "services" in this clause leads to ambiguity, as actionable claims have been defined as 'goods' in the CGST Act. |
| 3. | 2 (35) | (35) "cost accountant" means a cost accountant as defined in clause ~~(c)~~ (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959; | To correct an inadvertent typographical error. |
| 4. | 2 (69) | (69) "local authority" means—<br>(f) a Development Board constituted under article 371 and article 371J of the Constitution; or | Article 371J of the Constitution grants special status to 6 backward districts of Karnataka-Hyderabad region. Under this article, the President is empowered to establish a separate Board to ensure equitable distribution of funds in the State's budget to meet the developmental needs of the region. It is being added now based on the request received from the State of Karnataka. |
| 5. | 2 (102) | (102) "services" means anything other than goods, money and securities but includes activities | Although 'securities'has been excluded from the definition of 'goods' and 'services' in the CGST |

| Sl. No. | Section/Sub-section/Clause | Amendments as shown in Red and Strikethrough | Rationale/Remarks |
|---|---|---|---|
| | | relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;<br><br>*Explanation*-For the removal of doubts, it is hereby clarified that the expression "services" includes facilitating or arranging transactions in securities. | Act, facilitating or arranging transactions in securities is liable to GST. This has been clarified recently through a detailed FAQ on Banking and Insurance wherein it has been clarified that if some service charges or service fees or documentation fees or broking charges or such like fees or charges are charged in relation to transactions in securities, the same would be a consideration for provision of service and chargeable to GST.<br><br>It is proposed to insert an Explanation in order to remove any doubts. |
| **Supply** | | | |
| 6. | 7 | 7. (1) For the purposes of this Act, the expression "supply" includes—<br><br>(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;<br><br>(b) import of services for a consideration whether or not in the course or furtherance of business; and<br><br>(c) the activities specified in Schedule I made or agreed to be made without a consideration.~~; and~~<br><br>~~(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.~~<br><br>(1A) Certain activities or transactions, when constituting a supply in accordance with the provisions of sub-section (1), shall be treated either as supply of goods or | Classification of certain specified activities or transactions (which qualify as a supply under the CGST Act) either as supply of goods or supply of services is supposed to be done in Schedule II. However, it is observed that clause (d) being part of the sub-section defining the term 'supply' leads to a situation where an activity listed in Schedule II would be deemed to be a supply even if it does not constitute a supply as per clauses (a), (b) and (c) of sub-section (1). Hence, it is proposed to insert a new sub-section |

| Sl. No. | Section/Sub-section/Clause | Amendments as shown in Red and Strikethrough | Rationale/Remarks |
|---|---|---|---|
| | | supply of services as referred to in Schedule II.<br><br>(2) Notwithstanding anything contained in sub-section (1), —<br>(a) activities or transactions specified in Schedule III; or<br>(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,<br>shall be treated neither as a supply of goods nor a supply of services.<br>(3) Subject to the provisions of sub-sections (1), (1A) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as–<br>(a) a supply of goods and not as a supply of services; or<br>(b) a supply of services and not as a supply of goods.<br><br>• **Title of Schedule II to be amended as below:**<br>ACTIVITIES **OR TRANSACTIONS** TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES | (1A) in section 7 and omit clause (d) of sub-section (1).<br><br>Consequential amendment, consequent to insertion of a new sub-section (1A). |
| 7. | Schedule I | Schedule I<br>4. Import of services by a ~~taxable~~ person from a related person or from any of his other establishments outside India, in the course or furtherance of business. | This amendment is to ensure that import of services by entities which are not registered under GST (say, they are only making exempted supplies) but are otherwise engaged in business activities is taxed when received from a related person or |

| Sl. No. | Section/Sub-section/Clause | Amendments as shown in Red and Strikethrough | Rationale/Remarks |
|---|---|---|---|
| | | | from any of their establishments outside India. |
| 8. | Schedule III, new insertion | 7. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into the taxable territory.<br><br>**Trade has represented for retrospective amendment from 01.07.2017.** | It is sought to exclude from the tax net such transactions which involve movement of goods, caused by a registered person, from one non-taxable territory to another non-taxable territory. |
| 9. | Schedule III, new insertion | 8 (a) Supply of warehoused goods to any person before clearance for home consumption.<br><br>(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.<br><br>Explanation. - For the purposes of this clause, the expression "warehoused goods" shall have the meaning as assigned to it in the Customs Act, 1962 (52 of 1962)<br><br>**Trade has represented for retrospective amendment from 01.07.2017.** | It is sought to ensure that there is no double taxation of transactions where supply of goods occurs in the course of high sea sales and sale of warehoused goods before clearance for home consumption.<br><br>It was observed that in case of supply of goods as high seas sales and sale of warehoused goods, before being cleared for home consumption, IGST was being levied twice, once under the Customs Tariff Act, 1975 (read with the IGST Act) and then for a second time, on clearance for home consumption under the IGST Act.<br><br>Since double taxation needs to be avoided, Circulars were issued to state that IGST would be payable only once at the time of clearance of goods for home consumption. However, it is imperative that such situations are squarely mentioned as 'no supply' in Schedule III. |
| **Levy and Collection** | | | |
| 10. | 9 (4) | 9 (4) ~~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~~ | Section 9 (4), which mandates that all registered persons shall pay the tax on reverse charge basis on purchases made from unregistered persons, is presently under suspension. This sub-section is being omitted for trade facilitation. |

| Sl. No. | Section/Sub-section/Clause | Amendments as shown in Red and Strikethrough | Rationale/Remarks |
|---|---|---|---|
| | | ~~as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.~~<br><br>9 (4) The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of **supply of** taxable goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such goods or services or both, 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. | Instead, it is proposed to take an enabling power for the Government to notify a class of registered persons who would be liable to pay tax on reverse charge basis in case of receipt of goods from an unregistered supplier. |
| **Composition Scheme** | | | |
| 11. | 10 (1) & (2) | 10 (1) Notwithstanding anything to the contrary contained in this Act but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees, may opt to pay, in lieu of the tax payable by him under sub-section (1) of section 9, an amount of tax calculated at such rate as may be prescribed, but not exceeding, —<br>(a) one per cent of the turnover in State or turnover in Union territory in case of a manufacturer,<br>(b) two and a half per cent. of the turnover in State or turnover in Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II, and<br>(c) half per cent. of the turnover in State or turnover in Union territory in case of other suppliers,<br><br>subject to such conditions and restrictions as may be prescribed: | The proposed amendments seek to remove any interpretational ambiguity to state that the composition tax payers shall, in lieu of the tax payable on the invoice value of the transactions under section 9(1) (applicable to regular taxpayers), pay tax as a percentage of their turnover.<br><br>The limit is being raised from Rs. 1 crore to Rs. 1.5 crore as a measure of trade facilitation, as already recommended by the GST Council.<br><br>At present, registered persons engaged in the supply of services (other than restaurant services) are not eligible for composition scheme. As a result, manufacturers and traders supplying services are unable to opt for the scheme even if its percentage is very small as |

| Sl. No. | Section/Sub-section/Clause | Amendments as shown in Red and Strikethrough | Rationale/Remarks |
|---|---|---|---|
| | | Provided that the Government may, by notification, increase the said limit of fifty lakh rupees to such higher amount, not exceeding one hundred and fifty lakh ~~crore~~ rupees, as may be recommended by the Council~~.~~<br><br>Provided further that a person who opts to pay tax under clause (a), clause (b) or clause (c) may supply services**, other than those referred to in clause (b) of paragraph 6 of Schedule II,** of value not exceeding ten percent of turnover in the preceding financial year in a State or Union territory or five lakh rupees, whichever is higher.<br><br>**Trade has represented for increasing the cap on services to Rs. 15 lakhs.**<br><br>(2) The registered person shall be eligible to opt under sub-section (1), if—<br>(a) he is not engaged in the supply of services, ~~other than supplies referred to in clause (b) of paragraph (6) of Schedule II~~ save as provided in sub-section (1);<br><br>(b) he is not engaged in making any supply of goods which are not leviable to tax under this Act;<br><br>(c) he is not engaged in making any inter-State outward supplies of goods; | compared to the supplies of goods. With a view to enable these taxpayers to avail of the benefit of composition scheme, a new proviso is being added in order to allow them to be eligible for the scheme even if they supply services of value not exceeding 10% of the turnover in the preceding financial year in a State/Union territory or Rs. 5 lakhs, whichever is higher.<br>This is a taxpayer-friendly measure and it is believed that small taxpayers would immensely benefit from this amendment.<br><br>This is a consequential amendment, as a new proviso is being added to section 10 (1) which allows the registered person to opt for the scheme even if they supply services of value not exceeding 10% of the turnover in the preceding financial year in a State/Union territory or Rs. 5 lakhs, whichever is higher. |

| Sl. No. | Section/Sub-section/Clause | Amendments as shown in Red and Strikethrough | Rationale/Remarks |
|---|---|---|---|
| | | (d) he is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52; and<br><br>(e) he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council:<br><br>Provided that where more than one registered persons are having the same Permanent Account Number (issued under the Income-tax Act, 1961) (43 of 1961), the registered person shall not be eligible to opt for the scheme under sub-section (1) unless all such registered persons opt to pay tax under that sub-section. | |
| **Time and Value of Supply** | | | |
| 12. | 12 (2) | 12 (2) The time of supply of goods shall be the earlier of the following dates, namely: —<br><br>(a) date of issue of invoice by the supplier or the last date on which he is required under ~~sub-section (1) of~~ section 31 to issue the invoice with respect to the supply; or | The amendment seeks to correct a drafting error in the earlier law, as the issuance of invoice/other documents are also contained in other sub-sections of section 31. |
| 13. | 13 (2) | 13 (*2*) The time of supply of services shall be the earliest of the following dates, namely: —<br><br>(*a*) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under ~~sub-section (2) of~~ section 31 or the date of receipt of payment, whichever is earlier;<br><br>(b) the date of provision of service, if the invoice is not issued within the period prescribed under ~~sub-section (2) of~~ section 31 or the date of receipt of payment, whichever is earlier; | The amendment seeks to correct a drafting error as the provisions for issuance of invoices/other documents are also contained in other sub-sections of section 31. |

| Sl. No. | Section/Sub-section/Clause | Amendments as shown in Red and Strikethrough | Rationale/Remarks |
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| **Input Tax Credit** | | | |
| 14. | 16 (2) (b) | 16 (2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless, —<br>(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;<br>(b) he has received the goods or services or both.<br>*Explanation.* —For the purposes of this clause, it shall be deemed that the registered person has received the goods or, as the case may be, services, -<br>(i) where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;<br>(ii) where the services are provided by the supplier to any person on the direction of and on account of such registered person; | One of the conditions for availing of credit by the registered person under the Act is the receipt of goods or services or both by him. In the case of "bill-to-ship-to" situations, for the purposes of availing of ITC on goods by the registered person, a deeming provision is present as an Explanation to section 16(2)(b) vide which the registered person is deemed to have received the goods where the goods are delivered by the supplier to a recipient or any other person on the direction of the said registered person.<br><br>It is now proposed to provide this deeming fiction in case of services as well which will be taxpayer-friendly. |
| 15. | 16 (2) Second proviso | 16 (2) ……<br>(c) Subject to the provisions of section 41**or section 43A,** the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and<br>(*d*) he has furnished the return under section 39:<br>Provided that -----: | It is proposed to remove the liability to pay interest in case where the recipient has been made liable to pay an amount equal to the ITC availed in case he fails to pay to the supplier of goods or services or both the amount towards the value of supply along with tax payable thereon within a period of 180 days from the date of issue of invoice by the supplier. Since upon payment of the due amount to the supplier, the recipient shall be eligible to avail ITC of the said amount, it is |

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| | | Provided further that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability~~, along with interest thereon,~~ in such manner as may be prescribed.<br>**Trade has represented for retrospective amendment from 01.07.2017.** | believed that liability to pay interest is too onerous and should be removed. |
| 16. | 17 (3) | 17 (3) The value of exempt supply under sub-section (2) shall be such as may be prescribed and shall include supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building but shall not include the value of activities or transactions (other than sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building) specified in Schedule III.<br><br>**Trade has represented for retrospective amendment from 01.07.2017.** | It is proposed to allow availment of ITC on activities or transactions specified in Schedule III (other than sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building) by excluding it from the ambit of 'exempt supply' on which ITC is blocked.<br>The proposed amendment is a taxpayer friendly measure. |
| 17. | 17 (5) (a), new (aa) & (b) | 17(5) Notwithstanding anything contained in sub-section (1) of section 16 and sub-section (1) of section 18, input tax credit shall not be available in respect of the following, namely: —<br><br>(a) motor vehicles for transportation of persons having approved seating capacity of not more than thirteen | It is proposed to expand the scope of ITC availability in case of motor vehicles having approved capacity of not more than 13 persons (including the driver) in case it is used for specified purposes.<br><br>The amendment is sought to make it clear that input tax credit would now be available in respect of |

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| | | persons (including the driver), vessels and aircraft ~~and other conveyances~~ except when they are used—<br><br>(i) for making the following taxable supplies, namely: —<br>(A) further supply of such vehicles or vessels or aircraft ~~conveyances~~; or<br>(B) transportation of passengers; or<br>(C) imparting training on driving, flying, navigating such vehicles, vessels or aircraft ~~or conveyances~~;<br><br>(ii) for transportation of goods; and<br><br>(iii) for transportation of money for or by a banking company or a financial institution.<br><br>(aa) services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels and aircraft for which the credit is not available in accordance with the provisions of clause (a), **except in case of a taxable person engaged in the manufacture of vehicles, vessels and aircraft supplied by them or the supply of General Insurance services in respect of vehicles, vessels and aircraft insured by them;**<br><br>(b) the following supply of goods or services or both—<br>(i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, renting or hiring of motor vehicles, vessels and aircraft **other than those covered in exceptions** | dumpers, work-trucks, fork-lift trucks and other special purpose motor vehicles. After the amendment is carried out, input tax credit would be denied **only** in respect of motor vehicles for transport of persons having approved seating capacity of not more than 13 persons (including the driver), vessels and aircraft when these are used for personal purposes.<br><br>An amendment is also being made to the effect that ITC will not be denied in respect of motor vehicles if they are used for transportation of money for or by a banking company or a financial institution.<br><br>The proposal is to clarify that ITC in respect of services of general insurance, servicing, repair and maintenance in respect of those motor vehicles, vessels and aircraft on which ITC is not available under clause (a).<br><br>The amendments seek to bring clarity and correct the repetition of text. |

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| | | referred to in clause (a), life insurance and health insurance except where an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;<br><br>(ii) membership of a club, health and fitness centre; and<br><br>~~(iii) rent-a-cab, life insurance and health insurance except where-~~<br><br>~~(A) the Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force; or~~<br><br>~~(B) such inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as part of a taxable composite or mixed supply; and~~<br><br>(iii) travel benefits extended to employees on vacation such as leave or home travel concession:<br><br>Provided that the input tax credit in respect of such goods or services or both shall be available, where the provision of such goods or services or both is obligatory for an employer to provide to its employees under any law for the time being in force. | The amendments seek to bring clarity and correct the repetition of text.<br><br>Presently, in accordance with the provisions of section 17(5)(b), ITC is not available in respect of food and beverages, health services, travel benefits to employees etc. This sub-section is being amended to allow ITC in respect of such goods or services or both where the provision of such goods or services or both is obligatory for an employer to provide to its employees under any law for the time being in force.<br><br>This is a taxpayer-friendly amendment. |
| 18. | 20, Explanation (c) | Clause (c) of *Explanation* to section 20:<br><br>(c) the term ‘‘turnover’’, in relation to any registered person engaged in the supply of taxable goods as well as | It is proposed to exclude the amount of tax levied under entry 92A of List I from the value of turnover for the purposes of distribution of credit. The same was inadvertently left out |

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| | | goods not taxable under this Act, means the value of turnover, reduced by the amount of any duty or tax levied under ~~entry~~ **entries** 84 and 92A of List I of the Seventh Schedule to the Constitution and entries 51 and 54 of List II of the said Schedule. | from clause (c) of *Explanation* to section 20.<br>Section 20 deals with the manner of distribution of credit by the Input Service Distributor. Section 20 (2) (d) provides that where the credit is attributable to more than one recipient, such credit shall be distributed amongst the recipient's *pro rata* on the basis of turnover in the State or Union territory.<br><br>As per clause (c) of Explanation to section 20, the expression "turnover" does not include any duty or tax levied under entry 84 of List I of the Seventh Schedule to the Constitution and entries 51 and 54 of List II of the said Schedule.<br><br>Entry 54 of List II covers taxes on the sale or purchase of goods other than newspapers, subject to the provisions of entry 92A of List I while Entry 92A of List I covers taxes on the sale or purchase of goods other than newspapers, where such sale or purchase takes place in the course of inter-State trade or commerce.<br><br>Thus, it is proposed to correct this inadvertent omission. |
| **Registration** | | | |
| 19. | 22 Explanation | Explanation (iii) to section 22 the expression "special category States" shall mean the States as specified in sub-clause (g) of clause (4) of article 279A of the Constitution except the State of Jammu and Kashmir, Assam and Sikkim. | The State of Assam has requested that the threshold exemption for registration in their State should be raised from Rs.10 lakhs to Rs.20 lakhs |
| 20. | 24 (x) | 24 (x) every electronic commerce operator who is required to collect tax at source under section 52; | An e-commerce operator is presently required to take compulsory registration in terms of section 24(x) even if his aggregate |

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| | | | turnover in a financial year does not exceed Rs. 20 lakhs. Clause (x) of section 24 is being amended to provide that only those e-commerce operators who are required to collect tax at source under section 52 would be required to take compulsory registration. Other e-commerce operators who are not required to collect tax at source under section 52 would henceforth not be required to take registration if their aggregate turnover in a financial year did not exceed Rs. 20 lakhs.<br><br>This is a taxpayer-friendly measure. Small e-commerce operators who are not required to collect tax at source under section 52 would now be eligible for availing the threshold exemption limit benefit for registration purposes. |
| 21. | 25 (2), new second, third and fourth proviso | 25 (2) A person seeking registration under this Act shall be granted a single registration in a State or Union territory:<br><br>Provided that a person having multiple business verticals in a State or Union territory may be granted a separate registration for each business vertical, subject to such conditions as may be prescribed:<br><br>Provided further that a person having multiple places of business in a State or Union territory may be granted a separate registration for each such place of business, subject to such conditions as may be prescribed: | It is proposed to allow persons having multiple places of business in a State or Union territory to obtain separate registrations for each such place of business.<br><br>As per the extant provisions, a person seeking registration under the Act shall be granted a single registration in a State or Union territory. However, if he has multiple business verticals in a State or Union territory, he may obtain separate registration for each business vertical. Certain PSUs have requested for separate registration for their individual units in a State, a facility which was available prior to 1st July 2017.<br><br>This amendment is a taxpayer-friendly measure. |

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| | | Provided also that a person having a unit, as defined in the Special Economic Zones Act, 2005 (28 of 2005), in a Special Economic Zone or being a Special Economic Zone Developer shall be granted a separate registration as distinct from his units located outside the Special Economic Zone in the same State or Union territory:<br><br>Provided also that a person having more than one unit, as defined in the Special Economic Zones Act, 2005 (28 of 2005), in a Special Economic Zone shall be granted a separate registration for each such unit, subject to such conditions as may be prescribed. | It is proposed to insert the provisions of separate registration for a person having a unit(s) in a Special Economic Zone or being a Special Economic Zone developer as a business vertical distinct from his other units located outside the Special Economic Zone. This provision is already contained in rule 8 of the CGST Rules.<br><br>In line with the amendment to allow a person having multiple places of business in a State or Union territory to obtain separate registration for each such place of business, a person having multiple units in an SEZ is also being allowed to take separate registration for each such unit. |
| 22. | 29 (1), new proviso | 29 (1) The proper officer may, either on his own motion or on an application filed by the registered person or by his legal heirs, in case of death of such person, cancel the registration, in such manner and within such period as may be prescribed, having regard to the circumstances where, —<br>(a) ..<br>(b) ..<br>(c) the taxable person, other than the person registered under sub-section (3) of section 25, is no longer liable to be registered under section 22 or section 24~~.~~:<br>Provided that pending cancellation of registration, the proper officer may suspend the registration of the person subject to such conditions and limitations as may be prescribed.<br>**Trade has represented for retrospective amendment from 01.07.2017.** | It is proposed to provide that once a registered person has applied for cancellation of registration, the proper officer may temporarily suspend its registration till the procedural formalities for cancellation are completed.<br>This measure would relieve the taxpayer of continued compliance burden under the law till such time as the process of allowing cancellation of registration is completed. |

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| 23. | 29 (2), new proviso | Provided that the proper officer shall not cancel the registration without giving the person an opportunity of being heard~~.~~:<br>Provided further that pending cancellation of registration, the proper officer may suspend the registration of the person subject to such conditions and limitations as may be prescribed. | The insertion of this proviso seeks to ensure that once it is sought to cancel the registration of a registered person, the proper officer may temporarily suspend the registration till the procedural formalities for cancellation are completed. |
| **Tax Invoice, Credit and Debit Notes** | | | |
| 24. | 34 (1) & 34 (3) | 34(1) Where ~~a tax invoice has~~ one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in ~~that tax invoice~~ the said tax invoices is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient ~~a~~ one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed.<br>(2) …<br>(3) Where ~~a tax invoice has~~ one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in ~~that tax invoice~~ the said tax invoices is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient ~~a~~ one or more debit notes for supplies made in a financial year containing such particulars as may be prescribed. | At present, a credit/debit notewhich is issued by the registered person is required to be issued invoice-wise. This causes avoidable compliance burden for tax payers. Thus, it is proposed to allow issuance of consolidated credit/debit which is in line with the best international practices.<br><br>The amendment seeks to permit a registered person to issue consolidated credit / debit notes in respect of multiple invoices issued in a Financial Year without linking the same to individual invoices. |
| 25. | 35 (5), new proviso | Every registered person whose turnover during a financial year exceeds the prescribed limit shall get | In terms of section 35 (5) of the CGST Act, every registered person whose turnover during a financial |

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| | | his accounts audited by a chartered accountant or a cost accountant and shall submit a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44 and such other documents in such form and manner as may be prescribed:<br><br>Provided that nothing contained in this sub-section shall apply to any department of the Central Government or a State Government or a local authority, whose books of accounts are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any lawfor the time being in force. | year exceeds the prescribed limit (presently, Rs. 2 crore) shall get his accounts audited by a chartered accountant or a cost accountant and shall submit a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44 and other prescribed documents.<br>In this regard, Ministry of Defence has represented that the annual accounts of Canteen Stores Department (CSD) are internally audited by the Controller of Defence Accounts (CDA) and therefore, should not be subject to audit by a Chartered Accountant or a Cost Accountant.<br>Thus, it is proposed to provide that any department of the Central or State Government/local authority which is subject to audit by CAG need not get their books of account audited by any Chartered Accountant or Cost Accountant. |
| **Returns** | | | |
| 26. | 39(9) | Subject to the provisions of sections 37 and 38, if any registered person after furnishing a return under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (4) or sub-section (5) discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars in the return to be furnished for the month or quarter during which such omission or incorrect particulars are noticed, or in the amendment return prescribed for this purpose, subject to payment of interest under this Act:<br>Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of return for the month of | It is proposed to provide for allowing taxpayers to amend the returns. This provision existed in pre-GST regime, and is a trade friendly measure which would enable the taxpayers to correct inadvertent mistakes in the returns by filing an amendment return. |

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| | | September or second quarter following the end of the financial year, or the actual date of furnishing of relevant annual return, whichever is earlier. | |
| 27. | 43A<br>new insertion | **43A. Procedure for furnishing return and availing input tax credit.** - (1) Notwithstanding anything contained in section 37 or section 38, the procedure for furnishing the details of outward supplies by a registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52 (hereafter in this section referred to as the 'supplier'), and for verifying, validating, modifying or deleting such supplies by the corresponding registered person (hereafter in this section referred to as the 'recipient') in connection with the furnishing of return under section 39 shall be such as may be prescribed..<br>(2) Notwithstanding anything contained in section 41, section 42 or section 43, the procedure for availing of input tax credit by the recipient and verification thereof shall be such as may be prescribed.<br>(3) The procedure specified under sub-section (1) and sub-section (2) may include the following: -<br>(i) the procedure for furnishing the details of a tax invoice by the supplier on the common portal for the purposes of availing input tax credit by the recipient in terms of clause (a) of sub-section (2) of section 16;<br>(ii) the amount of tax specified in an invoice for which the details have been furnished by the supplier under clause (i) but the return in respect thereof has not been furnished and tax has not been paid shall be deemed to | A new section is being introduced in order to enable the new return filing procedure as proposed by the Returns Committee and approved by GST Council. |

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| | | be tax payable by him under the provisions of this Act;<br>(iii) the procedure and threshold, ~~not~~ exceeding one thousand rupees, for recovery of the amount of tax payable under clause (ii);<br>(iv) the procedure and circumstances where the recovery of input tax credit can be made, instead of from the supplier, from the recipient who has availed credit on an invoice for which details have been furnished by the supplier under clause (i) but tax has not been paid by the said supplier;<br>(v) for the purposes of clause (ii) and (iii), the supplier and the recipient shall be jointly and severally liable to pay tax or to reverse the input tax credit availed against such tax, as the case may be;<br>(vi) the procedure and threshold for availing input tax credit by the recipient on the basis of invoice for which details have not been furnished by the supplier under clause (i) and recovery thereof; and<br>(vii) the procedure, safeguards and threshold of tax amounts in the invoices, the details of which can be furnished under clause (i) by a newly registered person or by a registered person who has defaulted in payment of tax liability, exceeding the amount of tax or the period of time specified in the rules. | |
| **GST Practitioner** | | | |
| 28. | 48 | 48 (2) A registered person may authorise an approved goods and services tax practitioner to furnish the details of outward supplies under section 37, the details of inward supplies under section 38 and the return under section 39 or section 44 or section 45, and to perform such other functions and in such manner as may be prescribed. | Presently, they are authorised to furnish the details of outward and inward supplies and various returns under sections 39, 44 or 45 on behalf of a registered person.<br><br>It is proposed to allow the GST practitioner to perform other functions such as, filing refund |

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| | | | claim, filing application for cancellation of registration etc. |
| **Payment of Tax** | | | |
| 29. | 49(5)(c) & 49(5)(d) | **49 (5) The amount of input tax credit available in the electronic credit ledger of the registered person on account of —**<br>(a) integrated tax shall first be utilised towards payment of integrated tax and the amount remaining, if any, may be utilised towards the payment of central tax and State tax, or as the case may be, Union territory tax, in that order;<br>(b) the central tax shall first be utilised towards payment of central tax and the amount remaining, if any, may be utilised towards the payment of integrated tax;<br>(c) the State tax shall first be utilized towards payment of State tax and the amount remaining, if any, may be utilized towards payment of integrated tax only when the balance of the input tax credit on account of central tax is not availablefor payment of integrated tax;<br>(d) the Union territory tax shall first be utilized towards payment of Union territory tax and the amount remaining, if any, may be utilized towards payment of integrated tax only when the balance of the input tax credit on account of central tax is not available for payment of integrated tax;<br>(e) the central tax shall not be utilised towards payment of State tax or Union territory tax; | This sub-section deals with the order of utilization of input tax credit. Section 49(5)(c) provides that the amount of ITC available in the electronic credit ledger of the registered person on account of the State tax shall first be utilized towards payment of State tax and the amount remaining, if any, may be utilized towards payment of integrated tax.<br><br>It is proposed to amend clauses (c) and (d) to provide that the credit of State tax/ Union territory tax can be utilized for payment of integrated tax only when the balance of the input tax credit on account of central tax is not available for payment of integrated tax.<br><br>This amendment is required since the GST common portal has placed this restriction in the utilization of input tax credit of State tax/Union territory tax towards payment of integrated tax. |

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| | | (f) the State tax or Union territory tax shall not be utilized towards payment of central tax:<br><br>Provided that input tax credit on account of central tax, State tax or Union territory tax shall be utilised towards payment of integrated tax under clause (b), clause (c) or clause (d) only after the input tax credit available on account of integrated tax has been first utilised fully towards such payment. | It is sought to insert a new proviso to sub-section (5) in order to specify that a taxpayer would be able to utilise credit on account of CGST, SGST/UTGST, only after exhausting all the credit on account of IGST available to him.<br>This is being done to minimise fund settlement on account of IGST. |
| 30. | New sub-section 5A in section 49 | **Notwithstanding anything contained in this section, the Government may, on the recommendations of the Council, prescribe the order of utilization of input tax credit of integrated tax, central tax, State tax or Union territory tax, as the case may be, towards payment of any such tax.** | It is proposed to take an enabling power for the Government to prescribe any specific order of utilization of input tax credit of any of the taxes viz., integrated tax, central tax, State tax or Union territory tax for the payment of the said taxes. |
| **Refunds** | | | |
| 31. | 54, Explanation (2) (e) | Explanation. -For the purposes of this section, -<br>(2) "relevant date" means-<br>(e) in the case of refund of unutilised input tax credit under clause (ii) of **first proviso of** sub-section (3), the ~~end of the financial year~~ due date for furnishing of return under section 39 for the period in which such claim for refund arises; | It is proposed to correct an inherent contradiction of the relevant date in case of refund of unutilized ITC under section 54(3) since as per Explanation (2)(e) to section 54, the relevant date means the end of the financial year in which such claim for refund arises while section 54(3) states that a registered person may claim refund of any unutilized ITC at the end of any tax period.<br><br>Thus, it is proposed to provide that the relevant date in the case of refund of unutilised input tax credit under clause (ii) of sub-section (3), shall be the due date for furnishing of return under section 39 for the period in which such claim for refund arises. |
| 32. | 54 (8) (a) | Section 54 (8)<br>(a) refund of tax paid on ~~zero-rated supplies~~ export of goods or services | Section 54 (8) provides a list of situations where theprinciple of unjust enrichment does not apply |

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| | | or both or on inputs or input services used in making such ~~zero-rated supplies~~ exports; | for the purposes of payment of refund. One such situation is zero-rated supplies of goods or services.<br><br>Zero-rated supply under section 16 (1) of the IGST Act includes physical exports of goods or services and supplies made to an SEZ unit/SEZ developer and the principle of unjust enrichment does not apply in such cases. Presently, under section 16 (3) of the IGST Act, only the supplier making supplies of goods or services to an SEZ unit/SEZ developer can claim refund. It is proposed to allow ITC to the SEZ developer or SEZ unit and the supplier in DTA may recover the tax amount from such SEZ unit, etc.<br><br>Thus, it is proposed to amend section 54(8)(a) in order to provide that the principle ofunjust enrichment will apply in case of refund claim arising out of supplies of goods or services made to SEZ developer/unit. |
| 33. | 54, Explanation (2)(c)(i) | Explanation. -For the purposes of this section, -<br>(2) "relevant date" means-<br><br>(*c*) in the case of services exported out of India where a refund of tax paid is available in respect of services themselves or, as the case may be, the inputs or input services used in such services, the date of—<br><br>(*i*) receipt of payment in convertible foreign exchange or in Indian Rupees where permitted by the Reserve Bank of India**,** where the supply of services had been completed prior to the receipt of such payment; or | It is proposed to allow receipt of payment in Indian rupees in case of export of services where permitted by the Reserve Bank of India since particularly in the case of exports to Nepal and Bhutan, the payment is received in Indian rupees as per RBI regulations.<br><br>In this respect, the provisions of section 2(6)(iv) of the IGST Act are also being amended to provide that services shall qualify as exports even if the payment for the services supplied is received in Indian rupees as per RBI regulations. |

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| | | (ii) issue of invoice, where payment for the services had been received in advance prior to the date of issue of the invoice; | |
| **Recovery of Tax** | | | |
| 34. | 79 (1) | In this section, two Explanations are proposed to be inserted as under:<br>*Explanation.* -<br>(1) For the purposes of this section, the word person shall include "distinct persons" as referred to in sub-section (4) or, as the case may be, sub-section (5) of section 25.<br><br>(2) For the purposes of this clause, the term "Collector" means the Collector of a revenue district and includes a Deputy Commissioner or a district magistrate or head of the revenue administration in a revenue district. | It is proposed to provide that recovery may be made from distinct persons present in different States / UTs in order to ensure speedy recovery from other establishments of the registered person.<br><br>It is proposed to clarify the definition of the term 'Collector' since the same varies across different States. |
| **Appeals to Appellate Authority and Appellate Tribunal** | | | |
| 35. | 107 (6) | No appeal shall be filed under sub-section (*1*), unless the appellant has paid—<br>(a) in full, such part of the amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him; and<br>(b) a sum equal to ten per cent. of the remaining amount of tax in dispute arising from the said order, subject to a maximum of twenty-five crore rupees**,** in relation to which the appeal has been filed. | Presently, in terms of section 107(6), the appellant is required to pay a sum equal to 10% of the tax in dispute arising from the order being appealed against for filing an appeal before the Appellate Authority.<br><br>It is proposed to provide a ceiling of Rs. 25 crore for filing an appeal before the Appellate Authority. This is a taxpayer-friendly amendment especially in cases where the tax demand is of hundreds of crores of rupees. |
| 36. | 112 (8) | No appeal shall be filed under sub-section (*1*), unless the appellant has paid—<br>(*a*) in full, such part of the amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him; and<br>(*b*) a sum equal to twenty per cent. of the remaining amount of tax in dispute, in addition to the amount paid under sub-section (*6*) of section | In terms of section 112 (8), the appellant is required to pay a sum equal to 20% of the tax in dispute, in addition to the amount paid under section 107 (6), arising from the order of the Appellate Authority for filing an appeal before the Appellate Tribunal.<br>This section is being amended to provide a ceiling of Rs. 50 crores for filing an appeal before the Appellate Tribunal. |

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| | | 107, arising from the said order, subject to a maximum of fifty crore rupees**,** in relation to which the appeal has been filed. | This is a taxpayer-friendly amendment especially in cases where the tax demand is of hundreds of crores of rupees. |
| **Transitional Provisions** | | | |
| 37. | 140 (1) | (1) A registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT credit of [eligible duties] carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed……"<br><br>**"….***Explanation 1*.—For the purposes of sub-sections [(1)], (3), (4) and (6), the expression "eligible duties" means—<br>(i)…<br>(ii) …<br>(iii)…<br>(iv) ~~the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978;"~~<br>(v)… "<br><br>"….*Explanation 2*.—For the purposes of sub-sections (1) and(5), the expression "eligible duties and taxes" means—<br>(i)…<br>(ii) …<br>(iii)…<br>(iv) ~~the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978;"~~<br>(v)… "<br><br>***Explanation* 3.—**For removal of doubts, it is clarified that the expression "eligible duties and taxes" | It is proposed to clarify that only transitional credit of eligible duties can be carried forward in the return and not all credits. This provision is already contained in rule 117(1) of the CGST Rules.<br><br>The eligible duties do not include the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978. |

| Sl. No. | Section/Sub-section/Clause | Amendments as shown in Red and Strikethrough | Rationale/Remarks |
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| | | excludes any cess which has not been specified in Explanation 1 or Explanation 2 above and any cess which is collected as additional duty of customs under sub-section (1) of section 3 of the Customs Tariff Act, 1975. | For removal of doubts, it is proposed to clarify that the expression "eligible duties and taxes" excludes any cess which has not been specified in Explanation 1 or Explanation 2 above and any cess which is collected as additional duty of customs under sub-section (1) of section 3 of the Customs Tariff Act, 1975. |
| 38. | 143 (1), new proviso | (1) A registered person (hereafter in this section referred to as the "principal") may under intimation and subject to such conditions as may be prescribed, send any inputs or capital goods, without payment of tax, to a job worker for job work and from there subsequently send to another job worker and likewise, and shall, —<br><br>(a) bring back inputs, after completion of job work or otherwise, or capital goods, other than moulds and dies, jigs and fixtures, or tools, within one year and three years, respectively, of their being sent out, to any of his place of business, without payment of tax;<br><br>(b) supply such inputs, after completion of job work or otherwise, or capital goods, other than moulds and dies, jigs and fixtures, or tools, within one year and three years, respectively, of their being sent out from the place of business of a job worker on payment of tax within India, or with or without payment of tax for export, as the case may be:<br><br>Provided that the period of one year or three years, as the case may be, | In terms of section 143 of the CGST Act, a registered person (Principal) is allowed to send inputs or capital goods to a job worker for job work without payment of tax subject to the conditions inter-alia, that the inputs and capital goods are brought back within a period of one year and three years respectively.<br><br>It is proposed to insert a proviso in section 143 to provide that the period of one year or three years may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding one year and two years respectively.<br><br>This is a taxpayer-friendly amendment to cover situations where the period of one year specified is not adequate in respect of job works such as hull construction/fabrication of vessels (for defence purposes), since these processes complete in a period of around 14 to 16 months. |

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| | | may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding one year and two years respectively. | |
| | | **IGST Act, 2017** | |
| 39. | 2 (6) (iv) | (6) "export of services" means the supply of any service when, —<br>(*i*) the supplier of service is located in India;<br>(*ii*) the recipient of service is located outside India;<br>(*iii*) the place of supply of service is outside India;<br>(*iv*) the payment for such service has been received by the supplier of service in convertible foreign exchange or in Indian Rupees where permitted by the Reserve Bank of India**;** and<br>(*v*) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with *Explanation* 1 in section 8. | It is proposed to allow receipt of payment in Indian rupees in case of export of services where permitted by the Reserve Bank of India since particularly in the case of exports to Nepal and Bhutan, the payment is received in Indian rupees as per RBI regulations.<br>This is a taxpayer-friendly amendment. |
| 40. | 2 (16), Explanation | 'governmental authority' means "an authority or a board or any other body, -<br>(i) set up by an Act of Parliament or a State Legislature; or<br>(ii) established by any Government,<br>with ninety per cent. or more participation by way of equity or control, to carry out any function entrusted to a Panchayat under article 243G or to a municipality under article 243W of the Constitution". | The reference to Panchayat under article 243G is sought to be added in the definition of Governmental authority which was left out inadvertently. |
| 41. | **5(4)** | ~~**5(4) The integrated 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**~~ | **Corresponding amendment on the lines of amendment proposed in section 9(4) of the CGST Act.** |

| Sl. No. | Section/Sub-section/Clause | Amendments as shown in Red and Strikethrough | Rationale/Remarks |
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| | | ~~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.~~<br><br>**5 (4) The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of supply of taxable goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such goods or services or both, 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.** | |
| 42. | 12 (8) | 12 (8) The place of supply of services by way of transportation of goods, including by mail or courier to,—<br>(a) a registered person, shall be the location of such person;<br>(b) a person other than a registered person, shall be the location at which such goods are handed over for their transportation:<br>Provided that if the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods. | In order to provide a level playing field to the domestic transportation companies and promote export of goods, it is proposed that the transportation of goods from a place in India to a place outside India by a transporter located in India would not be chargeable to GST, as place of supply will be outside India.<br><br>This is a taxpayer-friendly amendment. |
| 43. | Proviso to 13 (3) (a) | (3) The place of supply of the following services shall be the location where the services are actually performed, namely: -<br><br>(a) services supplied in respect of goods which are required to be made physically available by the recipient of services to the supplier of services, or to a person acting on behalf of the supplier of services in order to provide the services:<br><br>Provided that when such services are provided from a remote location by way of electronic means, the place of | It is proposed to not tax job work of any treatment or process done on goods temporarily imported into India (e.g., gold, diamonds) which are then exported. This is a taxpayer-friendly amendment which would encourage skill development in our country. |

| Sl. No. | Section/Sub-section/Clause | Amendments as shown in Red and Strikethrough | Rationale/Remarks |
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| | | supply shall be the location where goods are situated at the time of supply of services:<br>Provided further that nothing contained in this clause shall apply in the case of services supplied in respect of goods which are temporarily imported into India for repairs or for any other treatment or process and are exported after repairs or such treatment or process without being put to any other use in India, than that which is required for such repairs or such treatment or process; | |
| 44. | 17 (1), new proviso | 17 (1):<br>Provided that fifty per cent. of such amount as may be decided on the recommendation of the Council, which does not get apportioned under clauses (a) to (f) for the time being, shall be apportioned to the Central Government on ad hoc basis and shall be adjusted against amounts apportioned under clauses (a) to (f). | The proposed amendment provides that fifty percent of the amount of IGST which does not get apportioned under clauses (a) to (f) for the time being shall be apportioned to the Central Government on the recommendations of the Council and shall be adjusted against the amounts apportioned under clauses (a) to (f). |
| 45. | 17 (2), new proviso | 17 (2):<br>Provided also that fifty per cent. of the amount referred to in the first proviso to sub-section (1) shall be apportioned to the State Government on ad hoc basis and shall be adjusted against amounts apportioned under clauses (a) to (f). | Similar provision is made for ad-hoc apportionment of the remaining fifty percent of IGST to the State Governments. |
| **GST (Compensation to States) Act** | | | |
| 46. | New 10 (3A) | 10(3A) (a) Notwithstanding anything contained in sub-section (3), the Central Government may, at any point of time in a financial year, on the recommendations of the Council, distribute the amount remaining unutilized in the Fund amongst the | The proposed amendment provides for distribution of cess remaining unutilized in the Fund on an adhoc basis among the Centre and the States on the recommendations of the Council. |

| Sl. No. | Section/Sub-section/Clause | Amendments as shown in Red and Strikethrough | Rationale/Remarks |
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| | | Centre and the States in the manner provided for in sub section (3).<br>(b) In case of shortfall in the amount collected in the Fund against the requirement of compensation to be released under section 7 for any two month period, the same shall be adjusted from the amount released from the Fund under clause (a). | |
| 47. | Section 7(4)(b)(ii) | 7(4)(b)(ii) the integrated goods and services tax apportioned to that State, as certified by the Principal Chief Controller of Accounts of the Central Board of ~~Excise~~ Indirect Taxes and Customs; and | This is in pursuance of the change in name of the Central Board of Excise and Customs to the Central Board of Indirect Taxes and Customs constituted under the Central Boards of Revenue Act, 1963 (54 of 1963). |
| **UTGST Act, 2017** | | | |
| 48. | **7(4)** | ~~**7 (4) The Union territory 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.**~~<br>**7 (4) The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of supply of taxable goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such goods or services or both, 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.** | **Corresponding amendment on the lines of amendment proposed in section 9(4) of the CGST Act, 2017.** |

**Agenda Item 6(ii): Creation of the GST Appellate Tribunal (GSTAT)**

The Chapter XVIII of the CGST Act,2017 provides for the Appeal and Review Mechanism for dispute resolution under the GST Regime. Section 109 of this Chapter under CGST Act empowers the Central Government to constitute, on the recommendation of Council, by notification, with effect from such date as may be specified therein, an Appellate Tribunal known as the Goods and Services Tax Appellate Tribunal**.** The law envisages constitution of National Bench/Regional Benches and the State Bench/Area Benches. The Tribunal is the second level of appeal, where appeals can be filed against the orders-in-appeal passed by the Appellate Authorities or orders-in-revision passed by revisional authorities, by any person aggrieved by such an Order-in-Appeal/Order-in-Revision.

2. The draft Goods and Services Tax Appellate Tribunal (Appointment and Conditions of Service of President and Members) Rules, 2018 has also been prepared and has the approval of the GST Implementation Committee.

3. It is proposed to constitute the GST Appellate Tribunal with National Bench and three Regional Benches at Chennai, Kolkata and Mumbai. After seeking the recommendation of the GST Council, approval will be taken for creation of necessary posts of Chairman and Members.

4. Therefore, in view of the aforesaid provisions of the CGST Act, the GST Council may recommend the following proposal:

(i) Constitution of the Goods and Services Appellate Tribunal.

(ii) Creation of National Bench of the GST Appellate Tribunal at New Delhi and three Regional benches at Mumbai, Chennai and Kolkata.

**Agenda Item 6(iii): Simplification of GST Returns**

**Background:** GST Council in its 27th meeting held on 4th of May, 2018 had approved the basic principles of GST return design and directed the law committee to carry out the detailing of the return format and suggest other necessary changes. Based on the decisions of the Council, the GST Return Committee and the GST Law Committee have further detailed the GST return model which is placed below for consideration and approval of the GST Council. **It is pertinent to mention that the proposal of Part B has not been discussed in the Law Committee.**

***Part A: Key features for Monthly Returns***

1. **Monthly Return and due-date:** All taxpayers excluding a few exceptions like composition dealer, ISD, CTP, TDS, TCS shall file one monthly return. Return filing dates shall be staggered based on the turnover of the registered person which shall be calculated based on the reported turnover in the year 2017-18, annualized for the full year. It shall be possible for the taxpayer to check on the common portal whether he falls in this category. A newly registered taxpayer shall be considered small but he shall have option to voluntarily declare himself as large. The due date for filing of return by a large taxpayer shall be 20th of the next month whereas the due date for the smaller taxpayers shall be 25th of the next month.

2. Nil return: Taxpayers who have no output tax liability and no input tax credit to avail in any quarter of the financial year shall file one NIL return for the entire quarter. In month one and two of the quarter, such taxpayer shall report NIL transaction by sending a SMS.

3. **Continuous uploading and viewing:** There would be facility for continuous upload of invoices by the supplier anytime during the month and such uploaded invoice shall be continuously visible to the recipient. The screen where it shall be visible is hereafter called "viewing facility" (shown as "inward annexure" in the return). After the due date for the filing of return is over, the recipient shall also be able to see the return filing status of the supplier and thus be aware whether the tax liability has been discharged by the supplier or not. Viewing facility shall also show the trade name of the supplier.

4. **Due date for uploading invoices and action to be taken by the recipient**: Invoices uploaded by the supplier before the 10th of the next month shall be posted in the viewing facility of the recipient by 12th of the next month and such invoices shall be available for availing input tax credit in the periodic return filed by the recipient. However, invoices uploaded after 10th of next month shall get posted in the viewing facility but input tax credit for same to be availed by the recipient in the subsequent month. For example, if invoice no. 1 of April is uploaded on 8th of May and invoice no. 2 of April is uploaded on 15th of May by the supplier, the recipient shall be able to avail input tax credit for invoice no. 1 with the return of April filed on say 20th May and for invoice no. 2 he shall be able to avail input tax credit with the return filed for the month of May, filed on say 20th of June. Therefore, after the 12th of the next month the recipient shall to accept, reject or keep pending a particular invoice but the maximum limit of input tax credit will be the total invoices uploaded by the supplier before the 10th of the subsequent month. However, in the transition phase of six months, the recipient would be able to avail input tax credit even on the invoices not uploaded by the supplier by 10th or thereafter.

5. **Invoice uploaded but return not filed:** In cases where no return is filed after uploading of the invoices, it shall be treated as self-admitted liability by the supplier and recovery proceedings shall be initiated against him after allowing for a reasonable time for filing of the return.

6. **Unidirectional Flow of document**: Only the invoice uploaded by the supplier on the common portal shall be the valid document for availing input tax credit after the transition phase of the new return design is over. However, in the transition phase of six months, after the new return has been rolled out, recipient shall be able to avail input tax credit even on the invoices not uploaded by the supplier. These invoices will be reported as missing invoices by the recipient.

7. **Missing invoice:** During the transition phase of six months, invoices which have not been uploaded by the supplier and on which recipient has availed input tax credit shall be hereafter called missing invoices. Missing invoices shall be reported by the supplier in the main return for the current tax period. For example, a missing invoice of April, if proposed to be reported by the supplier in the month of May shall be reported in the main return filed for the month of May. Reporting of missing invoices by recipient shall be delayed by two tax periods to allow recipient to follow up and get the missing invoice uploaded from the supplier. For example, missing purchase invoices received by recipient in April on which input tax credit has been availed but not uploaded by the supplier, shall be reported by the recipient not later than the return of July filed in August. Information about missing invoice uploaded by the recipient shall be made available to the supplier.

8. **Offline IT Tool:** An IT tool/facility for matching of the invoices downloaded in XL from the viewing facility with the invoices stored in the accounting software by the taxpayer (recipient) shall be provided. The IT tool/ facility shall have ability to filter invoices downloaded on the basis of –

    i. Dates of invoice – to and from date;
    ii. Date on which the invoice was uploaded by the supplier on the Common Portal;
    iii. GSTIN of the supplier.

9. **Non- allowance of Part Payment of tax:** Liability declared in the return shall be discharged in full at the time of filing of the return as is being done at present in the GSTR 3B.

10. **No automatic reversal of credit:** There shall not be any automatic reversal of input tax credit at the recipient's end where tax has not been paid by the supplier. In case of default in payment of tax by the supplier, recovery shall be first made from the supplier and in some exceptional circumstances like missing dealer, closure of business by the supplier or supplier not having adequate assets or in cases of connivance between recipient and the supplier, reversal of credit from the recipient shall be carried out. Recovery of input tax credit from recipient shall be through a due process of service of notice and personal hearing. The IT facility for the above would be that the tax officer of the supplier's side should be able to either recover the dues from the supplier or citing any of the above reasons by selecting the flag for them, trigger action for issue of notice for reversal of credit by the tax officer at the recipient's side.

11. **Locking of invoices:** Locking of invoices means a handshake between the recipient and supplier indicating acceptance of entering into the transaction reported in the invoice. Facility for locking of invoice by the recipient before filing of the return by him shall be available. However, it may not be possible to lock individual invoices where such number is large and, in such situation, deemed locking of invoices shall be presumed on reporting of the invoices on which no action has been taken by the recipient as explained in succeeding paragraphs.

12. **Rejected invoices:** Where the GSTIN of the recipient is wrongly filled by the supplier, the invoice would appear on the viewing facility of a taxpayer who is not the recipient of such supplies and therefore input tax credit is not admissible to him. Recipient shall report such invoices as rejected invoices. To assist the process of rejecting invoices with ease, the matching

IT tool shall have facility to create recipient and seller master list from which correct GSTIN can be matched.

13. **Pending invoices:** Pending invoices means such invoices which have been uploaded by the supplier but for which supplies have not been received or such invoices where the recipient is of the view that the invoice needs amendment or where he is not able to decide to take ITC for the time being. Pending invoices shall be reported by the recipient and no input tax credit shall be availed by the recipient on such pending invoices. To reduce the number of pending invoices which needs to be reported, a simplification in the procedure for availing input tax credit shall be carried out. The simplification process would be that where the goods or services have been received by the recipient before filing of a return and invoice for the same has been uploaded by the supplier before the due date i.e $10^{th}$ of the next month, input tax credit for the same can be availed by the recipient in the return. This is likely to make additional credit available to the recipient as goods or services received after $1^{st}$ of next month but before $20^{th}$ become eligible for availing credit. For example, input tax credit can be availed by the recipient on invoice issued in April and uploaded by the supplier by $10^{th}$ May even if the goods or services have been received by the recipient before $20^{th}$ May i.e. the date on which he is filing his return for the month of April (presently he is eligible for input tax credit only if goods or services have been received by $30^{th}$ April). A pending invoice can be rejected at a later date where the necessary amendment is not carried out by the supplier.

14. **Deemed locking of invoices:** Invoices which have been uploaded by the supplier and made available in the "viewing facility" to the recipient but have not been rejected or have been kept pending by the recipient shall be deemed to be locked after return for the relevant tax period has been filed by the recipient. It may also be noted that invoices on which credit has been availed by the recipient will not be allowed to be amended and in order to amend such invoices a credit or debit note will have to be issued by the supplier.

15. **Unlocking of invoices**: A wrongly locked invoice shall be unlocked online by the recipient himself subject to reversal of the input tax credit by him and online confirmation thereof.

16. **Amendment of invoices**: Amendment of an invoice may be carried out by the supplier where input tax credit has not been availed and the invoice has not been reported as locked by the recipient. Once an invoice is locked by the recipient, no amendment of the same shall be allowed. However, credit note or debit note for the same can still be issued by the supplier to change value, rate of tax, quantity or the tax payable. It may be mentioned that GSTN would be requested to ensure that

    (i) where a credit note is issued on an invoice which is kept pending, then both the credit note and the original invoice shall be linked in the system for availing credit so that excess credit is not taken;

    (ii) where a credit note is issued on an invoice on which credit has already been availed i.e. the invoice is locked, the reduction in liability of supplier shall be subject to reduction in input tax credit of the recipient.

17. **HSN:** The table for reporting supplies with the tax liability shall not capture HSN but would continue to capture supplies at tax rate level as is the present practice. The details of HSN shall be captured at four digits or more from all the dealers, however at different frequency of reporting. HSN wise details in a separate table shall be captured in the regular monthly return. However, this table shall be optional for the small taxpayers. Small taxpayers would have facility to report HSN in the annual return.

18. **Return format**: The main return shall have two main tables, one for reporting supplies on which tax liability arises and one for availing input tax credit.

19. **Payment of multiple liability:** Liability in the current return shall be summarized period wise. However, one payment for the total tax liability shall be allowed to be made. For example, a missing invoice of April has been reported in November return, then in the November return liability for the month of November and April shall be shown separately but one consolidated payment will have to be made. Interest shall be calculated on April invoices.

20. **Amendment return:** To address the problem of human error i.e wrong entries being made in the return, facility for filing of amendment return shall be allowed. Amendment of the details reported in a return can be carried out through the amendment return. There would be a facility to file two amendment return for each tax period within the time period specified in section 39(9) of the CGST Act, 2017. Amendment of entries which flow from the annexure of a return shall be allowed only with the amendment of the details filed in the annexure.

21. **Amendment of missing invoices**: Amendment of missing invoices reported later by the supplier shall be carried out through the amendment return of the relevant tax period to which the Invoice pertains. Therefore, it would be advisable to report all the invoices and then avail the facility for amending return so that invoices reported late can also be amended through the amendment return. Invoice of April if uploaded in September shall get amended with the amendment of return for the month of April and therefore trade would be advised to report all the missing invoices before exhausting their opportunity to amend the return.

22. **Payment due to amended liability:** Payment would be allowed to be made through the amendment return as it will help save interest liability for the taxpayer. Input tax credit, if available in the credit ledger can also be used for payment of the liability in the amendment return.

23. **Negative Liability**: Negative liability arising from the amendment return shall be carried forward as negative liability in the regular return of the next tax period.

24. **Amendment of returns (non-invoice details):** All user entries of input tax credit table in the main return should be allowed to be amended. The taxpayer shall self-declare the closing balance of the input tax credit on the date of filing of the amendment return. This is necessary as amendment of subsequent returns should not be necessary with respect to the input tax credit table to keep the compliance load under control. Change in the closing balance of the input tax credit shall be effected based on self-declaration of the taxpayer in the amendment return. Thus, the opening and closing balances of intervening month(s) shall not get impacted.

25. **Higher late fee for amendment return:** For change in liability of more than 10% through an Amendment Return, a higher late fee may be prescribed. This may be implemented after one year of implementation of the new return.

26. **Monthly Accounting:** All reported liabilities for a month in regular return for the tax period, liabilities from missing invoices uploaded/reported later and through amendment return shall be shown to the tax payer and the tax officer in a combined manner to assist tax period wise accounting and assessment.

27. **Exports:** The table for export of goods in return would contain details of the Shipping Bill also. The registered person can either fill this information at the time of filing the return or after filing the return at his option. Filling the details of the Shipping bill in the return at a later date shall

not be considered as filing of an amendment return. A separate facility for uploading shipping bill details at a later date shall be provided to the exporters.

28. **Transmission of data to ICEGATE:** Once the information of Shipping Bill is completed, the entire data shall be transmitted to the ICEGATE (IT system of Customs administration). Subsequent amendments in export/Shipping Bill table shall also be carried out through a separate facility and not through the process of filing of amendment return. There would thus be a special facility for the exporters. This amended data would also be transmitted to ICEGATE.

29. **Integrated flow of information**: Till data starts flowing online from ICEGATE or SEZ online in the input tax credit of the return, credit on imports and supplies from SEZ shall be availed on self-declaration basis.

30. **Supply side control:** For a newly registered tax payer and a taxpayer who has defaulted in payment of tax beyond a time period and/or above a threshold, uploading of invoices shall be allowed only after the default in payment of tax is made good. This would lead to the recipient getting protected against the actions of the supplier and also the interest of public money (revenue) adequately protected. Where the condition for supplier's side control are satisfied due to default in payment of tax by the supplier, the invoice of such supplier shall not be populated in the "viewing facility" of the recipient and consequently, the recipient would not be able to avail input tax credit on such invoices till the default in payment of tax by the supplier is made good.

31. **Profile based return:** There are many kinds of supplies which can be made under GST and also there are many types of inputs using which input tax credit can be availed. Most of the taxpayers have only a few types of supplies to make and few types of inputs to report. Therefore, a questionnaire shall be used to profile the taxpayer and only such part of return shall be shown to him which are relevant to his profile. For example, a small manufacturer or trader, buying and selling locally may need to file a return consisting of only a few lines. Profiling would allow fields like export, supplies to and from SEZ to be blocked from return and make return adequate for his purpose.

32. **Purchase information in the annual return:** Invoices which have been uploaded by supplier and on which credit has not been availed (including ineligible credit), have been rejected or kept pending but accounted for in the books of accounts by the purchaser shall be reported in the annual return by the recipient.

33. **Suspension of registration**: Concept of suspension of registration would be introduced when a registered person has applied for cancellation of registration or when the conditions in law for cancellation of registration are satisfied. From the date of suspension to the date of cancellation of registration, return would not be required to be filed and also invoice uploading shall not be allowed.

34. **Feedback:** Legal changes and finalization of monthly return shall be considered after obtaining public comments on the same. It may be noted that the legal changes have already been incorporated in the agenda related to Law Amendment proposals.

***35.*** **Draft formats**: The draft formats for monthly returns are placed as **Annexure A.**

***Part B: Key features of Quarterly Returns***

1. **Quarterly filing and monthly payments:** It is proposed to provide facility for filing of quarterly return to small tax payers, who had a turnover of less than Rs 1.5 Cr in the last financial year. However, they would still need to pay their taxes on monthly basis and avail input tax credit on self-declaration basis to pay the monthly taxes. As payment of taxes would happen on monthly basis, much of the settlement of funds, which arises out of cross-utilization of IGST for payment of CGST and SGST, would continue to happen.

2. **Uploading of invoices:** The recipients from these small taxpayers would need uploaded invoice for availing input tax credit and therefore the small taxpayers would be given facility to continuously upload invoices in the normal course. The invoices uploaded by 10$^{th}$ of the following month would be available as input tax credit to the recipient in the next month.

3. **Payment declaration form for payment of monthly taxes:** These small taxpayers would continue to pay taxes on monthly basis and in the first and second month of every quarter, they would use a payment declaration form to make the payment. In the payment declaration form, self-assessed liability and input tax credit on self-declared basis shall be availed.

4. **Lower compliance cost**: The benefit of this simplification would be that the compliance cost for small taxpayers would come down as payment declaration form is not a return and minor errors in the same would not lead to initiation of any legal action.

5. **Voluntary compliance:** There are many small tax payers who would still want to file a regular monthly return and therefore it is proposed to keep this facility optional for the small taxpayers.

6. **Sahaj and Sugam Returns:** Small taxpayers often have only purchase from the domestic market and sales in the domestic market i.e B2B purchase and sales either as B2C or B2B+B2C. They constitute a very large part of the tax base and therefore two simplified quarterly returns are proposed for them respectively. They may be suitably named though in the present document, for ease of reference, they are named “Sahaj” (only B2C outward supplies) and “Sugam” (both B2B and B2C outward supplies).

7. **Simplified return forms:** To further simplify these two quarterly returns, namely, Sahaj and Sugam, the details of information which do not create any liability such as non-GST supply, exempt supply etc. and other details such as capital goods credit, HSN wise details have been removed from the return. These elements of information shall be collected in the annual return. This simplifies the return quite substantially by reducing the information required to be furnished with the return.

8. **Non – requirement of pending and missing invoices:** These small taxpayers may not be in a position to keep invoices pending as they have only a few invoices to deal with and fully utilize the credit to keep the cost of business operations low. Substantial simplification in input tax credit table is feasible if the concept of pending invoice is removed from Sahaj and Sugam. As these small businesses have only a few supplies to receive, they track their purchases also well and may not need credit on missing invoices. Sahaj and Sugam have accordingly been simplified removing columns for pending and missing invoices.

9. **One-time option:** Option for filing monthly or quarterly return shall be taken from these small taxpayers once during the beginning of the year and thereafter they would continue to file the return during the year as per the option selected. During the course of the year no change in option shall be allowed. This is necessary to avoid confusion for the taxpayer and also to avoid complex validations in the IT system.

10. **Feedback:** Legal changes and finalization of quarterly return shall be considered after obtaining public comments on the same.

11. **Draft formats:** The draft formats for quarterly returns are placed as **Annexure B.**

***Proposal before the GST Council***

The following proposal for monthly and quarterly returns with monthly payment for small taxpayers is placed before the GST Council for consideration and approval:

1. The key features of monthly and quarterly returns as listed in Part A and Part B of this Agenda Note may be approved.

2. All the formats of the return and related forms as placed at Annexure A and Annexure B may be approved with the permission to allow minor changes to be carried out during the development of the return with the approval of the GIC.

3. The key features and all the formats of the return shall be placed in the public domain and based on the suggestions of the pubic, final features and formats may be approved by the GIC.

4. The final provisions in law, including those required for quarterly return with monthly payment, shall be drafted after examining the comments received on the draft amendment placed in public domain and suggestions of the Ministry of Law and thereafter approved by the GIC.

**Annexure A: Draft formats for Monthly Returns**

Questionnaire for filing up Annexure of Supplies to main return

Part A – Brief questions about 'Nil' filing and retaining option given in previous tax period

| Sr. No. | Description | Option | |
|---|---|---|---|
| **1** | **2** | **3** | **4** |
| 1. | Do you intend to file 'Nil' return | Yes | No |
| 2. | Would you like to change the reply to the questions regarding nature of supplies as filled in questionnaire of the return of the last tax period | Yes | No |

***Note - In case of reply is 'No' to the first question and 'Yes' to the second question, the questionnaire will be opened for exercising the option.***

**Part B – Detailed Questionnaire**

| Sr. No. | Description | Option | |
|---|---|---|---|
| **1** | **2** | **3** | **4** |
| 1. | Have you made B2C supply (table 3A) | Yes | No |
| 2. | Have you made B2B supply (table 3B) | Yes | No |
| 3. | Have you made export with payment of tax (table 3C) | Yes | No |
| 4. | Have you made export without payment of tax (table 3D) | Yes | No |
| 5. | Have you made supply to SEZ units or SEZ developers with payment of tax (table 3E) | Yes | No |
| 6. | Have you made supply to SEZ units or SEZ developers without payment of tax (table 3F) | Yes | No |
| 7. | Have you made any supply treated as deemed export (table 3G) | Yes | No |
| 8. | Have you received inward supplies attracting reverse charge (table 3H) | Yes | No |
| 9. | Have you made import of services (table 3I) | Yes | No |
| 10. | Have you made import of goods (table 3J) | Yes | No |
| 11. | Have you received supplies from SEZ units on Bill of entry (table 3K) | Yes | No |
| 12. | Have your supplier not uploaded invoices on which you claimed credit two tax periods back (table3L) | Yes | No |
| 13. | Have you made any supply through e-commerce portal maintained by other operators (table 4) | Yes | No |

**Annexure of Supplies to main return**

*[See rule ---)]*

**Details of outward supplies, imports and inward supplies attracting reverse charge**

| | |
|---|---|
| Financial Year | |
| Month | |

| | | | |
|---|---|---|---|
| 1. | | GSTIN | |
| 2. | (a) | Legal name of the registered person | |
| | (b) | Trade name, if any | |

**3. Details of the outward supplies and inward supplies attracting reverse charge**

(Amount in Rs. for all Tables)

| GSTIN/ UIN | Place of Supply (Name of State) | Document details | | | | Tax rate | Taxable value | Tax amount | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Type of doc. | No. | Date | Value | | | Integrated tax | Central tax | State / UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 3A. Supplies made to consumers and un-registered persons (Net of credit and debit notes,) | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 3B. Supplies made to registered persons (other than those attracting reverse charge) | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 3C. Exports with payment of tax | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

| GSTIN/ UIN | Place of Supply (Name of State) | Document details | | | | Tax rate | Taxable value | Tax amount | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Type of doc. | No. | Date | Value | | | Integrated tax | Central tax | State / UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 3D. Exports without payment of tax | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 3E. Supplies to SEZ units/developers with payment of tax | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 3F. Supplies to SEZ units/developers without payment of tax | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 3G. Deemed exports | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 3H. Inward supplies attracting reverse charge (to be reported by recipient, GSTIN wise of supplier net of credit and debit notes) | | | | | | | | | | | |
| | | | | | | | | | . | | |
| | | | | | | | | | | | |
| 3I. Import of services (net of credit and debit notes) | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 3J. Import of goods | | | | | | | | | | | |
| | | | | | | | | | | | |

| GSTIN/ UIN | Place of Supply (Name of State) | Document details | | | | Tax rate | Taxable value | Tax amount | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Type of doc. | No. | Date | Value | | | Integrated tax | Central tax | State / UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | | | | | | | | | | | |
| 3K. Supplies received from SEZ units on a Bill of Entry | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 3L. Missing invoices on which credit has been claimed in (T-2) tax period and supplier has not reported the same till filing of return for the current tax period | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

**4. Details of the supplies made through e-commerce operators liable to collect TCS u/s 52 (out of the outward supplies declared in table 3)**

| Sr. No. | GSTIN of e-commerce operator | Value of supplies made | Value of supplies returned | Net value of supplies | Tax amount | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Integrated tax | Central tax | State / UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| | | | | | | | | |
| | | | | | | | | |

**5. HSN wise summary of supplies declared in table 3 (four digits or more) (whether inward supplies would be auto-populated??)**

| Sr. No. | Type of supply (outward 3A to 3G) & inward (3H to 3K) | HSN code | UQC | Quantity | Tax rate | Total taxable value | Tax amount | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Integrated tax | Central tax | State /UT tax | Cess |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |
| | | | | | | | | | | |

**6. Verification**

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed there from and in case of any reduction in output tax liability the benefit thereof has been/will be passed on to the recipient of supply.

Signatures

Place Name of Authorized Signatory

Date Designation /Status

**Instructions (Annexure of supplies)–**

**A. General -**

1. Terms used –
    a. GSTIN: Goods and Services Tax Identification Number
    b. UIN: Unique Identity Number
    c. HSN: Harmonized System of Nomenclature Code
    d. POS: Place of Supply (Respective State)
    e. Type of document: Invoice, credit note, debit note, bill of entry, receipt voucher, refund voucher etc.
2. Registered person required to upload invoices can upload details of invoices any time during the month to which it pertains but not later than filing of return for the tax period.
3. Invoices uploaded by the supplier will be shown to the concerned recipient on near real time basis.
4. Recipient will get input tax credit during a tax period on invoices uploaded by the supplier upto 10th of following month.
5. Invoices uploaded by the supplier before filing return will be accounted towards the liability of the tax period.
6. Recipient will be able avail credit of invoices uploaded by supplier after 11th of following month in the next tax period.
7. Invoices of any preceding period not uploaded earlier can also be uploaded during the current month. The liability on such invoices will be paid during the current month but these invoices will be clubbed with the respective tax period(s) after filing of return of the current month. For turnover accounting or amendment etc., the invoices uploaded in the later tax period(s) will be available in the tax period to which it actually pertains.
8. Reverse charge supplies will be reported only by recipient and not by supplier. Such supplies shall be reported GSTIN wise and net of credit and debit notes. Such supplies would be reported by the supplier in Table D-4 of Main Return.

9. HSN code shall be reported by all taxpayers at least at four-digit level except the taxpayers having aggregate turnover upto Rs.1.5 Cr. during preceding financial year but not including certain classes specified separately.

10. Exporters, importers, suppliers making supplies treated as deemed export and suppliers making supplies to SEZ units and SEZ developers shall report HSN code at least at four-digit level irrespective of turnover during preceding year.

11. HSN code for services shall be reported at six-digit level or more irrespective of the turnover during preceding year.

12. Reporting HSN code will be optional for taxpayers having aggregate turnover upto Rs. 1.5 Cr. during preceding year.

13. For reporting issue of credit / debit note due to difference in the tax rate only without affecting the taxable value; both taxable value and tax amount has to be reported.

14. Tax amount shall be computed by system based on taxable value and tax rate. The tax amount so computed will not be editable except in case of credit/ debit notes issued.

15. The supplier can report excess tax collected from recipients in the main return under other liabilities.

16. Separate tab for mentioning supplies taxable at 65% of tax shall be available. (supplies covered under notification No. 37 dated 13-10-2018).

17. All supplies specified in Schedule III shall be reported under 'No supply' in the main return. It will include high sea sale and sale within bonded warehouse also.

18. Invoice value may be equal to sum of taxable value and tax amount of all items contained in the invoice. In some cases, it may not hold good and taxable value may be reported even if invoice value is not there.

19. Place of supply shall have to be reported mandatorily for all inter-State supplies.

20. Tax rate applicable on IGST supplies can be selected from the drop down. For intra-State supplies, the tax rate may be applied at half the rate of IGST equally for CGST and SGST/UTGST. Cess may be reported under cess column against the applicable tax rate of the supplies.

21. Value of supplies and amount of tax to be reported in whole number or upto two decimal points at the most. It has to be rounded off in whole number at invoice level (Section 170 of CGST Act refers).

22. GSTIN/UIN of the recipient of supplies maybe reported in supplies reported in table 3B, 3E, 3F, 3G.

23. GSTIN of the supplier may be reported in table 3H, 3K and 3L from whom the supplies have been received. GSTIN of self may be reported if the reverse supplies are received from un-registered persons.

24. Wherever supplies are reported as net of credit/debit notes, the values may become negative in some cases and the same may be reported as such.

**B. Table specific instructions**

| Sr. No. | Table No. | Instructions |
|---|---|---|
| **1** | **2** | **3** |
| 1. | 3A | All supplies made to consumers and un-registered persons shall be reported in this table. Supplies shall be reported tax rate wise and net of credit and debit notes. Place of supply (POS) shall be mandatory for reporting inter-State supplies. |
| 2. | 3B | All supplies (other than reverse charge) made to registered persons (GSTIN/UIN holders) shall be reported in this table. Supply of services made by SEZ units to persons located in domestic tariff area (DTA) shall also be reported by SEZ unit in this table. Tax liability will have to be paid by SEZ unit in such cases. Suppliers making supplies covered under Notification No. 37 dated 13-10-2018 shall select the appropriate box for the same to make such supplies taxable @ 65% of the applicable rate, till the period specified in the said notification. |
| 3. | 3C & 3D | Export made out of the country with payment of tax shall be reported in table 3C while those without payment of tax shall be reported in table 3D. |
| 4. | 3E & 3F | Supplies made to SEZ units and SEZ developers shall be reported in table 3E and 3F depending upon whether the supplies are made with payment or without payment of tax respectively. |
| 5. | 3G | Supplies treated as deemed exports shall be reported in this table. |
| 6. | 3H | All supplies attracting reverse charge shall be reported by recipient, GSTIN wise of supplier only. Invoice wise details are not required in this table. The value of supplies shall be net of credit and debit notes. |
| 7. | 3I | Import of services from overseas shall be reported in this table. The value of supplies shall be net of credit and debit notes. |
| 8. | 3J | Goods imported from overseas will be reported in this table. These goods have already suffered IGST at the time of import. |
| 9. | 3K | Supplies received from SEZ units on Bill of Entry shall be reported in this table. |
| 10. | 3L | The recipient shall provide invoice wise details of the supplies for which credit has been claimed in earlier tax periods but the supplies are yet to be uploaded by the supplier(s) concerned. Such supplies may be reported by the recipient if the suppliers fail to report supplies after a lapse of two tax periods.<br>For example – the recipient has claimed tax credit by reporting in main return as supplies not uploaded by supplier in April tax period. The supplier concerned has not uploaded the invoices corresponding to such credit while filing his (supplier) April tax period or May tax period return. The recipient has to provide details of all such supplies while filing return for the June tax period. |

| | | |
|---|---|---|
| 11. | All tables (3 series) | Credit and debit notes issued by the supplier with respect to other than reverse charge supplies, shall be reported in the respective tables. If credit or debit note is issued for difference in tax rate only, both taxable value and tax amount has to be reported. |
| 12. | 4 | Supplies made through e-commerce portal maintained by other operators shall be reported at consolidated level. |
| 13. | 5 | HSN code wise details may be provided for supplies effected during the tax period separately for outward and inward supplies. The values should be net of debit and credit notes. |

**Form GSTR**

*[See rule ----]*

**Monthly return**

| | |
|---|---|
| Financial Year | |
| Month | |

ARN ---------- Date of ARN ------ (to be shown after filing of return)

| 1. | GSTIN | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2. | (a) | Legal name of the registered person | | | | | | | | | | | | | | | |
| | (b) | Trade name, if any | | | | | | | | | | | | | | | |

**3. Summary of Supplies made and tax liability**

(Amount in Rs. for all Tables)

| Sr. No. | Type of Outward Supplies | Value | Tax amount | | | |
|---|---|---|---|---|---|---|
| | | | Integrated tax | Central tax | State/ UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| A. **Details of outward supplies** | | | | | | |
| 1. | Taxable supplies made to consumer and un-registered persons (B2C) **[table 3A]** | <Auto> | | | | |
| 2. | Taxable supplies made to registered persons (Other than those attracting reverse charge) (B2B) **[table 3B]** | <Auto> | | | | |
| 3. | Exports with payment of tax **[table 3C]** | <Auto> | | | | |
| 4. | Exports without payment of tax **[table 3D]** | <Auto> | | | | |
| 5. | Supplies to SEZ units/developers with payment of tax **[table 3E]** | <Auto> | | | | |
| 6. | Supplies to SEZ units / developers without payment of tax **[table 3F]** | <Auto> | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 7. | Deemed exports **[table 3G]** | <Auto> | | | | |
| | **Sub-total (A)** | <Auto> | | | | |
| **B. Details of inward supplies attracting reverse charge** | | | | | | |
| 1. | Inward supplies attracting reverse charge (net of debit & credit notes) [**table 3H]** | <Auto> | | | | |
| 2. | Import of services (net of credit/debit notes)**[table 3I]** | <Auto> | | | | |
| | **Sub-total (B)** | <Auto> | | | | |
| **C. Details of Credit/Debit notes, Advances received/ adjusted /Other adjustments** | | | | | | |
| 1. | Debit notes issued (Other than reverse charge) in respect of table 3B, 3C, 3D, 3E, 3F, 3G | <Auto> | | | | |
| 2. | Credit notes issued (Other than reverse charge) in respect of 3B, 3C, 3D, 3E, 3F, 3G | <Auto> | | | | |
| 3. | Advances received (net of refund vouchers) | <User input> | | | | |
| 4. | Advances adjusted (net of refund vouchers) | <User input> | | | | |
| 5. | Adjustment of output tax liability on account of transition from composition levy to normal levy and any other liability (+/-) | <User input> | | | | |
| | **Sub-total (C)** [1-2+3-4+5] | <Auto> | | | | |
| **D. Details of supplies having no liability** | | | | | | |
| 1. | Exempt and Nil rated supplies | <User input> | | | | |
| 2. | Non-GST supplies | <User input> | | | | |
| 3. | No supply items (Schedule III, Section7) | <User input> | | | | |
| 4. | Outward supplies attracting reverse charge (net of credit and debit notes) | <User input> | | | | |
| | **Sub-total (D)** | <Auto> | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **E. Net Effect of Amendment (+/-)** | | <Auto> | | | | |
| | **Total tax liability (A+B+C+D+E)** | <Auto> | | | | |

**4. Summary of inward supplies for claiming input tax credit (ITC)**

| Sr. No. | Description | Value | Input Tax Credit (ITC) | | | |
|---|---|---|---|---|---|---|
| | | | Integrated tax | Central tax | State/ UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| **A. Details of Credit received based on auto-population** | | | | | | |
| | Supplies not received during previous tax periods on which ITC was kept pending *(Due to non-receipt of supplies in the previous month(s), to be self-reported during first month)* **[Sr. No. B 5]** | <Auto> (user entry for first month) | | | | |
| | Inward supplies received (other than reverse charge) **[table 3A of In. Annex.]** | <Auto> | | | | |
| | Inward supplies attracting reverse charge) (net of debit and credit notes) **[table 3H]** | <Auto> | | | | |
| | Import of services (overseas only, excluding SEZ) **[table 3I]** | | | | | |
| | Import of goods from overseas **[table 3J]** | <Auto> | | | | |
| | Import of goods from SEZ units **[table 3K]** | | | | | |
| | Supplies not uploaded by suppliers | <User input> | | | | |
| | ISD Credit (net of ISD credit notes) **[table 4 of In. Annexure]** | <Auto> | | | | |
| | Debit notes received from suppliers **[table 3A of In. Annex.]** | <Auto> | | | | |

| Sr. No. | Description | Value | Input Tax Credit (ITC) | | | |
|---|---|---|---|---|---|---|
| | | | Integrated tax | Central tax | State/ UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | **Sub-total (A)**[sum of 1 to 9] | <Auto> | | | | |
| **B. Details of reversal, rejection, pendency and adjustment of credit** | | | | | | |
| 1. | Inward supplies rejected by recipient (wrong GSTIN etc.) | <Auto> <editable> | | | | |
| 2. | Supplies not eligible for credit (including ISD credit) | <User input> | | | | |
| 3. | Credit notes received from suppliers (other than reverse charge only) **[table 3A of In. Annex.]** | <Auto> (editable) | | | | |
| 4. | Supplies uploaded by suppliers on which credit has already been claimed in the previous tax periods | <User input> | | | | |
| 5. | Supplies not received during the tax period but included in the auto-populated supplies (pending supplies) | <User input> | | | | |
| 6. | Reversal of input tax credit (Rule 37, 39, 42 & 43) (net of reclaimed ITC, if any) | <User input> | | | | |
| 7. | Others ITC [including Adjustment of ITC on account of transition from composition to normal (+/-)] | <User input> | | | | |
| | **Sub-total (B)** [Sum of 1 to 7] | <Auto> | | | | |
| **C. Net effect of amendment (+/-)** | | <Auto> (editable) | | | | |
| | **Net ITC available (A-B+C)** | <Auto> | | | | |
| | Input tax credit on capital goods | <User input> | | | | |

**5. Amount of TDS and TCS credit received**

| Sr. No. | Type of tax | Integrated tax | Central tax | State /UT tax |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 1. | TDS | | | |
| 2. | TCS | | | |
| Total | | | | |

**6. Interest and late fee Liability Details**

| Sr. No. | Description | Interest | | | | Late fee | |
|---|---|---|---|---|---|---|---|
| | | Integrated Tax | Central Tax | State/ UT tax | Cess | Central tax | State/ UT Tax |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | Late filing of return (to be computed by the system) | | | | | | |
| | Interest on account of reversal of input tax credit *(to be calculated by taxpayer)* | | | | | | |
| | Interest on account of late reporting of reverse charge supplies *(to be calculated by taxpayer)* | | | | | | |
| | Others interest liability *(to be specified)* | | | | | | |
| | **Total** | | | | | | |

**7. Payment of tax**

| Sr. No. | Description | Tax payable | | Adjustment of negative liability of previous tax period | Paid through ITC | | | | Paid in cash | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reverse charge | Other than reverse charge | | Integrated tax | Central tax | State/ UT tax | Cess | Tax/ Cess | Interest | Late Fee | |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Integrated tax | | | | | | | | | | | |
| 2. | Central tax | | | | | | | | | | | |
| 3. | State/UT tax | | | | | | | | | | | |
| 4. | Cess | | | | | | | | | | | |
| | **Total** | | | | | | | | | | | |

**8. Refund claimed from Electronic cash ledger**

| Sr. No. | Description | Tax | Interest | Penalty | Fee | Other | Total |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. | Integrated tax | | | | | | |
| 2. | Central tax | | | | | | |
| 3. | State/UT tax | | | | | | |
| 4. | Cess | | | | | | |
| | **Total** | | | | | | |

**9. Verification**

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

**S**ignatures of Authorized Signatory

Place -

Name of Authorized Signatory

Date -

Designation /Status

**Instructions (Main Return GSTR) –**

1. Terms used –

    a. GSTIN: Goods and Services Tax Identification Number

    b. UIN: Unique Identity Number

    c. HSN: Harmonized System of Nomenclature Code

    d. POS: Place of Supply (Respective State)

    e. B2B: Supplies made to registered persons having GSTIN or UIN

    f. B2C: Supplies made to un-registered persons and consumers

2. After uploading invoices of supplies (other than reverse charge and B2C), export, supplies made to SEZ units/developers etc. and supplies received which attract reverse charge, import etc., taxpayer shall file main return in Form GSTR.

3. Information furnished in Annexure of Supplies shall be auto-populated in this return. These values will be non-editable barring few entries.

4. Taxpayer shall report advances received and adjusted, if any. The values should be net of refund vouchers. This is to be reported only if invoice is not issued against advances received within the same tax period.

5. Adjustment on account of transition from composition levy to normal levy or due to excess tax collected from customers or any other adjustment made has to be reported in table 3(C/5)

6. All supplies having no liability like – Exempt / Nil rated supplies, Non-GST supplies, no supplies and outward supplies attracting reverse charge should be reported table 3D by the taxpayer. Non-GST supplies includes mainly liquor and petroleum products till the same are brought under GST. Only applicable fields may be filled up.

7. Based on supplies reported by suppliers and reverse charge supplies and imports etc. reported by the taxpayer himself in the Annexure of Supplies, table 4 will be auto-populated.

8. While filing for the first time, credit on the supplies not claimed in GSTR-3B due to non-receipt of such supplies shall be reported in table 4.

9. Credit claimed on supplies not uploaded by supplier(s) may be reported as per provisions of Act/Rules.

10. Rejection of invoices wrongly uploaded by suppliers, supplies not eligible to credit, pendency of supplies not received but included in the auto-populated invoices, reversals, adjustments etc. shall be reported by the taxpayer.

11. ITC auto-populated from amendment shall be auto-populated but it will be editable.

12. TDS/TCS credit will be based on returns filed in Form GSTR-7 and GSTR-8 by deductors and persons required to collect tax u/s 52 respectively. It will be shown in a separate table to the taxpayer and credit will move to cash ledger after taking action (Accept/Reject) thereon.

13. Interest and late fee to the extent of late filing of return, making late payment, uploading preceding tax periods' invoices shall be computed by system. Other interest like reversals etc. shall be entered by taxpayer on self-assessment basis.

14. Payment can be made by utilising ITC under the same head or cross-utilising from other heads in accordance with the provisions of Law. Balance payment can be made in cash.

15. Reverse charge payment shall be made in cash only.

16. Adjustment of negative liability of previous tax period shall be allowed to be adjusted with the current tax period's liability.
17. View of the balance available in cash and credit ledger will be made available before making payment.
18. Suggested utilisation of ITC will be made available in the payment table. Taxpayer can make changes in the suggested ITC utilisation.
19. Facility of challan creation for making payment will be made available if the balance in the cash ledger is insufficient to discharge the liabilities.
20. Effect of amendment, if any will be accounted for if amendment return of any tax period has been filed before filing the main return.
21. Value of inward supplies and import of services mentioned in Part B of table 3 will not add upto turnover. Only tax amount will be added into the liability.

**Questionnaire for filing Amendment to Annexure of Supplies**

| Sr. No. | Description | Option | |
|---|---|---|---|
| **1** | **2** | **3** | **4** |
| 1. | Do you intend to amend B2C supply (table 3A) | Yes | No |
| 2. | Do you intend to amend B2B supply (table 3B) | Yes | No |
| 3. | Do you intend to amend export made out of the country with payment of tax (table 3C) | Yes | No |
| 4. | Do you intend to amend export made out of the country without payment of tax (table 3D) | Yes | No |
| 5. | Do you intend to amend supply made to SEZ units or SEZ developer with payment of tax (table 3E) | Yes | No |
| 6. | Do you intend to amend supply made to SEZ units or SEZ developer without payment of tax (table 3F) | Yes | No |
| 7. | Do you intend to amend supply treated as deemed export (table 3G) | Yes | No |
| 8. | Do you intend to amend inward supplies attracting reverse charge (table 3H) | Yes | No |
| 9. | Do you intend to amend import of services made from outside the country during the period (table 3I) | Yes | No |
| 10. | Do you intend to amend import of goods received from outside the country (table 3J) | Yes | No |
| 11 | Do you intend to amend import of goods received from SEZ units (table 3K) | Yes | No |
| 12. | Do you intend to amend details of invoices reported in the tax period as not uploaded by the supplier (table 3L) | Yes | No |
| 13. | Do you intend to amend supply made through e-commerce portal maintained by other operators (table 4) | Yes | No |
| 14. | Do you intend to amend details of HSN code wise details | Yes | No |

**Note –**

Option against all questions will be ‘No’ by default. User can select ‘Yes’ as per requirement.

**Amendment to Annexure of Supplies**

*[See rule ---)]*

**Amendment to details of outward supply, imports, reverse charge supplies received**

| | |
|---|---|
| Financial Year | |
| Month | |

| | | | |
|---|---|---|---|
| 1. | | GSTIN | |
| 2. | (a) | Legal name of the registered person | |
| | (b) | Trade name, if any | |

**3. Amendment to details of the outward supplies and inward supplies attracting reverse charge**

(Amount in Rs. for all Tables)

| Original details | | | | Revised Details | | | | | Place of supply (name of State) | Tax rate | Taxable value | Tax Amount | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GSTIN | Type of doc. | Doc. No. | Date | GSTIN | Type of doc. | Doc. No. | Date | Value | | | | Integrated tax | Central tax | State / UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 3A. Amendment to supplies made to consumers and un-registered persons (Net of debit notes, credit notes) | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3B. Amendment to supplies made to registered persons (other than attracting reverse charge) | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3C. Amendment to exports with payment of tax | | | | | | | | | | | | | | | |

| Original details | | | | Revised Details | | | | | Place of supply (name of State) | Tax rate | Taxable value | Tax Amount | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GSTIN | Type of doc. | Doc. No. | Date | GSTIN | Type of doc. | Doc. No. | Date | Value | | | | Integrated tax | Central tax | State / UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3D. Amendment to exports without payment of tax | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3E. Amendment to supplies to SEZ units/developers with payment of tax | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3F. Amendment to supplies to SEZ units/developers without payment of tax | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3G. Amendment to deemed exports | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3H. Amendment to inward supplies attracting reverse charge (to be reported by recipient, GSTIN wise of supplier net of credit and debit notes) | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | . | | |
| | | | | | | | | | | | | | | | |
| 3I. Amendment to import of services (net of credit/debit notes) | | | | | | | | | | | | | | | |

| Original details | | | | Revised Details | | | | | Place of supply (name of State) | Tax rate | Taxable value | Tax Amount | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GSTIN | Type of doc. | Doc. No. | Date | GSTIN | Type of doc. | Doc. No. | Date | Value | | | | Integrated tax | Central tax | State / UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3J. Amendment to import of goods | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3K. Amendment to supplies received from SEZ units on a Bill of Entry | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3L. Amendment to missing invoices on which credit has been claimed in (T-2) tax period and supplier has not reported the same till filing of return for the current tax period | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |

**4. Amendment to the details of the supplies made through e-commerce operators liable to collect tax u/s 52**

| | | | | | | Amount of tax |
|---|---|---|---|---|---|---|

| Sr. No. | Original GSTIN of e-commerce operator | Revised GSTIN of e-commerce operator | Value of supplies made | Value of supplies returned | Net value of supplies | Integrated Tax | Central Tax | State / UT Tax | Cess |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | |
| | | | | | | | | | |
| | | | | | | | | | |

**5. Amendment to HSN wise summary of supplies declared in table 3 (four digit or more)**

| Sr. No. | Type of supply (outward 3A to 3G) & inward (3H to 3K) | HSN code | UQC | Quantity | Tax rate | Total taxable value | Tax amount | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Integrated tax | Central tax | State /UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | | | | | | | | | |
| | | | | | | | | | | |

**6. Verification**

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed there from and in case of any reduction in output tax liability the benefit thereof has been/will be passed on to the recipient of supply.

**S**ignatures of Authorized Signatory

Place -

Name of Authorized Signatory

Date -

Designation /Status

**Instructions (Amendment to Annexure of supplies) -**

1. The amendment will be based on tax period and for invoices/documents reported earlier.
2. If missing invoices of tax period 'T' have been reported in the return of tax period 'T+n', then amendment of such invoices shall be made by amending return of tax period 'T'.
3. Amendment return can be filed within <120> days of due date of filing return of a tax period and the same can be filed <2> times at the most for a tax period as per provision of Law. (Upto September of next year?)
4. Filling up process is similar to original Annexure of Supplies.
5. Activities covered through credit/debit note need not be reported in the Amendment Annexure. However, amendment in credit/debit notes may be covered in amendment to annexure of supplies.
6. Providing original document details will be mandatory for amending the same.
7. Locked /Accepted documents will not be open for amendment unless unlocked by recipient as the recipient has accounted for the same.
8. Missing invoice of a tax period can be reported in the current tax period's return. Amendment to annexure of supplies may not be used for the same.

**Form GSTR (A)**

*[See rule ----]*

**Amendment to Monthly return**

| | | | | |
|---|---|---|---|---|
| Financial Year | | | | |
| Month | | | | |

ARN ---------- Date of ARN ------ (to be shown after filing of return)

| 1. | GSTIN | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2. | (a) | Legal name of the registered person | | | | | | | | | | | | | | | |
| | (b) | Trade name, if any | | | | | | | | | | | | | | | |

**3. Amendment to Summary of Supplies made and tax liability**

(Amount in Rs. for all Tables)

| Sr. No. | Type of Outward Supplies | Value | Tax amount | | | |
|---|---|---|---|---|---|---|
| | | | Integrated tax | Central tax | State/ UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| **A. Details of amendment to outward supplies** | | | | | | |
| 1. | Taxable supplies made to un-registered persons (B2C) | <Auto> | | | | |
| 2. | Taxable supplies made to registered persons (B2B) (Other than those attracting reverse charge) | <Auto> | | | | |
| 3. | Exports with payment of tax | <Auto> | | | | |
| 4. | Exports without payment of tax | <Auto> | | | | |
| 5. | Supplies to SEZ units/developers with payment of tax | <Auto> | | | | |
| 6. | Supplies to SEZ units / developers without payment of tax | <Auto> | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 7. | Deemed Exports | <Auto> | | | | |
| | **Sub-total (A)**(sum of 1 to 7) | <Auto> | | | | |
| **B. Details of amendment to inward supplies attracting reverse charge** | | | | | | |
| 1. | Inward supplies attracting reverse charge (Domestic supplies) | <Auto> | | | | |
| 2. | Import of services (net of credit/debit notes) | <Auto> | | | | |
| | **Sub-total (B)** | <Auto> | | | | |
| **C. Details of amendment to Credit/Debit notes, Advances received/ adjusted /Other adjustments** | | | | | | |
| 1. | Debit notes issued (Other than reverse charge) | <Auto> | | | | |
| 2. | Credit notes issued (Other than reverse charge) | <Auto> | | | | |
| 3. | Advances received (net of refund vouchers) | <User input> | | | | |
| 4. | Advances adjusted (net of refund vouchers) | <User input> | | | | |
| 5. | Adjustment of output liability on account of transition from composition to normal and any other liability (+/-) | <User input> | | | | |
| | **Sub-Total (C)** [1-2+3-4+5] | <Auto> | | | | |
| **D. Details of amendment to supplies having no liability** | | | | | | |
| 1. | Exempt and Nil rated supplies | <User input> | | | | |
| 2. | Non-GST supplies | <User input> | | | | |
| 3. | No Supply (Schedule III, Section7) | <User input> | | | | |
| 4. | Outward supplies attracting reverse charge (net of credit and debit notes) | <User input> | | | | |
| | **Sub-Total (D)** | <Auto> | | | | |
| | **Total tax liability (A+B+C+D)** | <Auto> | | | | |

**4. Summary of inward supplies for claiming ITC**

| Sr. No. | Description | Value | Input Tax Credit (ITC) | | | |
|---|---|---|---|---|---|---|
| | | | Integrated tax | Central tax | State/ UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| **A. Details of Credit received based on auto-population due to amendment** | | | | | | |
| 1, | Inward supplies received (attracting reverse charge) | <Auto> | | | | |
| 2. | Import of goods (From Overseas &SEZ units) | <Auto> | | | | |
| 3. | Import of services (overseas only, excluding SEZ) | <Auto> | | | | |
| | **Sub-Total (A)**[sum of 1 to 3] | <Auto> | | | | |
| **B. Details of amendment to reversal, rejection, pendency and adjustment of credit** | | | | | | |
| 1. | Inward supplies rejected by recipient (wrong auto-population) | <User input> | | | | |
| 2. | Supplies not eligible for credit (including ISD credit) | <User input> | | | | |
| 3. | Supplies uploaded by suppliers on which credit has already been claimed in the previous tax periods | <User input> | | | | |
| 4. | Reversal of input tax credit (net of reclaimed ITC, if any) | <User input> | | | | |
| 5. | Others ITC [including Adjustment of ITC on account of transition from composition to normal (+/-)] | <User input> | | | | |
| | **Sub-Total (B)** [Sum of 1 to 5] | <Auto> | | | | |
| | **Net ITC available (A-B)** | <Auto> | | | | |
| | Input tax credit on capital goods | <User input> | | | | |

**5. Interest and late fee Liability Details**

| | Description | Interest | Late fee |
|---|---|---|---|

| Sr. No. | | Integrated Tax | Central Tax | State/ UT tax | Cess | Central tax | State/ UT Tax |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. | Late reporting of invoices of previous tax periods) *(to be computed by system)* | | | | | | |
| 2. | Interest on reversal of input tax credit *(to be calculated by taxpayer)* | | | | | | |
| 3. | Interest on late reporting of reverse charge supplies *(to be calculated by taxpayer)* | | | | | | |
| 4. | Others interest liability *(to be specified)* | | | | | | |
| | **Total** | | | | | | |

**6. Payment of tax**

| Sr. No. | Description | Tax payable | | Adjustment of negative liability of previous tax period | Paid through ITC | | | | Paid in cash | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reverse charge | Other than reverse charge | | Integrated tax | Central tax | State/ UT tax | Cess | Tax/ Cess | Interest | Late Fee | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1. | Integrated tax | | | | | | | | | | | |
| 2. | Central tax | | | | | | | | | | | |
| 3. | State/UT tax | | | | | | | | | | | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 4. | Cess | | | | | | | | | | | |
| | **Total** | | | | | | | | | | | |

**7. Verification**

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

**S**ignatures of Authorized Signatory

Place - Name of Authorized Signatory

Date - Designation /Status

**Instructions (Amendment Return) –**

1. Filing process of amendment return will be similar to original return.
2. Entries made by taxpayer in the fields at the time of filing original return will be open for amendment.
3. Amendment return can be filed for a tax period.
4. Frequency of filing and period within which it is filed will be as per provisions of Law.
5. Payment can be made if liability comes due to amendment. If liability becomes negative, it will be taken to main return of next tax period.
6. Effect on input tax credit of recipients will be carried to main return of next tax period.
7. Payment process will be similar to main return. ITC available in the credit ledger can be utilized for payment of liability as per provisions of Law.

**Annexure of Inward Supplies**

[See rule----]

**Details of auto drafted supplies**

*(From Annexure of outward supplies, GSTR-5, GSTR-6, GSTR-7 and GSTR-8)*

| | |
|---|---|
| Financial Year | |
| Month | |

| | | | |
|---|---|---|---|
| 1. | GSTIN | | |
| 2. | (a) | Legal name of the registered person | |
| | (b) | Trade name, if any | |

**3. Inward supplies received from a registered person (other than the supplies attracting reverse charge), imports and supplies received from SEZ units on Bill on Entry**

**(Amount in Rs. for all Tables)**

| GSTIN of supplier | Place of supply (Name of State) | Document details | | | | | | Tax rate | Taxable value | Amount of tax | | | | Action (Accept / Reject /Pending) | Amount of ITC claimed | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Type of doc. | Doc. No. | Date | Value | Date of uploading | Tax period in which uploaded | | | Integrated tax | Central tax | State/UT tax | Cess | | Integrated tax | Central tax | State/UT tax | Cess |
| 1 | 2 | 3 | | 5 | 6 | 7 | 8 | | 10 | 11 | 12 | | 14 | 15 | 16 | 17 | 18 | 19 |

| 3A. Supplies received from registered persons including services received from SEZ units (other than reverse charge) | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| 3B. Supplies received from SEZ units on Bill on Entry | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| 3C. Import of goods from overseas on Bill of Entry | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |

**4. ISD credits received (Eligible credit only, Net of credit notes)**

| GSTIN of ISD | ISD document details | | ITC amount involved | | | |
|---|---|---|---|---|---|---|
| | Doc. No. | Date | Integrated tax | Central tax | State/UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | | | | | |
| | | | | | | |

**5. Verification**

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

**S**ignatures of Authorized Signatory

Place - Name of Authorized Signatory

Date - Designation /Status

**Instructions (Annexure of inward supplies) –**

1. Invoices uploaded by supplier will be auto-populated on near real time basis.
2. Recipient can take action on the same including – accept, Reject and Pending.
3. Accepted documents will mean that supplies have been received. Such supplies would not be available for amendment at supplier's end.
4. Rejected documents will mean that supplies have been wrongly auto-populated. Supplier may have committed mistake in mentioning GSTIN while uploading the invoices.
5. Supplier can make corrections through amendment return for rejected invoices.
6. Pending will mean that supplies are yet to received or entered into books of accounts (stock register etc.)
7. Invoices marked as pending will be rolled over to the next tax period. ITC will not be available on such invoices till the same are accepted.
8. Supplies on which ITC is not eligible, amount of ITC claimed shall be filled up as 'Zero'.
9. Supplies on which ITC is partially available shall be indicated accordingly under ITC claimed.
10. Matching toll would be made available to match the auto-populated invoices with the purchase register maintained by the recipient.
11. Supplies received from SEZ units may be auto-populated after establishing interface with SEZ system.
12. Supplies imported from overseas on bill of entry may be auto-populated after establishing interface with ICEGATE system.

**Annexure B: Draft formats for Quarterly Returns**
**Payment of self-assessed tax**

| Financial Year | | | | |
|---|---|---|---|---|
| Month | | | | |

| 1. | GSTIN | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2. | (a) | Legal name | Auto-populate | | | | | | | | | | | | | | |
| | (b) | Trade name | Auto-populate | | | | | | | | | | | | | | |
| | (c) | ARN | Auto-populate (after filing) | | | | | | | | | | | | | | |
| | (d) | Date of ARN | Auto-populate (after filing) | | | | | | | | | | | | | | |

**3. Summary of self-assessed liability and credit availed**

(Amount in ₹ for all tables)

| Sr. No. | Description | Integrated tax | Central tax | State/ UT tax | Cess |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1. | Liability to pay tax | | | | |
| 2. | Input tax credit taken | | | | |

**4. Payment of tax**

| Sr. No. | Description | Paid in cash | Paid through ITC | | | |
|---|---|---|---|---|---|---|
| | | | Integrated tax | Central tax | State/ UT tax | Cess |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 1. | Integrated tax | | | | | |
| 2. | Central tax | | | | | |
| 3. | State/ UT tax | | | | | |
| 4. | Cess | | | | | |

**5. Verification**

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

Signatures

Place

Name of Authorized Signatory

Date

Designation /Status

**Note:** The condition of upload of invoice for availing credit shall not be diluted as this would ensure that MSME shall keep uploading invoices where they have to pass the credit even if they don't file the return.

***

**Form GSTR (Sugam)**

*[See rule ----]*

**Return of supplies made**

*(B2B and B2C)*

| Financial Year | | | | |
|---|---|---|---|---|
| Tax period | | | | |

| 1. | GSTIN | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2. | (a) | Legal name of the registered person | | | | | | | | | | | | | | | |
| | (b) | Trade name, if any | | | | | | | | | | | | | | | |
| | (c) | ARN (after filing) | | | | | | | | | | | | | | | |
| | (d) | Date of ARN | | | | | | | | | | | | | | | |

**3. Summary of Supplies made and tax liability**

(Amount in ₹ for all tables)

| Sr. No. | Type of Outward Supplies | Value | Tax amount | | | |
|---|---|---|---|---|---|---|
| | | | Integrated tax | Central tax | State/ UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. | Taxable supplies made to un-registered persons (B2C) | <Auto> | | | | |
| 2. | Taxable supplies made to registered persons (Not attracting reverse charge) (B2B) | <Auto> | | | | |
| 3. | Adjustment if any (+/-) | <User input> | | | | |
| | **Sub-total** [1+2+3] | <Auto> | | | | |

**4. Summary of inward supplies for claiming input tax credit (ITC)**

| Sr. No. | Description | Value | Input Tax Credit (ITC) | | | |
|---|---|---|---|---|---|---|
| | | | Integrated tax | Central tax | State/ UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. | Inward supplies and debit note received (other than reverse charge) | <Auto> | | | | |
| 2. | Inward supplies rejected by recipient (wrong GSTIN etc.) | <Auto> <editable> | | | | |
| 3. | Credit notes received from suppliers (other than reverse charge only) | <Auto> (editable) | | | | |
| 4. | Input tax credit claimed earlier, if any | <Auto> | | | | |
| 5. | Reversal & adjustments (+/-) | <User input> | | | | |
| 6. | Effect of amendments (+/-) | <Auto> | | | | |
| | **Net ITC available (1-2-3-4-5+6)** | <Auto> | | | | |

**4. Interest and late fee liability details**

| Sr. No. | Description | Interest | | | | Late fee | |
|---|---|---|---|---|---|---|---|
| | | Integrated Tax | Central Tax | State/ UT tax | Cess | Central tax | State/ UT Tax |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. | Interest and late fee due to late filing of return (including late reporting of invoices of previous tax periods) *(to be computed by system)* | | | | | | |
| 2. | Any other interest (*to be calculated by taxpayer)* | | | | | | |
| | **Total** | | | | | | |

**5. Payment of tax**

| Sr. No. | Description | Tax payable | | Tax already paid, if any | Adjustment of negative liability of previous tax period | Paid through ITC | | | | Paid in cash | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reverse charge | Other than reverse charge | | | Integrated tax | Central tax | State / UT tax | Cess | Tax/ Cess | Interest | Late Fee |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1. | Integrated tax | | | | | | | | | | | |
| 2. | Central tax | | | | | | | | | | | |
| 3. | State/UT tax | | | | | | | | | | | |
| 4. | Cess | | | | | | | | | | | |
| | **Total** | | | | | | | | | | | |

**6. Verification**

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

**S**ignatures of Authorized Signatory

Place -

Name of Authorized Signatory

Date -

Designation /Status

**Annexure of Supplies to main return (Sugam)**

*[See rule ---)]*

**Details of outward supplies, imports and inward supplies attracting reverse charge**

*(B2B and B2C)*

| | |
|---|---|
| Financial Year | |
| Tax period | |

| | | | |
|---|---|---|---|
| 1. | | GSTIN | |
| 2. | (a) | Legal name of the registered person | |
| | (b) | Trade name, if any | |

**3. Details of the outward supplies made to registered and un-registered persons (B2C & B2B)**

(Amount in ₹ for all tables)

| GSTIN/ UIN | Place of Supply (Name of State) | Document details | | | | Tax rate | Taxable value | Tax amount | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Type of doc. | No. | Date | Value | | | Integrated tax | Central tax | State / UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 3A. Supplies made to consumers and un-registered persons (Net of debit notes, credit notes) | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 3B. Supplies made to registered persons (other than those attracting reverse charge) | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

**4. Verification**

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed there from and in case of any reduction in output tax liability the benefit thereof has been/will be passed on to the recipient of supply.

Signatures

Place

Name of Authorized Signatory

Date

Designation /Status

***

**Form GSTR (Sahaj)**

*[See rule ----]*

**Return of supplies made** *(B2C only)*

| Financial Year | | | | |
|---|---|---|---|---|
| Tax period | | | | |

| 1. | GSTIN | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2. | (a) | Legal name of the registered person | | | | | | | | | | | | | | | |
| | (b) | Trade name, if any | | | | | | | | | | | | | | | |
| | (c) | ARN (after filing) | | | | | | | | | | | | | | | |
| | (d) | Date of ARN | | | | | | | | | | | | | | | |

**3. Details of the outward supplies made to unregistered persons (B2C)**

**[Net of debit notes, credit notes]**

(Amount in ₹ for all tables)

| GSTIN/ UIN | Place of Supply (Name of State) | Document details | | | | Tax rate | Taxable value | Tax amount | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Type of doc. | No. | Date | Value | | | Integrated tax | Central tax | State / UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | | | | | | | | | | | |
| Total taxable value and tax payable | | | | | | | | | | | |

**4. Summary of inward supplies for claiming input tax credit (ITC)**

| Sr. No. | Description | Value | Input Tax Credit (ITC) | | | |
|---|---|---|---|---|---|---|
| | | | Integrated tax | Central tax | State/ UT tax | Cess |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. | Inward supplies received and debit note received | <Auto> | | | | |
| 2. | Inward supplies rejected by recipient (wrong GSTIN etc.) | <Auto> <editable> | | | | |
| 3. | Credit notes received from suppliers (other than reverse charge only) | <Auto> (editable) | | | | |
| 4. | Input tax credit claimed earlier, if any | <Auto> | | | | |
| 5. | Reversal & adjustments (+/-) | <User input> | | | | |
| 6. | Effect of amendment (+/-) | <Auto> (editable) | | | | |
| | **Net ITC** [1-2-3-4+5+6] | <Auto> | | | | |

**5. Interest and late fee Liability Details**

| Sr. No. | Description | Interest | | | | Late fee | |
|---|---|---|---|---|---|---|---|
| | | Integrated tax | Central tax | State/ UT tax | Cess | Central tax | State/ UT tax |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. | Interest and late fee due to late filing of return (*to be computed by system)* | | | | | | |
| 2. | Any other interest (*to be calculated by taxpayer)* | | | | | | |
| | **Total** | | | | | | |

**6. Payment of tax**

| Sr. No. | Description | Tax payable | | Tax already paid, if any | Adjustment of negative liability of previous tax period | Paid through ITC | | | | Paid in cash | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reverse charge | Other than reverse charge | | | Integrated tax | Central tax | State / UT tax | Cess | Tax/ Cess | Interest | Late Fee |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Integrated tax | | | | | | | | | | | |
| 2. | Central tax | | | | | | | | | | | |
| 3. | State/UT tax | | | | | | | | | | | |
| 4. | Cess | | | | | | | | | | | |
| | **Total** | | | | | | | | | | | |

**7. Verification**

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

**S**ignatures of Authorized Signatory

Place - Name of Authorized Signatory

Date - Designation /Status

**Instructions -**

**Agenda Item 7: Issues recommended by the Fitment Committee for consideration of the GST Council**

This agenda note deals with changes in GST rate for supply of goods and services. The proposed changes in GST rates emanate from the recommendations made by the Fitment Committee as detailed below.

2. Briefly, stated representations/recommendations have been received from various stake holders including Ministries and Secretaries and other officers of Centre and States, seeking changes in GST rate and clarification regarding applicability of GST on supply of goods/services.

3. The Fitment Committee met on 9th and 10th July, 2018 and had detailed discussions on recommendations received from various stake holders seeking changes in GST/IGST rates or seeking clarification on supply of goods/services. The Fitment Committee also examined the GST rate for Handicraft items as identified by the Handicraft Committee.

4. The Fitment Committee, upon detailed examination of various issues, relating to rates on goods and services, have made recommendation for making changes. Further the Fitment Committee has recommended no change in respect of certain goods and services. On certain issues Fitment Committee was of the view that further examination would be required before making any recommendation to the GST Council.

5. Accordingly, Fitment Agenda for consideration of the GST Council is summarised as below:

a) Recommendations made by the Fitment Committee for making changes in GST rates or for issuance of clarification in relations to goods - **Annexure I**
b) Recommendations made by the Fitment Committee relating to Handicrafts - **Annexure II**
c) Recommendations made by the Fitment Committee for making changes in GST rates or for issuance of clarification in relations to Services - **Annexure III**
d) Issues where Fitment Committee felt that further examination be required – **Annexure IV**
e) Issues where no change has been proposed by the Fitment Committee in relation to goods - **Annexure V**
f) Issues where no change has been proposed by the Fitment Committee in relation to services - **Annexure VI**

6 The proposals, as contained in paragraph 5 above are placed before the GST Council for consideration.

**Annexure I**

**LIST OF GOODS RECOMMENDED FOR CHANGE IN GST RATE/CLARIFCATION**

| S. No | Description | HSN | Present GST Rate (%) | Recommended GST rate (%) | Comments |
|---|---|---|---|---|---|
| 1 | Bamboo flooring | 4409 | 18% | 12% | 1. Most of the bamboo items now attract 12% GST.<br>2. There is no much justification for keeping bamboo matting/flooring at a distinct higher rate and the rate dispersion within bamboo products may not be desirable.<br>3. Hence Fitment Committee recommends to prescribe 12% rate on bamboo flooring on par with bamboo furniture. |
| 2 | Marble / Stone Deities | 6802 | 12% | Exempt | 1. The idols made of clay have been exempted consequent to the recommendation of the GST Council in its 21st meeting.<br>2. There is a case for giving similar treatment to the idol made of stone (including of marble) taking into account the equal sentimental value of these items.<br>3. Hence Fitment Committee recommends to exempt GST on marble or stone deities. |
| 3 | Sanitary Napkins | 9619 | 12% | Exempt | 1. Pre-GST total tax incidence [including tax incidence on account of CST, Octroi and VAT] on sanitary napkins was more than 12%. As against that, the GST rate on sanitary napkins is 12%.<br>2. However, there is persistent demand to exempt the sanitary napkin from GST on the ground of its essentiality for health and hygiene.<br>3. Therefore, the Fitment Committee recommends exemption to sanitary napkins. |
| 4 | Lithium-ion Batteries | 8507 60 00 | 28% | 18% | 1. Lithium ion batteries are one of the most popular types of rechargeable batteries for portable electronics, with a high energy density, low self-discharge and are now considered to be the standard for modern battery electric vehicles. They consist of non-polluting contents.<br>2. Lithium ion battery charges faster, last longer, have lesser consequence to environment as they do not contain any toxic material.<br>3. Keeping the above aspects in mind, Fitment Committee recommends 18% rate for lithium ion batteries |
| 5 | Uranium ore | 26 | Nil [with effect from 14.11.2017 and 5% prior to that] | Nil with effect from 01.7.2017 [retrospective exemption] | 1. Uranium ore concentrate has been exempted from GST by amending the notification No. 02/2017-Central Tax (rate) Vide Notification 42/2017-Central Tax (Rate) dated 14.11.2017 on the basis decisions taken in 23rd GST Council meeting. This exemption was made effective |

| S. No | Description | HSN | Present GST Rate (%) | Recommended GST rate (%) | Comments |
|---|---|---|---|---|---|
| | | | | | from 15.11.2017, considering the strategic importance of such a supply.<br>2. However, retrospective exemption will have to be done through Finance Bill.<br>3. Due to the strategic importance having an element of confidentiality and being a unique case, the Fitment Committee recommends the benefit with retrospective effect subject to the condition that if GST has been paid, the same would not be refunded. |
| 6 | Urea imported on Govt. account for direct agriculture use | 3102 | IGST @ 5% | IGST @5% on Pool Issue Price (PIP) for import by DoF instead of assessable value plus custom duty. | 1. IGST is payable on the transaction value [Assessable value plus Custom Duty]. while the GST on its subsequent sale is payable @ 5% on the Pool Issue Price of urea, which is much lower than the value for IGST purposes. The price of urea is under statutory price control. Imposition of IGST on import value results in accumulation of unadjusted IGST credit. The amount of unadjusted IGST on imported urea is also being borne by the Department of Fertilizers (DoF), Government of India as part of subsidy on imported urea.<br>2. Department of Fertilizer has recommended that IGST be levied on Pool Issue Price so as to ensure that the Fertilizers Marketing Entities (FMEs) are not unjustly enriched on account of higher ITC.<br>3. The Fitment Committee examined the issue and found merit in the recommendation. Hence Fitment Committee has recommended 5% IGST on Pool Issue Price (PIP) for import by DoF instead of assessable value plus custom duty |
| 7 | a) Ice making machinery,<br>b) Water cooler,<br>c) Vending machine [other than automatic vending machine ]<br>d) Refrigeration equipment or | 8418 69 | 28% | 18% | 1. Water Plant, Water Purifier and Water filter attract 18% GST rate. Their inputs also are in the 18% slab<br>2. Water cooler deserves the same treatment.<br>3. Further, bulk milk cooler and other industrial items as mentioned in column 2 are essentially of industrial use. Thus, these goods are not for final consumption but intermediate use<br>4. Considering the nature of goods and their application, the Fitment Committee recommends reduction of GST rate from 28% to 18% |

| S. No | Description | HSN | Present GST Rate (%) | Recommended GST rate (%) | Comments |
|---|---|---|---|---|---|
| | devices specially used in leather industries for manufacture of leather articles<br>e) Refrigerated farm tanks, industrial ice cream freezer | | | | |
| 8 | Fuel Cell Vehicles | | 28% | 12% | 1. Electric Vehicle attracts 12% [with Nil compensation Cess]<br>2. FCVs are zero emission vehicles. Fitment Committee recommends 12% GST rate on these vehicles as that of Electric Vehicles |
| 9 | Circulation and commemorative coins, sold by Security Printing and Minting Corporation of India Ltd [SPMCIL] to Ministry of Finance | 7118 | 3% | Exempt | 1. Rupee notes when sold to the Reserve Bank of India are exempt from GST<br>2. However, Coins or one-rupee note sold to Ministry of Finance attracts 3% GST<br>3. GST on coins amounts to double taxation as the same is nothing but a financial instrument to execute transactions as per designated value<br>4. Hence Fitment Committee recommends to exempt circulation and commemorative coins supplied to Central and State Government. |
| 10 | Brass Kerosene Pressure Stove **& its Parts and other unclassified Brass parts** | 7419 99 30 | 18% | 12% | 1. Kerosene burners, kerosene stoves and wood burning stoves of iron or steel attract GST at the rate of 12% and it would be appropriate to bring parity of kerosene burners, kerosene stoves and wood burning stoves of iron or steel and those of brass<br>2. Hence Fitment Committee recommends GST rate of 12% |
| 11 | Chenille fabrics **and other fabrics under heading 5801** | 5801 | 12% | 5% | 1. Corduroy and velvet fabrics attract 5% GST and Other fabric items under this heading attract 12% GST.<br>2. It would be appropriate that entire heading 5801 is brought to 5% with no refund of accumulated ITC as the heading 5801 covers general fabric. |

| S. No | Description | HSN | Present GST Rate (%) | Recommended GST rate (%) | Comments |
|---|---|---|---|---|---|
| | | | | | 3. Hence Fitment Committee recommends GST rate of 5% for all the fabrics under 5801 **with no refund of accumulated ITC.** |
| 12 | Handloom dari | 5705 00 24 | 12% | 5% | 1. Rate of GST on all carpets and textile floorings under chapter 57 is at 12%.<br>2. The inputs for cotton and silk durries are cotton and silk yarns, which are both at GST rate of 5% while Spun yarn is at 12%.<br>3. However, with revision in the GST rate of handmade carpet to 5%, the Fitment Committee recommends a similar dispensation of 5% for handloom durries. |
| 13 | Coir pith compost | 5305 00 40 | 5% | Exempt | 1. Organic manure [falling under chapter 31] is exempt from GST if not packed in a unit container and not bearing a brand name<br>2. Due to its usage, Fitment Committee recommends exemption from GST to Coir pith compost on par with organic manure |
| 14 | Solid bio fuel pellets | Any chapter | 5%/18% | 5% | 1. Biomass briquettes attract 5% GST.<br>2. Being an environment friendly fuel, Fitment Committee recommends 5% GST for solid bio fuel pellets. |
| 15 | Sal Leaves siali leaves and their products and Sabai Rope | 4601, 4602 | 5% | Exempt | 1. Sal Leaves, siali leaves sabai grass and its products like Sabai Rope were prescribed 5% GST. However, it has been represented that these are tribal products with low value and consumption is by poor strata of society.<br>2. Considering, their importance for livelihood of poor tribal people, Fitment Committee recommends exemption to these items from GST. |
| 16 | Phool Bhari Jhadoo [Raw material for Jhadoo] | 1404 90 90 | 5% | Exempt | 1. Vegetable materials, falling under 1404 90 90, for manufacture of jhadoo attract 5% GST while the finished goods, i.e. Jhadoo is exempt from GST<br>2. Considering the nature of commodity, Fitment Committee recommends to keep phool bhari jhadoo (input) in the same rate slab as the finished goods, i.e., jhadoo. |
| 17 | Khali dona | 46 | 5% | Exempt | 1. The forest produce Khali leave is used in making Khali Dona (plates from leaves) and form a huge source of livelihood for many forest tribal and rural people<br>2. As these products deserve similar treatment as being given to sabai grass, sal leaves, sisal leave, and their product and phool bhari jhadoo, Fitment Committee recommends exemption from GST to these items |
| 18 | Refund to domestic manufacture | | Refund of accumulate | Eligible | 1. Manufacturer exporters of fabrics avail refund of ITC, as exports are zero-rated while |

| S. No | Description | HSN | Present GST Rate (%) | Recommended GST rate (%) | Comments |
|---|---|---|---|---|---|
| | r on unutilised ITC in respect of fabric exported through merchant exporters. | | d ITC is not eligible | | Merchant exporters have the option to purchase such fabrics at 0.1% GST rate.<br>2. Though supply of fabrics made by a domestic supplier to merchant exporter is eventually exported by merchant exporter, the domestic supplier, not himself being an exporter, does not get the ITC of accumulated credit<br>3. In order to make the domestic supplier eligible for refund of accumulated ITC on fabric exported through merchant exporter, Fitment Committee recommends that on fabric supplied to the merchant exporter [under notification No. 40/2017-Central Tax (Rate) dated 23.10.17] refund of accumulated ITC would be eligible. |
| 19 | Compensation Cess to washery on Coal Rejects | | Rs. 400 per tonne | Exempt | 1. Compensation cess is levied on coal rejects generated by washery on washing of coal on which cess has already been paid.<br>2. However, washery does not get ITC as Coal is owned by the power plant.<br>3. Therefore, imposition of cess again on coal rejects amounts to double taxation.<br>4. Hence, the Fitment Committee recommends for exemption to washery from the compensation cess subject to condition that no ITC would be available to the principal and cess has been paid |
| 20 | Kota Stone, Sand Stone and similar quality of local stones | 25/6802 | 5%/18% | 12% | 1. Rough, mined stone fall under Chapter 25 of the HSN and attracts 5% GST. However, any worked up stone attracts GST at the rate of 18% in chapter 68.<br>2. As per HSN any processing, other than mere sawing/cutting, takes it to the category of processed stone and thus merits classification under HSN 6802 (18% GST).<br>3. This rate differential has led to classification and assessment disputes.<br>4. Discussed in detail in Fitment Committee. General view was that GST rate on stone may be rationalized and a single GST rate may be provided for all type of stones [other than marble and Granites] whether processed or not processed. It was felt that issuing clarification may not help as such a rate differential would be prone to misuse and traders were resorting to misclassification.<br>5. The Fitment Committee accordingly recommends GST of 12% on rough stone [whether worked or not] excluding marble and granite.<br>6. Rajasthan has objected to the suggested change. Rajasthan has argued that only mirror polished calibrated tiles of kota be retained at 18%. Kota stone in any other form should attract 5%. |

| S. No | Description | HSN | Present GST Rate (%) | Recommended GST rate (%) | Comments |
|---|---|---|---|---|---|
| | | | | | However, Fitment Committee concluded that more appropriate way to resolve the dispute would be to rationalise the rates to 12% and eliminate the duty differential. |
| 21 | GST rates on Refined Sugar | 1701 | 5% | 5% | 1. S.No. 32 A in the 12% rate schedule prescribes 12% rate on *"All goods, including refined sugar containing added flavouring or colouring matter, sugar cubes (other than those which attract 5% or nil GST)"* falling under tariff items 1701 91 and 1701 99<br>2. However, vide entry No 91 (5% rate schedule), a 5% rate has been prescribed on all kind of beet and cane sugar falling under heading 1701. Therefore, beet and cane sugar of any kind, including refined beet and cane sugar, will fall under this heading and attract 5% rate.<br>3. Entry 32 A in 12 % Schedule excludes goods falling under 5% or nil rate and covered under heading 1701.<br>4. Therefore, cane and beet sugar, including the refined sugar, attracts 5% rate. The Fitment Committee recommends that a clarification to be issued that beet and cane sugar of any kind, including refined beet and cane sugar, will fall under heading 1701 and attract 5% rate |
| 22 | Bus body building as supply of motor vehicle or job work | 87 | 18% / 28% | 18% / 28% | 1. Some dealers charging bus body building activity at 18% under job work and others at 28% under supply of motor vehicle<br>2. Fitment Committee recommends to clarify that:<br>i) if such bus body builder works on his own chassis and all other raw material, and supplies a bus to the customer, charges for such bus, and not merely for body building, then supply by him will be of a vehicle that is goods; and<br>ii) if a body builder works on chassis provided by another registered person for body building, then supply made by the bus body builder by way of building of bus body will merit classification as service |
| 23 | Tamarind Kernel Powder (Modified & Un Modified form) | 13 | 5% | 5% | 1. 5% GST rate was prescribed on Tamarind kernel powder falling under chapter 13<br>2. However, it appears that some doubt remains as the notification does not use the words modified/unmodified Tamarind Kernel Powder.<br>3. As both treated (modified) tamarind kernel powder and plain (unmodified) tamarind kernel powder fall under chapter 13, Fitment committee recommends to clarify that both attract 5% GST. |
| 24 | Quilt and comforter | 9404 | 5%/12% | 5%/12% | 1. Cotton and comforter attract concessional duty rate of 5% when valued at less than Rs 1000 per |

| S. No | Description | HSN | Present GST Rate (%) | Recommended GST rate (%) | Comments |
|---|---|---|---|---|---|
| | | | | | piece and 12% if valued at more than Rs 1000 per piece.<br>2. A clarification has been sought regarding IGST applicable on Quilt and comforter and as to what constitutes cotton quilts- i.e., wholly made of cotton only, or also include quilts which are filled with cotton but having cover of other than cotton/filled with polyester but outer cover of cotton.<br>3. Fitment Committee has observed that a quilt having filling material of cotton would be cotton quilt as essential character to a quilt is provided by filling material.<br>4. Fitment Committee recommends issuance of clarification accordingly. |
| 25 | Real Zari Kasab (Thread) | 5605 00 10 | 5% | 5% | 1. Real zari thread (gold) and silver thread, combined with textile thread falling under tariff item 5605 0010 attracts 5% GST<br>2. Embroidery or zari articles, that is to say,- imi, zari, kasab, salma, dabka, chumki, gota, sitara, naqsi, kora, glass beads, badla, gizai falling under headings 5809, 5810 also attract 5% GST<br>3. Imitation zari thread falling under 5605 00 20 and other metalized yarns attract 12% GST. Kasab, a metallised yarn attracts GST at the rate of 12%.<br>4. Doubts have arisen regarding applicability of GST rate on real zari kasab made where silver wire is gimped with silk or cotton yarn that is gilted with gold.<br>5. Fitment Committee recommends to explicitly clarify that Real Zari Kasab (Thread) manufactured with Silver wire gimped (Vitai) on core yarn namely pure silk and cotton and finally gilted with Gold would attract 5% GST under entry 218A of the notification No. 1/2017-Central Tax (Rate) and any imitation zari would not be covered by this exemption. Further metallised yarn, including Kasab attracts 12% GST rate. |
| 26 | Hand Operated Rubber Roller | 8420 | 18% | 18% | 1. Requests were made to include the Hand Operated Rubber Rollers in the Agricultural Implements Category under HSN code 8432 and prescribe GST of 12%<br>2. Chapter heading 8420 more specifically covers Hand Rubber Rolling Machine, in terms of the Interpretative Rules for classification. Accordingly, the Hand Rubber Rolling Machine will be correctly classifiable under Chapter heading 8420 and will attract 18% GST. |

| S. No | Description | HSN | Present GST Rate (%) | Recommended GST rate (%) | Comments |
|---|---|---|---|---|---|
| | | | | | 3. Fitment Committee recommends to clarify that the Hand Rubber Rolling Machine will be correctly classifiable under Chapter heading 8420 and will attract 18% GST. |
| 27 | Wipes using spun lace non- woven fabric including (i) Baby Wipes, (ii) Facial Wipes, (iii)Disinfectant Wipes (Non-medical Wipes), (iv) Make-up remover Wipes, (v) Bed Bath Wipes and (vi) Dry Wipes for General Cleaning | 34/33 | 18% | 18% | 1. Already FAQ has been issued as regards classification of baby wipes stating that baby wipes consisting of Paper wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent, whether or not perfumed or put up for retail sale, falling under HS code 3401 attract 18% GST and those consisting of, wadding, felt and nonwovens impregnated, coated or covered with perfume or cosmetics fall under HS code 3307 and attract 18% GST.<br>2. However, certain suppliers are classifying them under 12% GST rate in chapter 96, 48 and 56.<br>3. To lay the dispute to rest, the Fitment Committee recommends to clarify that the supplies of Wipes using spun lace non- woven fabric including (i) Baby Wipes, (ii) Facial Wipes, (iii) Disinfectant Wipes (Non-medical Wipes), (iv) Make-up remover Wipes, (v) Bed Bath Wipes and (vi) Dry Wipes for General Cleaning baby wipes will attract 18% GST and to make suitable amendment, if any required, in the rate schedule accordingly. |
| 28 | Petroleum gas | 27 | | | 1. Vide circular 12/12/2017-GST and 29/3/2018-GST it has been clarified that GST will be leviable on the amount billed to downstream manufacturers on net Superior Kerosene Oil (SKO), Polybutylene feedstock and LPG.<br>2. The said circular elaborates the manner of applicability of GST in a supply of a kind, i.e., where stock is supplied for extraction of material that recipient desired to purchase and returns the residual stock. Transaction between the supplier and recipient remains confined to the material extracted by recipient in so far as considerations are concerned. Accordingly, it has been clarified that supply in all these cases would consist of material retained by the recipient and tax would apply to the total consideration paid by the recipient on such supplies.<br>3. These circulars would mutatis mutandis apply to all identical supplies, irrespective of goods supplies, e.g., Methyl Ethyl Ketone (MEK) feedstock. |

| S. No | Description | HSN | Present GST Rate (%) | Recommended GST rate (%) | Comments |
|---|---|---|---|---|---|
| | | | | | 4. The Fitment Committee recommends to issue a general clarification in the matter. |
| 29 | Drinking Water | 22 | Nil | Nil | 1. Clarification has been sought regarding applicability of GST on supply of safe drinking water.<br>2. Waters, including natural or artificial mineral waters in sealed container [other than Drinking water packed in 20 litres bottles, which attracts 12% GST] attracts 18% GST. Other supply of water is exempted from GST.<br>3. Thus, water [other than aerated, mineral, purified, distilled, medicinal, ionic, battery, de-mineralized], which is not sold in sealed container, already attracts Nil GST.<br>4. Accordingly, water supplied for public purposes does not attract GST.<br>5. To put facts beyond doubt, the Fitment Committee recommends to clarify that water supplied for public purposes does not attract GST. |
| 30 | DISC Brake Pad | 8708 | 28% | 28% | 1. Request has been received to issue clarification on classification of DISC Brake Pad as certain manufacturers are classifying them under chapter 68 (18% GST). Competing entry is 8708, which attract 28% GST.<br>2. As per HSN Explanatory Notes, heading 8708 covers "Brakes (shoe, segment, disc, etc.) and parts thereof (plates, drums, cylinders, mounted linings, oil reservoirs for hydraulic brakes, etc.); servo-brakes and parts thereof.<br>3. Chapter 68 covers articles of Stone, Plaster Cement, Asbestos, Mica or similar material, Ceramic Products, Glass and Glassware.<br>4. As per HSN Explanatory Notes, the heading 6813 excludes: (a) Friction materials not containing mineral materials or cellulose fibre (e.g., those of cork); these are generally classified according to the constituent material. (b) Mounted brake linings (including friction material fixed to a metal plate provided with circular cavities, perforated tongues or similar fittings, for disc brakes); these are classified as parts of the machines or vehicles for which they are designed (e.g. heading 87.08).<br>5. Thus, it is clear that the said goods are appropriately classifiable under heading 8708 and attracts 28% GST.<br>6. To lay the dispute to rest, the Fitment Committee recommends to clarify that the supplies of DISC Brake Pad (falling under heading 8708) will attract 28% GST. |

| S. No | Description | HSN | Present GST Rate (%) | Recommended GST rate (%) | Comments |
|---|---|---|---|---|---|
| | | | | | |
| 31 | Plasma products. | 3002 | 5%/12% | 5%/12% | 1. Goods falling under heading 3002 attract 5%/12% GST, except animal or human blood vaccines.<br>2. However, it has been reported that some of the plasma products are also being supplied at Nil GST.<br>3. As per the explanatory memorandum to the HSN, antisera or other blood fractions and immunological products, whether or not modified or obtained by means of biotechnological processes would include plasma. The GST rate on these is 12%.<br>4. However, "normal human plasma" is specifically mentioned under S. No. 186 of List I under S.No. 180 of the first schedule to the notification No. 1/2017-Central Tax dated 28th June, 2017 and would attract 5% GST.<br>5. Therefore, Fitment Committee recommends issuing a clarification that human plasma would attract 5% GST and plasma from any other source would attract 12% GST. |
| 32 | Marine Engine | 8408 10 93 | 5% | 5% | 1. A doubt has been raised regarding applicability of GST on marine engine.<br>2. The fishing vessels are classifiable under heading 8902. This heading attracts GST at the rate of 5%.<br>3. Further, parts of goods of heading 8902, falling under any chapter also attract GST at the rate of 5%. By virtue of this exemption, the marine engine would attract a GST rate of 5%.<br>4. Doubts have arisen as if such parts attract 28% under heading 8408 (compression-ignition internal combustion piston engine, diesel or semi diesel engine).<br>5. To put facts beyond doubt, the Fitment Committee recommends to clarify that marine engine falling under sub-heading 8408 10 93 will attract 5% GST. |
| 33 | Fortified Toned Milk | 4 | Nil | Nil | 1. Clarification has been sought regarding applicability of GST on Fortified Toned Milk.<br>2. Government of Maharashtra is selling Fortified Toned Milk containing Vitamin A and D.<br>3. As per the explanatory memorandum to HSN, milk enriched with Vitamins and Minerals would fall under HS code 0401. Thus, Fortified milk (with vitamins 'A' and 'D') is classifiable as milk under HS code 0401 and exempt from GST and the Fitment Committee recommends clarifying the same. |

| S. No | Description | HSN | Present GST Rate (%) | Recommended GST rate (%) | Comments |
|---|---|---|---|---|---|
| 34 | Simple fertilizers, such as MOP (Murate of Potash) | 31 | 5% | 5% | 1. References have been received regarding a clarification as to whether simple fertilizers, such as MOP (Murate of Potash) classified under Chapter 31, imported for the purpose of manufacturing of a complex fertilizer, are entitled to the concessional GST rate of 5% as applicable in general to the fertilizers.<br>2. Chapter 31 of the Customs Tarff Act covers Fertilizers. The fertilizers are mostly used for increasing soil and land fertility, either directly or by use in manufacturing of complex fertilizers. However, certain fertilizers and similar goods falling under this chapter may be used for individual purposes like use of molten urea for manufacture of melamine and urea used in manufacturing of urea-formaldehyde resins or organic synthesis.<br>3. Fertilizers falling under heading 3102, 3103, 3104 and 3105, other than those which are clearly not to be used as fertilizers, attract 5% GST. However, fertiliser items which are not to be used as fertilizer attract 18% GST.<br>4. The intention has been to provide concessional rate of GST to the fertilizers which are used directly as fertilizers or which are used in the manufacturing of complex fertilizers which are further used as soil or crop fertilizers.<br>5. Accordingly, Fitment Committee recommends to clarify that the fertilizers imported for directly use as fertilizers or imported for use in the manufacturing of other complex fertilizers for agricultural use (soil or crop fertilizers), will attract 5% IGST. |
| 35 | De-oiled rice bran | 23 | Nil | Nil | 1. De-oiled rice bran attracts Nil rate of GST (heading mentioned in the notification is 2302)<br>2. Representations have been received from trade that de-oiled rice bran falls under tariff heading 2306.<br>3. It is proposed to rectify this anomaly and insert an explanation in the notification to this effect. |

## Annexure II

## GST RATES ON SPECIFIED HANDICRAFT ITEMS

The issue of GST rates for handicraft items has been deliberated on several occasions in the GST Council meetings.

2. Briefly stated, in the 21st Meeting of the council, the issue of GST rate on handicraft items and the issue of GST rate on job work of such item, as well as concession to casual taxable person from registration (and thus payment of taxes) if suppliers' all India turnover is below threshold was discussed at length and Council made following recommendations:

a) Concessional GST rates on certain items.
b) Exemption to casual dealer supplying specified item below threshold limit. Exemption was also given on interstate supplies of these items if the suppliers' turnover was below threshold.

3. Against the above background, the issue of handicrafts again came up for discussion in the 23rd meeting of the Council, in the context of handmade goods, and the Council felt that this required comprehensive re-examination, including the definition of handicraft item, identification of HSN for handicraft items, and identifying other issues affecting handicraft sector. A Committee was constituted which was headed by Chairman, CBIC.

4. This Committee submitted its Report in the month of December 2017. The Committee proposed a definition of Handicraft and identified a list of Handicraft items. Around 40 categories of handicraft products ranging from handcrafted candles to original sculptures in metal, stone and any other material were identified by the Committee. The Council has accepted the Report of this Committee.

5. The Fitment Committee considered the issue of rates on handicraft items (as identified by the Handicraft Committee). The Fitment Committee adopted the following principle for deciding the rates of handicraft items, -

a) A GST rate of 5% on items which are made of basic raw material that are exempt or attract 5% rate; or
b) A GST rate of 12% on items which are made of raw material which already attract higher rate like metal

6. After detailed examination, the Fitment Committee has recommended change in GST rate on 17 items, while no change in GST rate has been suggested for 21 items as they already attract lower GST rate (12%/5%) either in pursuance to decisions taken in the 21st meeting of the GST Council or as prescribed originally. For identification of handicraft items, the definition as proposed by the Handicraft Committee (which has been approved by the GST Council) shall be applied. On two items relating to footwear the Fitment Committee took a view that the same could be reviewed alongside the review of GST rate structure in general on footwear.

7. The Committee also noted that certain items had already been prescribed at lower rate of 12% after the 21st meeting of the GST Council. Further certain items already attract lower GST rate of 12%/5%. Status quo would be maintained in respect of items on GST rates were reduced earlier in pursuance to the decision in the 21st GST Council irrespective of the fact that certain items may not be included in the Report of the Handicraft Committee. Further, vide notification No. 32/2017-Central Tax, casual taxable person has been allowed exemption from registration upto a threshold of Rs 20 lakh if he is dealing with the handicraft items (even though he may be making inter-state supplies). Certain items contained in this notification do not figure in the list proposed by the Handicraft Committee. The benefit would continue in respect of such item under the notification No. 32/2017-CT, even though not

included in the Report of Handicraft Committee. The same benefit would be extended to the items now identified by the Handicraft Committee.

8. The recommendation of the Fitment Committee in respect of the handicraft items is summarised below (next page):

| S. No. | Description | HSN | Present GST Rate (%) | Recommended GST rate (%) |
|---|---|---|---|---|
| 1. | Handbags including pouches and purses; jewellery box | 4202 22<br>4202 29<br>4202 3110<br>4202 3190<br>4202 32<br>4202 39 | 12 or 18 % | 12 % |
| 2. | Wooden frames for painting, photographs, mirrors etc | 4414 00 00 | 18 % | 12 % |
| 3. | Art ware of cork [including articles of sholapith] | 4503 90 90<br>4504 90 | 18 % | 12 % |
| 4. | Handmade carpets and other handmade textile floor coverings (including namda/gabba) | 57 | 12 % | 5 % |
| 5. | Handmade lace | 5804 30 00 | 12 % | 5 % |
| 6. | Hand-woven tapestries | 5805 | 12 % | 5 % |
| 7. | Hand-made braids and ornamental trimming in the piece | 5808 10 | 12 % | 5 % |
| 8. | Stone art ware, stone inlay work | 6815 99 90 | 18 % | 12 % |
| 9. | Ornamental framed mirrors | 7009 92 00 | 18 % | 12 % |
| 10. | Glass statues [other than those of crystal] | 7018 90 10 | 18 % | 12 % |
| 11. | Glass art ware [ incl. pots, jars, votive, cask, cake cover, tulip bottle, vase] | 7020 00 90 | 12% or 18 % | 12 % |
| 12. | Art ware of iron | 7326 90 99 | 18 % | 12 % |
| 13. | Art ware of brass, copper/ copper alloys, electro plated with nickel/silver | 7419 99 | 18 % | 12 % |
| 14. | Aluminium art ware | 7616 99 90 | 18 % | 12 % |
| 15. | Handcrafted lamps (including panchloga lamp) | 9405 10 | 12 or 18 % | 12 % |
| 16. | Worked vegetable or mineral carving, articles thereof, articles of wax, of stearin, of natural gums or natural resins or of modelling pastes etc, (including articles of lac, shellac) | 9602 | 18 % | 12 % |
| 17. | Ganjifa card<br>[There are two other items enumerated in handicraft list namely, Gamocha and Pasoli. Gamocha already attracts 5% GST. Pasoli is not a clear item. The same need to be checked with J&K] | 9504 | 18 % | 12 % |
| 18. | Handcrafted candles | 3406 | 12 % | 12 % |
| 19. | Carved wood products, art ware/decorative articles of wood (including inlay work, casks, barrel, vats) | 4416,<br>4421 99 90 | 12 % | 12 % |
| 20. | Statuettes & other ornaments of wood, wood marquetry & inlaid, jewellery box, wood lathe and lacquer work [including lathe and lacquer work, ambadi sisal craft] | 4420 | 12 % | 12 % |
| 21. | Mats, matting and screens of vegetable material, basketwork, wickerwork and other articles of vegetable materials or other plaiting material, articles of loofah (including of bamboo, rattan, canes and other natural fibres, dry flowers (naturally dried), articles thereof, ringal, raambaan article, shola items, Kouna/chumthang (water reeds) crafts, articles of Water hyacinth, korai mat] | 4601 and 4602 | 5 % | 5 % |
| 22. | Articles made of paper mache | 4823 | 5 % | 5 % |
| 23. | Coir articles | 5607, 5609 | 5 % | 5 % |
| 24. | Embroidery in the piece, in strips/in motifs | 5810 | 5 or 12 % | 5 or 12 % |
| 25. | Handmade/hand embroidered shawls | 6117, 6214 | 5 or 12 % | 5 or 12 % |

| | | | | |
|---|---|---|---|---|
| 26. | Carved stone products (e.g., statues, statuettes, figures of animals, writing sets, ashtray, candle stand) | 6802 | 12 % | 12 % |
| 27. | Tableware and kitchenware of clay and terracotta, other clay articles | 6912 00 10<br>6912 00 20<br>6912 00 40 | 12 or 0 % | 12 or 0 % |
| 28. | Statuettes & other ornamental ceramic articles (incl blue potteries) | 6913 90 00 | 12 % | 12 % |
| 29. | Bangles, beads and small ware | 7018 10 | 0 or 5 % | 0 or 5 % |
| 30. | Silver filigree work | 7113 11 10 | 3 % | 3 % |
| 31. | Handmade imitation jewellery (including natural seeds, beads jewelry, cardamom garland) | 7117 | 3 % | 3 % |
| 32. | Bells, gongs and like, non-electric, of base metal; statuettes, and other ornaments, of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal; (including Bidriware, Panchloga artware, idol, Swamimalai bronze icons, dhokra jaali) | 8306 | 12 % | 12 % |
| 33. | Dhol, damru, ransingha, jhanj, taal [handmade musical instruments]<br>[Other handmade musical instruments are already exempted by Council<br>If these items do not figure there, the same shall be added] | 92 | 0 % | 0 % |
| 34. | Furniture of bamboo, rattan and cane | 9401 50, 9403 80 | 12 % | 12 % |
| 35. | Dolls or other toys made of wood or metal or textile material [incl wooden toys of sawantwadi, Channapatna toys, Thanjavur doll) | 9503 | 12 % | 12 % |
| 36. | Worked articles of ivory, bone, tortoise shell, horn, antlers, coral, mother of pearl, seashell other animal carving material | 9601 | 12 % | 12 % |
| 37. | Hand paintings drawings and pastels (incl Mysore painting, Rajasthan painting, Tanjore painting, Palm leaf painting etc) | 9701 | 12 % | 12 % |
| 38. | Original sculptures and statuary, in metal, stone or any other material | 9703 | 12 % | 12 % |
| 39. | Kolhapuri chappals and similar footwear [ladhaki shoes] | 6403 20 40 | 5 or 18 % | May be considered with review of footwear structure |
| 40. | Footwear with uppers of jute textile material | 6404 19 90 | 5 or 18 % | May be considered with review of footwear structure |

## Annexure III

## GST rate on services - Recommendations on proposals found acceptable by Fitment Committee

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th>Recommendation of Fitment Committee</th></tr>
<tr><td>1.</td><td>Exemption from GST on premium paid by State governments for implementing PMRSSM</td><td>Govt. of India has approved Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) to be launched in 2018-19 which will provide health protection cover upto Rs 5 lakh to more than 10 crore beneficiary families of poor, vulnerable and disadvantage sections of populations, identified out of the Socio-Economic Caste Census database. States have an option to implement the scheme though insurance companies, or directly through trust/society, or in a mixed mode. The premium between the Centre/State/UT under PMRSSM shall be shared in the ratio as per the Ministry of Finance instructions in vogue.</td><td>Recommendation: Clarification may be issued that the service is already exempt.<br><br>1. The Union Cabinet chaired by the Hon’ble Prime Minister on 21.03.2018 approved the launch of a new Centrally Sponsored Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) also called as Ayushman Bharat -National Health Protection Mission (AB-NHPM) having central sector component under Ayushman Bharat Mission anchored in the Ministry of Health and Family Welfare (MoHFW). The scheme has the benefit cover of Rs. 5 lakhs per family per year. The target beneficiaries of the proposed scheme will be more than 10 crore families belonging to poor and vulnerable population based on SECC database. AB-NHPM will subsume the on-going centrally sponsored schemes –Rashtriya Swasthya Bima Yojana (RSBY) and the Senior Citizen Health Insurance Scheme (SCHIS).<br>2. A comparison between RSBY and PMRSSM is made as under: -<br><br>
<table>
<tr><th>Sl. No</th><th>Salient Feature</th><th>RSBY</th><th>PMRSSM</th></tr>
<tr><td>1</td><td>Year of Launch</td><td>2008-09</td><td>2018-19</td></tr>
<tr><td>2</td><td>Scheme Category</td><td>Centrally Sponsored Scheme</td><td>Centrally Sponsored Scheme</td></tr>
<tr><td>2</td><td>Targeted Beneficiaries</td><td>Poor, deprived rural families and identified occupational category of urban workers' families</td><td>Poor, deprived rural families and identified occupational category of urban workers' families</td></tr>
<tr><td>3</td><td>Insurance Coverage</td><td>Health insurance up to ₹30,000 per family per year in any of the empanelled hospitals</td><td>Health insurance upto 5 lakh rupees per family per year in any of the empanelled hospitals</td></tr>
<tr><td>4</td><td>Funding of Premium</td><td>The expenditure incurred in premium payment will be shared between Central and State Governments in specified ratio as per Ministry of Finance guidelines in vogue</td><td>The expenditure incurred in premium payment will be shared between Central and State Governments in specified ratio as per Ministry of Finance guidelines in vogue.</td></tr>
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</td></tr>
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<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th>Recommendation of Fitment Committee</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>5</td><td>Subsuming any previous scheme?</td><td>Newly launched scheme</td><td>Subsume the on-going centrally sponsored schemes –Rashtriya Swasthya Bima Yojana (RSBY) and the Senior Citizen Health Insurance Scheme (SCHIS)</td></tr>
</table>
<br>3. The expenditure incurred in premium payment will be shared between Central and State Governments in specified ratio as per Ministry of Finance guidelines in vogue. The total expenditure will depend on actual market determined premium paid in States/ UTs where AB-NHPM will be implemented through insurance companies. In States/ UTs where the scheme will be implemented in Trust/ Society mode, the central share of funds will be provided based on actual expenditure or premium ceiling (whichever is lower) in the pre-determined ratio.<br><br>4. Since the total premium of PMRSSM is funded by Central and State Governments, GST levied on the premium will become additional cost to Governments. Since total premium under the scheme is to be paid by the Central/State Governments, the services of general insurance business provided under Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) would be covered by S. No. 40 of notification No 12/21017-CTR and this may be communicated to CEO, PMRSSM.</td></tr>
<tr><td>2.</td><td>Request for exempting supply of services to and by Educational Boards to students for conduct of examination from levy of GST. Also, to clarify that the various State and Central educational boards are educational boards as defined in the notification issued under GST Act.</td><td>Sahitya Mudranalaya Pvt. Ltd. provide services to Gujarat Secondary and Higher Secondary Education Board (GS&HSEB), Maharashtra State Board of Secondary and Higher Secondary Education (MSB&HSE), Maharashtra State Councils of Examination (MSCE), Gujarat & Technical University (GTU) for conduct of examination. Such services are Barcode printing and scanning, OMR scanning, data entry for examination of certain Boards, printing of certificates, books/ study materials</td><td>Recommendation: Services provided by educational boards may be exempted but not the services provided to the boards.<br><br>Vide clause 2(y) of notification No. 12/2012-CT (R) “educational institution” is defined to mean an institution providing services by way of:<br>(i) pre-school education and education up to higher secondary school or equivalent;<br>(ii) education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force;<br>(iii)education as a part of an approved vocational education course.<br>The definition as provided above does not cover State Educational Boards, Central Government Boards and autonomous organizations responsible for administration of education in India. These boards are engaged for educational purposes, conduct of board examination, preparation of curriculum, prepare courses of studies, text books, teaching materials etc., issuance of certificates of the examinations conducted by the Board and equivalence certificate to the examinations of other State Boards, training of teachers, annual survey of school education and many more. All of these works are incidental to education and directly related to promotion of education.<br>The services provided by these boards by way of conduct of examination would entail certain services which they provide themselves or are outsourced to private entities. These services</td></tr>
</table>

| Sl. No. | Proposal | Justification given in support of the proposal | Recommendation of Fitment Committee |
|---|---|---|---|
| | | and question papers etc. It has been further stated that if these mentioned Boards are not considered educational institution, then a Pandora's box would open. | would include the services in the nature of Barcode printing and scanning, OMR scanning, printing of text books, printing of question papers and answer sheets, OMR sheets etc.<br>Further definition at clause 2 (zfa) of notification No 12/2017- CT (R), defines "Government Entity" to mean an authority or a board or any other body including a society, trust, corporation,<br>(i) set up by an Act of Parliament or State Legislature; or<br>(ii) established by any Government, with 90per cent. or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority.<br>Most of the state boards and central boards are either board/ society covered under Society Registration Act, 1860 and set up by an Act of Parliament or State Legislature. Therefore, all these examination Boards are Government Entity barring few.<br>With effect from 13.10.2017 vide sl. no. 9C of notification No. 12/2017- CT (R), supply of service by a Government Entity to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants are exempt from GST.<br>Therefore, vide sl. no. 9C of above notification, any grant received by these educational boards for providing services to the government or any student (or any other person) are exempt. If any board receives Grants from Govt. to provide services in relation to conduct of examination or entrance examination would be exempt under GST. However, most of the cases Boards collect admission fee directly from students for sitting in the examination. Therefore, the Board shall have to pay GST.<br>Under GST, services provided to an educational institution relating to admission to, or conduct of examination by, such institution are exempt vide sl. No. 66 of notification No. 12/2017- CT (R). Since Boards are directly providing services to students in relation to conduct of examination, ultimate burden of GST will fall on students. |
| 3. | Request for exemption from GST on the following: -<br>1. Internal transactions, i.e. transactions between the Auroville Foundation Trusts, units and Auroville residents.<br>2. Exemption from GST on 'maintenances' paid to Aurovilians | The Government of India notified the constitution of Auroville Foundation as a statutory body on 29th January 1991 as per the Auroville Foundation Act 1988, under the Department of Education, Ministry of Human Resource Development. With this notification, all the undertakings of Sri Aurobindo Society, | **Recommendation: It may be clarified to Auroville foundation that 'maintenance' paid by it to Aurovilians is not liable to GST.**<br><br><u>I. Internal transactions, i.e. transactions between the Auroville Foundation Trust and its units</u><br>1. Section 25(4) of CGST Act provides that a person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of CGST Act. Schedule I of the CGST Act, para 2 provides that supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business shall be treated as supply even if made without consideration. Therefore, |

| Sl. No. | Proposal | Justification given in support of the proposal | Recommendation of Fitment Committee |
|---|---|---|---|
| | 3. Exemption from registration under GST for the small units of the Auroville Foundation having turnover below GST threshold limit.<br><br>GST may continue to be charged on supplies received or supplied by Auroville Foundation from or to third parties. | Puducherry relatable to Auroville with all its assets, etc., stood transferred to and vested in the Foundation.<br>Its Chairman and the members of the Governing Board and the members of the Internal Advisory Council are appointed by the Government of India. Today more than 45 trusts and departments are part of the Foundation. Together they hold over 400 units and activities. The income generated by the units is entirely used for meeting the objectives of the Auroville Foundation.<br>As per Section 23 of the of the Auroville Foundation Act, 1988, to enable the foundation to discharge its functions as per the Act, Central Government pay sums of money to the Foundation by way of grant, loan or otherwise in each financial year.<br>The accounts of the Foundation are maintained in such form as prescribed by the Central Government in consultation with the Comptroller and Auditor General of India. The accounts of the Foundation as audited and certified by CAG are forwarded annually to the Central Government and same | transaction between two entities having distinct GSTIN numbers is subject to GST.<br>2. The request is not for exempting supplies received by Auroville from third parties. The request is for exempting *inter se* supplies among Auroville Foundation, Trusts under it and its units. Auroville has canteens, cafeterias, botanical garden, movie theatres, book shops, business premises, commercial business units, conference seminar halls, guest houses, horse riding facilities, laboratories for conducting medical tests, water & soil tests and many others.<br>3. It is seen from the papers submitted by representatives of Auroville Foundation during the meeting with JS TRU II on 02-05-2018 that all the units/ trusts of the Foundation have the same PAN. However, they have taken separate registrations for 70 trusts and units having same PAN, in view of the provision in section 22 (2) of CGST Act that every person who was registered under VAT/ST was liable to take registration under GST. These 70 trusts/ units are located only in 2 States, namely Tamil Nadu and Puducherry. They have the option of cancelling separate registrations for different trusts and take only 2 registrations in TN and Puducherry. However, this would not completely resolve the issue as the transactions between distinct entities in TN and Puducherry would be taxable.<br>4. <u>As per their letter dated 11-5-2018, there are 370 units in Auroville of which 202 units have turnover of less than Rs 20 lakhs. Auroville would be satisfied if these 202 units are exempted from GST and registration, in which case majority of their problems would be solved. The other 168 units would continue to be registered</u>. They have further stated in their letter that prior to GST, these units were paying sales tax but not service tax as service transactions between units of Auroville Foundation were exempted. A number of these units are providing education and health services and hence exempt from ST and GST.<br>5. It is felt that with a single PAN, all supplies have to be clubbed, in which case clearly, it is more than Rs 20 lakhs.<br>Therefore, no action. They may be advised to get a suitable software developed for implementation of GST.<br><br><u>II. Exemption from registration under GST for the small units of the Auroville Foundation having turnover below GST threshold limit.</u><br>1. As per section 22 (1) of the CGST Act, 2017 if the aggregate turnover of any of the units/ verticals of Auroville Foundation in a financial year does not exceed twenty lakh rupees, then there is no liability on the part of such units to be registered under GST Act. However, as they have a single PAN, the values of all clearances have to be clubbed.<br>Therefore, no action.<br><br><u>III. Exemption from GST on 'maintenances' paid to Aurovilians</u><br>1. The maintenance is paid to individuals who cannot support themselves. The majority depend on the 'maintenance' (a monthly sum which is usually just enough to meet the basic needs of living in Auroville) which they receive from the trust/unit for community service they work for. Those who are financially self-reliant are not |

| Sl. No. | Proposal | Justification given in support of the proposal | Recommendation of Fitment Committee |
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| | | is laid before the Parliament.<br>Auroville Foundation has one PAN under which it manages 36 management trusts and 299 units. As of now it has about 70 GST numbers, half of which were transferred/ migrated from Sales/ Service Tax and half of which are new applications. Most of the units have a turnover of less than Rs. 20 lakhs.<br>Auroville Units have to pay GST when making internal transactions. Units with turnover of less than 20 lakh have to pay GST because they have registered under a single PAN. It is technically difficult to monitor all its GST numbers.<br>Auroville attracts people from all over the world who freely offer their services. Those who can't support themselves, receive a minimum 'maintenance' of about Rs 15000/- per month from the Auroville's central Fund. There is no employee-employer relationship. Hence the maintenance paid to the individuals attracts GST. | paid maintenance even though they perform the same community service. Further, there is no direct correlation in the amount of maintenance, which is a fixed amount, and the quantum or quality of service. Hence, it will not be proper to view the maintenance as a quid-pro-quo for the service offered by the Auroville residents. It is more of a subsistence allowance. However, the relationship is not of employer-employee between Auroville and its residents. This maintenance is not paid to any outsider/ public but only to Auroville residents (Aurovillians).<br>Therefore, we may clarify to Auroville foundation that 'maintenance' paid by it to Aurovillians is not liable to GST.<br>Donations: - Donations received by Auroville foundation is free from GST as long as there is no supply of goods or services in lieu of such donation (lack of quid pro quo). |
| 4. | Directorate General of Training [DGT], Ministry of Skill Development and Entrepreneurship, Govt. of India, New Delhi has requested for exempting GST | In the request made it has been stated that the Sl. No. 66 and Sl. No. 69 of the notification No. 12/2017- CT (R), dated 28.06.2017 covers only educational institutions | **Recommendation: It may be clarified that the courses run by private ITIs for non-designated trades are taxable under GST**<br><br>ITIs are Government or Private. Government ITIs work under the administrative control of the State Government and Private ITI's under the control of the respective private Management. Affiliation is granted by NCVT based on approval by the NABET under Quality Council of India. |

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| | on fee and examination fee for the Craftsmen Training Programmes (CTS) conducted through Industrial Training Institutes (ITIs) spread across the country. | and skill training courses offered by National Skill Development Corporation respectively. Unfortunately, training in Industrial Training Institutes (ITIs) under Craftsmen Training Scheme (being imparted through ITIs) does not fall in any of the above two categories, as these are vocational/ skill training institutions and not educational institutions. Further it has also been stated that State Government of Madhya Pradesh has included 18% GST in the examination fee of the students of ITIs. Trainees of ITIs belong to economically and socially weaker section of the society. ITIs in the country are the backbone of the vocational training system and play a vital role in the economy of the country in terms of providing skilled manpower to the industry from the year 1956. Therefore, extra burden in terms of GST on the examination fee may not be imposed on them. | 2. Services provided by Government ITI, being Government, to individual trainees/students, would be exempt under the existing exemption in GST [Sl. No. 6 of 12/2017-CTR] as services provided by Central Government, State Government etc. to individuals.<br><br>3. As far as private ITIs are concerned, they would qualify as an educational institution if the education provided by ITI is approved vocational educational course. The approved vocational educational course has been defined to mean a course run by an ITI or an Industrial Training Centre affiliated to NCVT (National Council for Vocational Training) or SCVT (State Council for Vocational Training) offering courses in designated trade notified under the Apprenticeship Act, 1961; or a Modular employable skill course, approved by NCVT, run by a person registered with DG Training in Ministry of Skill Development.<br><br>4. Therefore, services provided by ITI in respect of designated trades notified under Apprenticeship Act, 1961 are exempt from GST and so is the service of conduct of examination against consideration in the form of entrance fee and services relating to admission to or conduct of examination by such institution.<br><br>5. The question is with respect to other trades, i.e. not designated trades, which could be in the nature of short-term courses carried out in ITIs or ITCs (Industrial Training Centres), whether these are exempt from GST.<br><br>Since the designated trades notified under the Apprentice Act provided by ITIs affiliated to NCVT or SCVT were exempt under Service Tax and the same exemption has been carried forward in GST, we may clarify thatthe courses run by private ITIs for non-designated trades are taxable under GST. |
| 5. | The companies in banking and financial services sector conduct their business operations through various dealers and distributors [commonly known as | DSAs, who are mainly from the small and medium enterprise segments, operate on very thin margin and find it challenging to cope with the requirements of the GST compliance | **Recommendation:**<br>**1. Liability to pay GST on services provided by individual DSAs to banks/NBFCs may be placed under reverse charge on the banks/NBFCs. However, services by non-individual NBFCs (corporate, partnership firms) to banks/NBFCs would continue under forward charge, as at present.**<br>**2. Issue of compulsory registration by agents providing services, to be examined by Law Committee as small commission agents of services are not getting benefits of threshold exemption.** |

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| | Direct Selling Agents (DSA)] spread across India. The companies provide financial services of lending against consumer durables, etc. and pay commission to such dealers (DSA) engaged in selling of such goods since they generate business for the companies. In case where the services are provided by DSA to banks /NBFCs, the **obligation to discharge the GST should be shifted to the recipient of service** i.e. the banks / NBFCs. | provisions. These DSAs consisting of several thousands in numbers are spread across the country. The commissions are paid to large majority of DSAs by the banking and financial companies (including non-banking financial companies) which are large corporations having robust teams to ensure compliances with the GST provisions. RCM would ensure that-<br>1. The Government receives the tax amount on such services provided by DSAs on a timely basis;<br>2. The burden of undertaking GST compliances shifts from DSAs to Banks/ NBFCs which would provide ease of doing business to such small businesses;<br>3. No leakage of revenue for the Government;<br>4. Better administration for the bank/ NBFCs;<br>5. Overall, this would help in better governance and administration for the trade and Government. | 1. Direct Selling Agent (DSA) are individual persons or body corporate engaged by financial institutions or a business to act as sales agents on its behalf. A Direct Selling Agent is not on the rolls of the company, provides services for a fixed period of contract and is paid performance linked compensation. They, thus, provide service to Banks/ NBFCs.<br>2. The objective of taxation of services under reverse charge mechanism (RCM) is to tax economic activity of the unorganized sector or small tax payers by way of collecting tax from the organized sector or large tax supply recipient.<br>3. By bringing in tax payment of DSAs under RCM, Banks / NBFCs will be required to pay the GST. There will be less defaults and evasion in payment of GST as commission / compensation payable to DSAs will be paid post adjustment of GST and will be like payment of TDS by these companies. DSAs, who are mostly small and medium enterprises, will be freed from the compliance burden of GST relating to payment, return filing and record keeping for ITC etc. and will increase their ease of doing business.<br>4. In Service Tax regime business with turnover up to Rs. 10 lacs were exempt and the value of the services exempt from Service Tax were not includible for the purpose of computation of the value of Rs. 10 lacs. In GST, the limit for seeking registration and payment of GST has been enhanced to Rs. 20 lacs except in case of special category States where such limit is Rs.10 lacs. However, the aggregate value for threshold in GST includes value of exempt supplies and export of goods and services and also the aggregate value includes turnover of the same Permanent Account Number(PAN) on all India basis. Therefore, in GST even though the threshold has increased from Rs. 10 lacs to Rs. 20 lacs but due to inclusion of exempt supplies in the aggregate turnover, some DSAs who were earlier exempt from registration might have come under the tax net in GST regime.<br>5. This is for the reason that these DSAs (which are partnership firms, corporates etc) procure various GST paid goods and services (such as renting of property, security services, telephone, business travel, stationery, audit fee, consultancy charges, manpower procurement charges etc.). The quantum of GST paid on these inputs for the purpose of providing output services is reasonably large. If their output service is placed under RCM, they would not be able to avail the ITC of the GST paid on goods/services purchased by them in the course of providing the output services. Consequently, all ITC become a part of their cost. This is cascading resulting in significant additional cost which could have been otherwise set off by the availment of ITC. Moreover, under section 17 (3) of GST Act, the large DSAs would be required to reverse ITC in proportion to their output supplies under reverse charge. This would be a double whammy. This will happen with large DSAs and they may not want to forego the input tax credit. Further, DSAs were liable to service tax and were complying with the procedures in the erstwhile service tax regime as well. |

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| | | | However, given the large number of DSAs and their concerns with respect to compliance, and considering potential benefit like ease of business, administration of tax and expected buoyancy in tax revenues, services provided by individual DSAs to banks/NBFCs may be placed under reverse charge on the banks/NBFCs. However, services by non-individual NBFCs (corporate, partnership firms) to banks/NBFCs would continue under forward charge, as at present. |
| 6. | To exempt the services provided by FSSAI to food business operators (FBO). | The service of licensing, testing services provided by State Food Safety Authority are exempt under notification 12/2017-CT(R). [Notification No. 12/2017-CT(R), S. No. 47 exempts services provided by the Central Government, State Government, Union territory or local authority by way of- (a) registration required under any law for the time being in force; (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force.]<br><br>Commissioner of Food Safety of the State, designated officers, food safety officers are entrusted with enforcing the FSS Act. In this regard the State licenses to FBO are issued by designated officer (who shall not be below the rank of a Sub-Divisional Officer, appointed under section 36 (i) of | **Recommendation: Services provided by FSSAI to food business operators may be exempted.**<br><br>1. The State authorities issue licenses to those Food Business Operators (FBOs) which are not required to take licence from the Central Licensing Authority. Such businesses generally have a turnover of uptoRs 20 Crores and include petty food business [Regulation 2.1.1 of Food Safety and Standards (Licensing and Registration of Food Businesses)]. These businesses may be unregistered or registered under composition scheme and may not be in a position to avail ITC, hence an exemption to the services provided by State Food Safety Authority by way of registration, testing, etc. is both appropriate and essential to boost the small businesses.<br><br>2. However, in case of FBOs required to take license from Central Licensing Authority (FSSAI) [Schedule 1 to the Food Safety and Standards (Licensing and Registration of Food Businesses)], GST is payable on the fee charged by FSSAI as FSSAI is a body corporate and not Central Government and thus not covered by the said exemption. GST paid on such licences issued by FSSAI is available to the business entities as input tax credit which they may utilize for discharging their outward GST tax liability. Granting exemption on such services provided by FSSAI will result in ITC of FSSAI getting blocked; input taxes will stick to FSSAI as cost making its services costlier.<br>3. However, with a view to provide equal treatment to the functions performed by Central Licensing Authority and State/UT Licensing Authorities, the aforesaid services [S No 47 of notification No 12/2017-CTR] when provided by FSSAI may also be exempted from GST. |

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| | | the Food Safety Act by the Commissioner of Food Safety of the State) which essentially means that the services are provided by the State Government in respect of registration/license required under FSS Act or testing services provided.<br>However, the same functions performed by FSSAI are subject to tax as FSSAI is a body corporate and does not fall under the definition of Government. | |
| 7. | To clarify that grant of right of way amounts to renting of immovable property and the same is taxable under reverse charge vide entry at Sl. No. 5A of the notification No. 13/2017-CT(R). | The Fitment Committee in its meeting held on 9th, 10th and 13th January observed that the supply of grant of right of way by Government to a business entity, amounts to renting of immovable property and recommended to the GST Council to put the tax on the same under reverse charge mechanism.<br><br>West Bengal had also requested that renting of immovable property by local authority to registered person should be under reverse charge in order to save the local authorities from compliance burden. The request was accepted by the GST Council. Accordingly, the said service has been put under RCM vide notification No. 3/2018-CT(R) dated | **Recommendation: 1. To avoid any disputes in this regard, an explanation may be inserted in notification No. 13/2017-Central Tax(Rate) as under,-**<br>**"renting of immovable property" means *"allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property*" [In line with definition of renting in section 65B(41) in Finance Act, 1994]**<br><br>**2. The same explanation may be introduced in corresponding reverse charge notifications under SGST, UTGST and IGST.** |

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th>Recommendation of Fitment Committee</th></tr>
<tr><td></td><td></td><td>25.01.2018 amending notification No. 13/2017-CT(R) dated 28.06.2017.</td><td></td></tr>
<tr><td>8.</td><td>Number of digits to be shown in a tax invoice for supply of service should be revised (4 digits onward) so that valuable information with respect to various services supplied is captured for both revenue monitoring and efficient policy decisions.</td><td>Under GST, a registered person upto an annual turnover of Rs 1.5 crore is not required to indicate HSN code in the tax invoice. Dealers having annual turnover of more than Rs. 1.5 crores and uptoRs. 5 crores are required to indicate 2 digits of HSN code. Finally, dealers having annual turnover of more than Rs. 5 crores are required to indicate 4 digits of HSN code.<br><br><table><tr><th>Sl. No.</th><th>Annual turnover in the preceding financial year</th><th>Number of digits of service code</th></tr><tr><td>1.</td><td>UptoRs. 1.5 crores</td><td>Nil</td></tr><tr><td>2.</td><td>More than Rs. 1.5 crores and uptoRs. 5 crores</td><td>2</td></tr><tr><td>3.</td><td>More than Rs. 5 crores</td><td>4</td></tr></table><br>This has implications for the services sector. This is for the reason that all services are classified in Chapter 99 in GST. Thus, in effect, a registered person having an annual turnover of uptoRs. 5 crores, in</td><td>Recommendation: The number of digits of service code required to be declared by taxpayers turnover wise may be revised and proposal may be considered by Law Committee in conformity with the Law Committee’s recommendation on return design.<br><br>It is felt that the number of digits of service code required to be declared by taxpayers turnover wise should be as follows:<br>(The proposal shall be implemented w.e.f. when GSTN is ready to implement it.)<br><table><tr><th>Sl. No.</th><th>Annual turnover in the preceding financial year</th><th>Number of digits of service code</th></tr><tr><td>01.</td><td>Upto Rs. 20 lakhs</td><td>Nil</td></tr><tr><td>02.</td><td>More than Rs. 20 lakhs and upto Rs. 5 crores</td><td>4 (i.e. 99 + 2 more)</td></tr><tr><td>03.</td><td>More than Rs. 5 crores</td><td>6 (i.e. 99 + 4 more)</td></tr></table></td></tr>
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| | | effect shows only 99 in his tax voice. While service providers having annual turnover of more than Rs. 5 crore show in effect 2 digits. At the 4-digit level, there are 31 number of entries.<br>As against this in the service tax regime, there were 120 service tax accounting codes. 119 of these were for specific services. While the last code was for other taxable services i.e. other than the 119 listed. As a result, there will be huge loss of data w.r.t. individual services. It is pertinent to point out here that there is no e-way bill for supply of services. Therefore, we need to have separate annual turnover limits for a service provider to be indicated by him in his tax invoice.<br>The following points reasons out as to why there should be a revision of the number of digits of service code to be displayed in a tax invoice issued by a supplier of service: -<br>a. The exemption from registration under Central Excise was Rs 1.5 crores of annual turnover, while the same under service tax was only Rs 10 lakhs of annual turnover. In the GST regime, the exemption from registration is Rs 20 lakhs of annual | |

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| | | turnover. Therefore, while the notification No. 12/2017 Central Tax dated 28.06.2017 addressed the issue of burdening SMEs with excess compliance, at the same time it created a scenario where the erstwhile registered service tax assesses are not required to mention service code uptoRs 1.5 crores or to mention digits "99" between Rs 1.5 crores to Rs 5 crores of annual turnover.<br>b. It is pertinent to mention that in the scheme of classification of services, the first two digits are "99" which denotes that the said supply is a service, whereas in case of goods, the first two digits of HSN describes the category of goods (Chapter code) in broad sense. Thus, a registered person having annual turnover between Rs 1.5 crore and 5 crores in the preceding financial year would mention only two digits, i.e. "99" which would erode the statistical information contained in each transaction by a business entity having a turnover uptoRs 5 crores, which was available in the service tax regime.<br>c. It is important to note that in the service tax regime the business | |

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| | | entities operating pan India often had centralized registration and thus the annual turnover would have been above rupees 5 crores, while the same entities in the GST regime are required to take State wise registration, which will drastically divide the annual turnover, bringing them in the category of registered person who are required to mention only two digits/Nil digits of service code in the invoice. | |
| 9. | Request to exempt levy of GST on e-books | GST schedule does not specify any rate for e-books which is categorized as service, thus 18% rate is applicable.<br><br>It is technology of future and aims at improving digital literacy. | **Recommendation: GST rate on or supply consisting only of e-books for which print version exists may be reduced to 5%.**<br><br><u>What are e-books:</u><br>1. E-book is a book publication made available in digital form, consisting of text, images, or both, readable on the flat-panel display of computers or other electronic devices.<br><br>1.1 HSN explanatory notes to Chapter heading 4901 covers "Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets". It elaborates that the heading covers books and booklets consisting essentially of textual matter of any kind, and printed in any language or characters, including Braille or shorthand. They include literary works of all kinds, text-books (including educational workbooks sometimes called writing books), with or without narrative texts, which contain questions or exercises (usually with spaces for completion in manuscript); technical publications; books of reference such as dictionaries, encyclopedias and directories (e.g., telephone directories, including " yellow pages "); catalogues for museums and public libraries (but not trade catalogues); liturgical books such as prayer books and hymn books (other than music hymn books of heading 49.04); children's books (other than children's picture, drawing or colouring books of heading 49.03).<br><br>1.2 As per the definition of book, its content is essentially limited to textual matter. The content which is primarily in the physical form of book may also manifest itself into digital form which is nothing but e-book. |

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| | | | Whether sale of e-books amounts to supply of service?<br>2. Most e-book publishers use digital rights management (DRM) which is a set of access control technologies for restricting the use of proprietary hardware and copyrighted works tied to their products. Generally, they claim that digital rights management is meant to prevent illegal copying of the e-book. The e-books sold by most major publishers and electronic retailers, which are Amazon.com, Google, Barnes & Noble, Kobo Inc. and Apple Inc., are DRM-protected and tied to the publisher's e-reader software or hardware.<br><br>3. Furthermore, publishers who sell e-books to libraries, only give libraries a limited license to the title in most cases. This means the library does not own the electronic text but that they can circulate it either for a certain period of time or for a certain number of check outs, or both.<br><br>4. Thus e-books are not sold as an independent intangible asset but are linked to publisher's software or hardware which essentially limits the distribution or transfer of title of the said e-book and therefore is in nature of Online content services.<br><br>5. It is pertinent to mention that due to proprietary and licensing concerns e-books are generally not sold as standalone content on recordable media and is often linked to the publisher's e-reader software or hardware.<br><br>Service Tax regime<br>6. Supply of e-books (*provision of e-books via telecommunication networks or internet)* were covered under online information and database access or retrieval OIDAR services.<br>The OIDAR services were made taxable from 16.07.2001 and was covered under section 65(105)(zh) of Finance Act, 1994 *"to any person, by any person, in relation to on-line information and database access or retrieval or both in electronic form through computer network, in any manner;*"<br>and OIDAR has been defined in section 65(75) as *"on-line information and database access or retrieval" means providing data or information, retrievable or otherwise, to any person, in electronic form through a computer network;"*<br>7. These services provided by business entity in non-taxable territory in B2C transaction were taxable from 1st December 2016, vide notification Nos. 46/2016-ST, 47/2016-ST, 48/2016-ST and 49/2016-ST all dated 9.11.2016. B2B transaction in case of services provided by a business in non-taxable territory was taxable prior to this.<br><br>GST regime<br><br>8. Supply of e-books are covered under the service code 998431, "On-line text-based information such as online books, newspapers, periodicals, directories and the like". |

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| | | | 9. As per UN CPC "Licensing services for the right to use intellectual property and similar products" does not cover limited end user licences, which are sold as part of a product (e.g., packaged software, books) are not included in 99733.<br><br>10. Since the supply of physical books attract nil rate of GST and supply of e-books is at 18%, this discourages online reading which is now the more preferred mode and as it also puts pressure on the environment, shifting the readers from physical books to e-books would go a long way in reducing the pressure on the environment. We may extend the benefit only to e-books and not to e-magazines as magazines are covered under the HSN heading 4911.<br><br>11. The request to have lower GST rate for the OIDAR services provided in respect of e-books may be accepted as part of green initiative to have lower carbon foot print and conserve nature.<br><br>We may levy GST @ 5% on or supply consisting only of e- books. We may also explain in the notification that e- books shall mean an electronic version of a printed book (HSN 4901) which can be read on a computer or a hand-held device. |
| 10 | Request to clarify that Excess Royalty Collection Contractor (ERCC) shall be liable to pay GST on the excess royalty collected from the mine lease holder / transporter/ third person so that the mine lease holder is exempt from paying GST under reverse charge<br>OR<br>Request to exempt the levy of GST on the bid amount paid by Excess Royalty Collection Contractor (ERCC) to the Government with retrospective effect. | 1. A royalty contractor (termed as ERCC) is appointed by the Government (Mining Department) exclusively for collecting Royalty on behalf of the Government from Buyer/ End User/ Transporter (Third Party) of Natural Resource without supply of such natural Resource. He pays a fixed amount as (i) Royalty to the Government upfront or in installment and (ii) DMFT (District Mineral Foundation Trust) on actual collection basis against his rights to collect royalty on a specified natural resource from a specified territory. The | **Recommendation: The right to collect royalty supplied by State Govt to ERCC may be exempted subject to submitting an account to the State Government at the end of contract period and state that the amount of GST deposited by miners on royalty is more than GST exempted on the supply of right to collect royalty. And where such amount of GST paid by miners is lesser than the exempted amount, the exemption shall be restricted to the amount of GST paid by the miner and GST shall be paid on the difference by the ERCC.**<br><br>1. The miner engages in mining of natural resources and in lieu of the same pays (i) royalty/dead rent (ii) permit fee (iii) DMFT (District Mineral Foundation Trust) (iv) Lease premium and (v) Late fees to the Government. The service involved in granting of mining lease is not transfer of right to use goods. It is assignment or grant of right to explore and mine minerals. The government in granting mining lease does not grant right to use minerals but the right to search for, mine, bore, dig, drill for, win, work, dress, process, convert, carry away and dispose of the said minerals. Dead rent has been defined in Rajasthan Minor Mineral Concession Rules 2017 to *mean the minimum guaranteed amount payable for mining lease which is calculated as per the area of the lease*, [Rule 2 (xv)]. Lease premium is the amount bid by the mining company for grant of mining lease (Rule 16 of RMMCR 2017).<br><br>2. Thus, GST is leviable on the assignment or grant of right to explore or mine minerals under the above mentioned rules. As the |

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| | | royalty to be collected by a royalty contractor (ERCC) from a buyer/ end user/ transporter of the natural resource is pre-determined by the government and is fixed. The royalty contractor earns his profit once the aggregate amount of royalty collected by him exceeds the amount paid by him to the Government against the rights to collect royalty under the contract.<br><br>2. There are 2 transactions taking place:<br>Transaction 1: Service provided by the Government to the ERCC by way of right to collect royalty from the leaseholders. Here the ERCC shall pay GST on the bid amount under RCM.<br><br>Transaction 2: Supply of service by ERCC to the lease holder for which the royalty and DMFT is collected. The working of ERCC is analogous to a toll collection agent, who gains profit when the total toll collected is in excess of the bid amount for obtaining the right to collect toll. Since in this transaction if the ERCC does not pay GST on the excess royalty collected from the leaseholders and is paid by the | consideration (dead rent, excess royalty, lease premium, DMFT, late fee etc.) is paid by the mining company in lieu of service supplied by the Government, GST on the same is payable under reverse charge mechanism by the mining company directly to the Government exchequer. The GST is payable at the standard rate of 18% under heading 9991 (Public Administration and other Services provided to the Community as a Whole). The GST paid under reverse charge by the mining company is available as ITC which can be used to pay GST on the minerals, mined and supplied.<br><br>2.1 Taxation of the entire activity is as below:<br>i. The mine lease holder (lessee) will pay GST under RCM on the Dead Rent collected by the Mining Department and claim ITC of the same. He shall include the value of royalty, permit fees, other charges etc. in the value of mineral sold by him and charge GST on sale of mined minerals thereby neutralizing its effect on the price of the mineral.<br>ii. The lessee shall also pay GST on the excess royalty paid by him to the ERCC under RCM and avail ITC of the same.<br>iii. The ERCC shall pay GST under RCM on the bid amount paid by him to the Mining department for obtaining the Royalty Collection Contract and avail credit of the same. However, the ERCC shall have no right to charge GST on the Excess Royalty collected by him from the lessees/ transporters/ third person.<br><br>3. The excess royalty collection contractor's (ERCC) job is to collect royalty from the minerals which have been mined. The mining lease holder has an entitlement to mine minerals against this annual dead rent. The mining lease holder is required to pay royalty only if he mines mineral in excess of such entitlement against dead rent. In other words, he pays either royalty or dead rent, whichever is higher.<br><br>3.1 Further excess royalty collection contract has been defined to mean *a contract to collect royalty in excess of annual dead rent and any other charges as may be defined in contract, on behalf of the Government for a specified mineral dispatched by the mining lease.* [Rule 2 (xxiv)of RMMCR 2017].<br>4. Dead rent, excess royalty, permit fee, DMFT (District Mineral Foundation Trust), Lease premium etc. are all part of the consideration paid for the same service provided by the Government to the mining lease holder, that is, the service of assignment or grant of right to explore and mine minerals. The Govt. asks the mining lease holder to pay dead rent and lease premium directly to it but the other part of the consideration, namely, the excess royalty and DMFT to the ERCC. Apparently, the same risk of non-payment is not there in so far as dead rent is concerned because this is an annual payment dependent on the area of the land leased for mining and therefore, the government can collect it itself. However, the excess royalty is required to be paid for each removal of mineral in excess of the entitlement against yearly dead rent and thus rights for its collection are awarded to |

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| | | leaseholders under RCM, the ITC accruing to the ERCC out of transaction 1 would not be available and this would result in double taxation.<br><br>3. In a model where there is no ERCC, the excess royalty is directly collected by Government and the GST on the same is paid by the lease holder under RCM and avail the ITC.<br>However, in case where the ERCC is involved in collection of excess royalty, first the GST is paid under RCM by the ERCC for the bid amount paid by ERCC to the Government. Further, when the excess royalty is collected there is levy of GST, now if this particular supply is under RCM and paid by the leaseholder, there would not be any output supply of the ERCC and hence the benefit of ITC of transaction 1 would not accrue. Therefore, the excess royalty will effectively be taxed twice, once at the hand of ERCC (in form of bid amount) and again at the hands of the lease holder.<br><br>4. Therefore in order to avoid the double taxation of the excess royalty being collected it is suggested to either | ERCC against the amount bid by him in the auction for acquiring such rights. In a way, the botheration of collecting royalty (or excess royalty), which is a function of the quantity of minerals mined and extracted, has been shifted by the Rajasthan Government to the ERCC; this is a way for the Rajasthan government to de-risk their revenues because the government is assured of a minimum amount of revenue. The fact that mining lease holder pays excess royalty to ERCC at behest of the Govt. and not to the Govt. does not change the fact that mining lease has been granted to him by the Govt. and not the ERCC and that the service has been provided to him by the Government and not the ERCC.<br><br>5. These facts confirm the view that government is providing the service to the mining lease holders by way of assignment of the right to explore and mine minerals, for which miner is required to pay GST on (i) dead rent and lease premium (paid directly to the Government) and (ii) excess royalty and DMFT (paid to ERCC contractor) under reverse charge mechanism. All are parts of consideration for the same service provided by the Govt. To pay GST on part of consideration under RCM and on part under forward charge will be not be correct. ITC of GST paid on royalty shall be available to miners for paying GST on supply of mined minerals by them.<br><br>6. Further, Government is also providing service to ERCC contractors by way of assigning the right to collect royalty from the miners on payment of consideration in the form of amount bid by him in the auction for acquiring such rights. ERCC contractor shall be liable to pay GST on the said service under RCM. Rule 44 (15) of RMMCR provides that the ERCC contractor shall have no right regarding leases or licenses in the contract area except collection of royalty, permit fee or other charged mentioned in the contract. Since, he does not provide any service to the government or mining lease holders, GST paid on the bid amount by him under RCM shall stick to him as cost unless he has some other taxable supply of goods and services.<br><br>6.1 As mentioned by Rajasthan Government official, the above will amount to excessive taxation on the activity of granting of mining leases. The entire royalty collected from miners by the ERCC contractor as well as the bid amount paid by ERCC contractor to the Government will suffer GST. Bid amount paid by ERCC contractor is nothing but a part of the royalty collected by him from the mining lease holders. Had government directly collected royalty from the miners, tax would have been payable only on such royalty.<br><br>Below is a diagrammatic representation of flow of consideration and direction of supply. |

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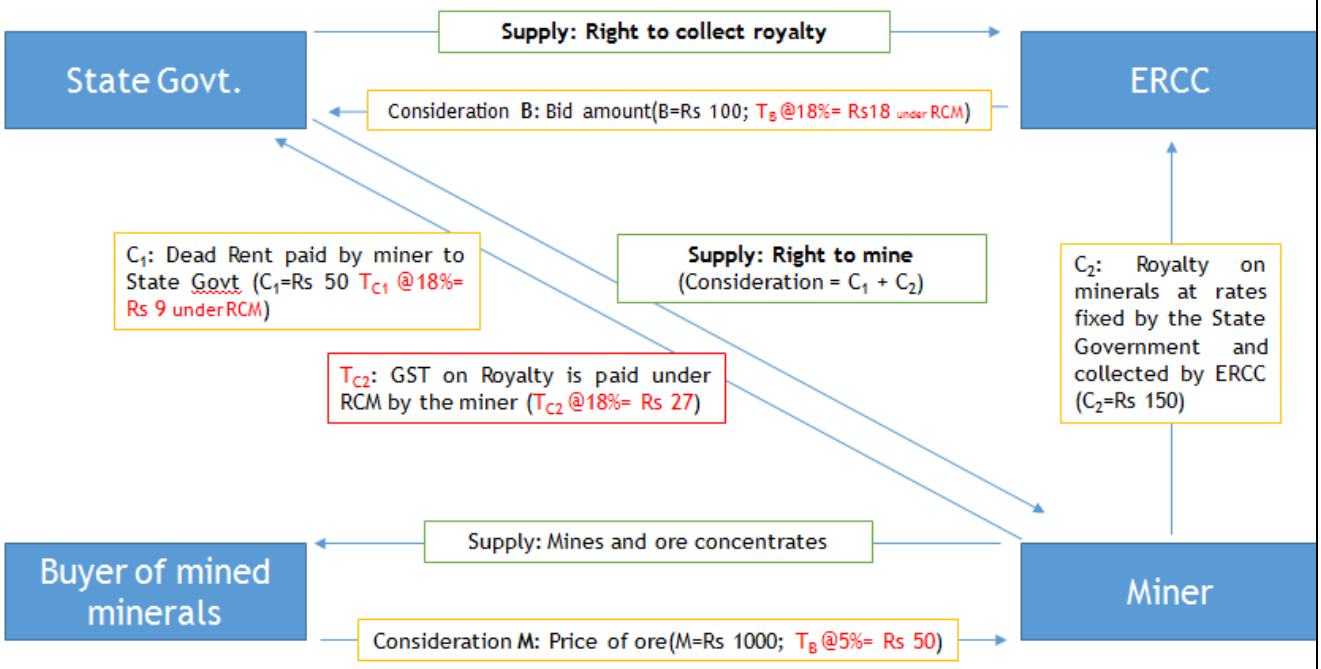
| | | clarify that ERCC shall be liable to pay GST on the excess royalty collected from the mine lease holder / transporter/ third person so that the mine lease holder is exempt from paying GST under reverse charge<br>OR<br>to exempt the levy of GST on the bid amount paid by ERCC to the Government with retrospective effect. | |
| | **Process flow of services where the State Government collects royalty through ERCC**<br><br> | | |
| 11 | 1. Reduce GST on outdoor catering/ banquet services<br>2. Reduce GST on restaurants in hostels with declared tariff > ₹7500<br>3. Allow the option for restaurants to | 1. Food services, meals functions arranged at the banquet halls which are being treated as part of restaurant (non-5 star) are allowed to charge 5% GST while the same food items etc. arranged at the separate marriage | **Recommendation: Entries relating to supply of food and drinks in restaurant, mess, canteen, eating joints and such supplies to institutions on contractual basis may be rationalised. The scope of entry 7(v) in rate notification No. 11/2017-CT (R) may be restricted to supplies in case of outdoor/indoor functions that are event based and occasional in nature. Accordingly, the existing entries at 7(i), 7(iii) and 7(v) in rate notification No. 11/2017-CT (R) may be modified as under:** |

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th colspan="3">Recommendation of Fitment Committee</th></tr>
<tr><td></td><td>pay GST at 18% with ITC<br>4. Allow ITC of inputs and input services for restaurants, if not complete, then partially for key inputs and input services and on capital goods at least for new restaurants. If it can't be done, reduce GST on these key inputs and input services, such as rent/ online food delivery etc.<br>5. In entry 7(i) and 7(iii) of rate notification No. 11/2017-CT(R), instead of the words 'provided by a restaurant, …,', the words 'provided in a restaurant, …' should be used.<br>6. Clarify GST rate on room service from restaurants located in hotels having declared tariff > ₹7500<br>7. Clarify the scope of outdoor catering, particularly in Medical college cum hospital mess/ canteen, Industrial/ Institutional canteens, Corporate Offices Cafeterias, Family Clubs, Hospitals and Educational Institutions</td><td>halls, maidans etc. have to pay 18% GST.<br><br>2, 3 & 4: - Generic rate reduction and input side requests after ITC having been denied at lower GST rate of 5%<br><br>5. Restaurant, eating joint including mess, canteen etc. are not legal entities but places where such services are provided<br><br>6. Clarification sought<br><br>7. Though different GST rates have been prescribed, there is no corresponding definition provided for terms "eating joint", "mess", "canteen" and "outdoor catering", leading to ambiguity.Different tax rates are currently being applied by service providers in the industry, leading to disputes with customers.</td><td colspan="3"><table>
<tr><th>#</th><th>Description of Service</th><th>Rate</th></tr>
<tr><td>7 (i)(a)</td><td>Supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied, other than those located in the premises of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of any unit of accommodation of seven thousand five hundred rupees and above per unit per day or equivalent;<br><u>Explanation 1</u>: This entry includes such supply at a canteen, mess, cafeteria or dining space of an institution such as a school, college, hospital, industrial unit, office, by such institution or by any other person based on a contractual arrangement with such institution for such supply, provided that such a supply is not event based or occasional.<br><u>Explanation 2</u>:This entry excludes the supplies covered under the Sl. No. 7 (v)</td><td>5% with out ITC</td></tr>
<tr><td>7 (i)(b)</td><td>Supply, of goods, being food or any other article for human consumption or any drink, by the Indian Railways or Indian Railways Catering and Tourism Corporation Ltd. or their licensees, whether in trains or at platforms</td><td>5% with out ITC</td></tr>
<tr><td>7 (iii)</td><td>Supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied, located in the premises of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of any unit of accommodation of seven thousand five hundred rupees and above per unit per day or equivalent;</td><td>18%</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th>Recommendation of Fitment Committee</th></tr>
<tr><td></td><td>8. For Indian Railways, either exempt GST on license fee, or reinstate GST at 18% with ITC for catering license holders, or allow kiosks to be treated at par with traders [composition levy @ 1%]</td><td></td><td>
<table>
<tr><td>7 (v)</td><td>Supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, at Exhibition halls, Events, Conferences, Marriage Halls and other outdoor/indoor functions that are event based and occasional in nature.</td><td>18%</td></tr>
</table>
<br>1 to 4 - Requests at para 2.1 to 2.3 were deliberated in detail in the 23rd GST Council Meeting held on 10.11.2017 at Guwahati wherein the GST rate on restaurants was reduced from 18% with ITC to 5% without ITC and the GST rate on outdoor catering/ banquets was kept at 18% with ITC. There has been no change in the business practices or economic parameters to warrant a change in rate yet again. The request at para 2.4 for allowing ITC for restaurants had been rejected in the 23rd GST Council meeting. Reducing the GST rate on inputs and input services for restaurants is also on the same lines and as stated in para 3.1 above, there is no rationale to change the GST rate again or allowing ITC especially in light of the fact that this will lead to significant revenue loss [Rate reduction from 18% with ITC to 5% without ITC was estimated to cause a revenue loss of ₹5000 Crores]. None may be accepted.<br><br>5. This request will have impact on home delivery, take -aways and room service as these are provided by the restaurants, eating joints etc. but not necessarily in them. May not be accepted.<br><br>6. There is no scope of confusion in GST rate on room service from restaurants located in hotels having declared tariff > ₹7500. 18% GST with ITC shall be applicable.No clarification is required.<br><br>7. The scope of outdoor catering does need rethinking, especially in light of the fact that separate circulars for educational institutions mess and Indian Railways catering have already been issued clarifying the applicable rate of GST thereon. The matter has been discussed in detail in F.No. 354/3/2018-TRU and 354/3/2018-TRU (Part I) and in several broadsheets. It is proposed that the existing entries at 7(i), 7(iii) and 7(v) in rate notification No. 11/2017-CT (R) may be modified as under:<br>
<table>
<tr><td>#</td><td>Proposed Entry with changes tracked</td><td>Rate</td></tr>
<tr><td>7(i)(a)</td><td>Supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied, other than those located in the premises of hotels, inns,</td><td>5% with out ITC</td></tr>
</table>
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</table>

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th colspan="3">Recommendation of Fitment Committee</th></tr>
<tr><td></td><td></td><td></td><td colspan="3">
<table>
<tr><td></td><td>guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of any unit of accommodation of seven thousand five hundred rupees and above per unit per day or equivalent;<br><u>Explanation 1</u>: This entry includes such supply at a canteen, mess, cafeteria or dining space of an institution such as a school, college, hospital, industrial unit, office, by such institution or by any other person based on a contractual arrangement with such institution for such supply, provided that such a supply is not event based or occasional.<br><u>Explanation 2</u>:This entry excludes the supplies covered under the Sl. No. 7 (v)</td><td></td></tr>
<tr><td>7(i)(b)</td><td>Supply, of goods, being food or any other article for human consumption or any drink, by the Indian Railways or Indian Railways Catering and Tourism Corporation Ltd. or their licensees, whether in trains or at platforms</td><td>5% with out ITC</td></tr>
<tr><td>7 (iii)</td><td>Supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied, located in the premises of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of any unit of accommodation of seven thousand five hundred rupees and above per unit per day or equivalent;</td><td>18%</td></tr>
<tr><td>7 (v)</td><td>Supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, at Exhibition halls, Events, Conferences, Marriage Halls and other outdoor/indoor functions that are event based and occasional in nature.</td><td>18%</td></tr>
</table>
Both the circular and order clarifying GST rate on educational institutions and Catering in Indian Railways may be withdrawn.<br><br>7. There is no merit in exempting GST on license fee (input exemption), reinstating 18% GST with ITC will be contentious given that the 5% rate without ITC was clarified on the request of Indian Railways after the approval of GIC. The third option, i.e. treating them at par with traders in allowing to opt for composition</td></tr>
</table>

| Sl. No. | Proposal | Justification given in support of the proposal | Recommendation of Fitment Committee |
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| | | | levy at 1%, at least for the sale of MRP items, the matter may be referred to GST Policy Wing, who are examining the issue of allowing composition levy to traders with a specified threshold of supply of services as well. |
| 12 | Services by way of any activity in relation to a function entrusted to a Panchayat under Article 243G of the Constitution or in relation to a function entrusted to a Municipality under article 243W of the Constitution, when undertaken by the Central Government or State Government or any local authority in which they are engaged as public authority, should be treated neither as a supply of goods nor a supply of service and when provided by a Governmental Authority or a Government Entity should be exempted from levy of GST. | West Bengal has observed that as per the CGST/ SGST Acts, 2017, both Panchayats and Municipalities come under the definition of a 'local authority'. By nature, the sovereign functions of these Institutions are guided by the Eleventh and the Twelfth Schedules of the Constitution of India, where the nature of services provided are quite identical and similar in nature. But, when the question of treatment of such services comes under the purview of the GST Laws, the services provided by a Panchayat are held to be neither a supply of goods nor a supply of services [notification No. 14/2017-CT(R) refers], whereas when provided by a Municipality, are held as exempted [S1. No 4 of notification No. 12/2017-CT(R) refers]. This differentiation is unwarranted as both are "Local Authorities".<br><br>Further, while activity in relation to a function entrusted to a Panchayat under article 243G of the Constitution has been treated neither as a supply of goods nor a | **Recommendation:**<br>**1. Entry 5 of notification No. 12/2017-CT(R) may be reverted back to what it was prior to its amendment vide notification No. 32/2017-CT(R) dated 13.10.2017**.<br>**2. Proposal to declare services supplied by Central Government, State Government, Union territory or local authority by way of any activity in relation to any function entrusted to a Municipality under Article 243W of the Constitution as neither supply of goods nor service may be examined further. WB to examine and give a detailed note containing the implications.**<br><br>There is an overlap between notification No. 14/2017-CT(R) dated 28.06.2017 and notification No. 12/2017-CT(R), entry 5, dated 28.06.2017 with respect to services supplied by Central Government, State Government, Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.<br><br>2. The said services have been treated neither as a supply of goods nor a supply of service vide notification No. 14/2017-CT(R) dated 28.06.2017. Thus they are not taxable. At the same time, the said services have also been exempted vide notification No. 12/2017-CT(R), entry 5 dated 28.06.2017) as amended by notification No. 32/2017-Central Tax (Rate) dated 13.10.2017. Prior to its amendment, entry 5 of the notification No. 12/2017-CT(R), exempted services supplied only by Governmental Authority in relation to any function entrusted to a Panchayat under article 243G of the Constitution. The words Central Government, State Government, Union territory, local authority were inserted in the said entry vide amending notification No. 32/2017-Central Tax (Rate) dated 13.10.2017 on the basis of the recommendation of the Law Committee and GST Council under the mistaken belief that the said words have been inadvertently omitted. The fact was that services provided by Central Government, State Government, Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution were covered by notification No. 14/2017-CT(R) dated 28.06.2017 as neither a supply of goods nor a supply of services, which apparently was overlooked.<br><br>3. It is proposed that entry 5 of notification No. 12/2017-CT(R) may be reverted back to what it was prior to its amendment vide notification No. 32/2017-CT(R) dated 13.10.2017. |

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th>Recommendation of Fitment Committee</th></tr>
<tr><td></td><td></td><td>supply of service, the same activity by a Panchayat is also treated as exempted [S1. No. 5 of notification No. 12/2017-CT(R) refers] which leads to serious ambiguity. If the service is not to be treated as a supply of goods or services or both it does not come within the purview of aggregate turnover. But, if it is considered to be exempted, then it comes within that purview of "aggregate turnover" required basically to assess the threshold of such authorities.</td><td>4. There is no rationale for expanding the scope of notification No. 14/2017-CT(R) dated 28.06.2017 so as to treat services provided by Central Government or State Government or any local authority in relation to a function entrusted to a Municipality under article 243W of the Constitution, as neither a supply of goods nor a supply of service. Services provided in relation to a function entrusted to a Panchayat under article 243G of the Constitution were declared as neither a supply of goods nor a supply of service and not exempted because it was felt that if they are exempted, their turnover will add to the overall turnover of the Panchayats which may deny the Panchayats the threshold exemption in respect of taxable supplies which may be miniscule or much less than the exempted turnover. Such a situation does not exist in case of municipalities whose turnover of taxable supplies such as renting of space for parking, advertisements, renting of buildings etc. would be substantial.<br><br>5. There is also no rationale for expanding the scope of exemption entry 4 and 5 in notification No. 12/2017-CT(R) to include services supplied by a Government Entity in relation to a function entrusted to a Municipality/Panchayat under article 243W/243G of the Constitution. A Government Entity set up to carry out any function entrusted to a municipality under article 243W of the Constitution or to a Panchayat under article 243G of the Constitution would be covered by the definition of Governmental Authority and thus would be eligible for the exemption under entry 4 or 5 of notification No. 12/2017-CT(R), as the case may be.<br><br>6. A tabular representation of the outcome of the above proposal would be as below:<br><br>
<table>
<tr><td>Provided by ➡<br>By way of ⬇</td><td>Central Government, State Government, Union territory, local authority</td><td>Governmental authority</td></tr>
<tr><td>Any activity in relation to a function entrusted to a Panchayat under article 243G of the Constitution</td><td>Neither Goods nor Services [notification No. 14/2017-CT(R)]</td><td>Exempt [Entry 5 of notification No. 12/2017-CT(R)]</td></tr>
<tr><td>Any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution</td><td>Exempt [Entry 4 of notification No. 12/2017-CT(R)]</td><td>Exempt [Entry 4 of notification No. 12/2017-CT(R)]</td></tr>
</table>
</td></tr>
<tr><td>13</td><td>Exemption sought from GST for services provided by</td><td>No justification has been given.</td><td>Recommendation: Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in activities relating to the welfare of</td></tr>
</table>

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th>Recommendation of Fitment Committee</th></tr>
<tr><td></td><td>non-profit making organization (such as Kissan Sangh, Laghu Udyog Bharati) to the members thereof.</td><td></td><td>industrial or agricultural labour or farmer; or for the promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to own members against consideration in the form of membership fee up to an amount of one thousand rupees(Rs 1000/-) per member per year may be exempted from GST.<br><br>GST is based on the principle of comprehensive taxation of supply of goods and services. Exemption not only distorts tax structure but also break the input credit chain. In any case, non-profit organizations having turnover of upto Rs. 20 Lakhs per annum are exempt from registration and payment of GST on membership fee charged by them from the members. There is a very large number of non-profit organizations in the country, exempting all non-profit organizations collecting membership fee of Rs. 20 Lakh or more per annum from GST will lead to significant loss of revenue and will not be justified. It will also lead to issues of monitoring, misuse and enforcement. However, it must be added here that if an unincorporated body or a non- profit entity provides any activity exempt from GST, then the services provided by the said body to its own members by way of reimbursement of charges or share of contribution, is also exempt from GST. [S. No. 77(b) of notification No. 12/2017-CT(R) refers]. Similarly, service by an unincorporated body or a non- profit entity registered to its own members by way of reimbursement of charges or share of contribution as a trade union also exempt from GST.<br>These units are associations or organization of group of people who are not registered under the Trade Unions Act, 1926. These organisations provide trade/ guild specific help and technical guidance to its members with an intention to protect the interest of its members. For example, Laghu Udyog Bharati is a union of MSMEs and it is fighting the various ills plaguing the sector and to remove impediments coming in the way to MSEs. Kissan Sangh organises study groups, study tours, exhibitions, symposiums, discussion rounds, rallies, training programmes etc. so as to facilitate solution to various problems and difficulties faced by the Kisan and to encourage and help in carrying out such activities.<br>The membership fee for these service is minimal. However, since the number of members per union are above multiple lakhs, annual membership fee collection goes upward of 20 lakhs. Therefore, they collect GST.
<table>
<tr><td>Name</td><td>Membership Fee</td><td>Frequency</td></tr>
<tr><td>Laghu Udyog Bharati</td><td>Rs. 500/-</td><td>Annual</td></tr>
<tr><td>Laghu Udyog Bharati</td><td>Rs. 5000/-</td><td>Life member</td></tr>
<tr><td>Bharatiya Kissan Sangh</td><td>RS. 10/-</td><td>For 3 yrs.</td></tr>
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<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th>Recommendation of Fitment Committee</th></tr>
<tr><td></td><td></td><td></td><td>We may exempt services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in activities relating to the welfare of industrial or agricultural labour or farmer; or for the promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to own members against consideration in the form of membership fee up to an amount of one thousand rupees per member per year.</td></tr>
<tr><td>14</td><td>A special category of transport segment (rail cum road, road cum rail cum sea/ inland waterways, sea/ Inland waterways cum Road etc.) should be created as "Multi-Modal Transport" for transportation of goods by way of one plus mode or multimodal transportation provided by way of a combination of more than one mode of transportation, namely road (GTA) rail, vessel, etc. and their services should be treated as composite supply.<br>GST @ 5% rate with full ITC under forward charge may be levied.</td><td>The GST rates for services of goods transport agency (GTA) is 5% on RCM basis and transport of goods in a vessel (coastal shipping) or rail is 5% on forward charge.<br>Thus, a peculiar situation akin to a legal anomaly has arisen where two equally important segments of a combined service have been subjected to levy of GST on reverse charge (without ITC) as well as forward charge (with ITC) thereby posing serous issues relating to ITC GST payment & compliance.<br><br>Further in the absence of a specified rate for the composite supply of the different transportation and allied services, it may lead to litigation as to what constitutes the principal supply consequently affecting the GST rate of the composite supply.</td><td>Recommendation: GST rate of 12% with full ITC under forward charge may be prescribed for multimodal transportation of goods. Definition of multimodal transport may be adopted from Multimodal Act with suitable modifications to include multimodal transportation within India.<br><br>1. An illustrative example of different services involved in the multimodal transportation service of transportation of cars as given in the representation and the applicable GST rates on them are as under:
<table>
<tr><th>Sl. No.</th><th>Nature of service</th><th>Service Code</th><th>Service</th><th colspan="2">GST Rate</th></tr>
<tr><td>1</td><td>First mile transportation by car carrier trucks</td><td>996511</td><td>Road transport services of Goods including letters, parcels, live animals, household and office furniture, containers and the like by refrigerator vehicles, trucks, trailers, man or animal drawn vehicles or any other vehicles</td><td>GST @5% under RCM. Provided that credit of input tax charged on goods and services used in supplying the service has not been taken</td><td>GST @ 12% under FCM. Provided that the goods transport agency opting to pay GST @ 12% under this entry shall, thenceforth, be liable to pay GST @ 12% on all the services of GTA supplied by it.</td></tr>
<tr><td>2</td><td>Port charges for</td><td>996751</td><td>Port and waterway operation</td><td colspan="2">GST @18%under FCM.</td></tr>
</table></td></tr>
</table>

| Sl. No. | Proposal | Justification given in support of the proposal | Recommendation of Fitment Committee | | | | |
|---|---|---|---|---|---|---|---|
| | | | | storage of cars at origin port (wharfage) | | services (excluding cargo handling) such as operation services of ports, docks, light houses, light ships and the like | |
| | | | 3 | Port handling of cars at origin port – (movement of cars from point of storage to vessel ramp) | 996751 | Port and waterway operation services (excluding cargo handling) such as operation services of ports, docks, light houses, light ships and the like | GST @18%under FCM. |
| | | | 4 | CHA charges at origin and destination ports | 996712 | Customs house agent services | GST @18% under FCM. |
| | | | 5 | Ocean freight (Domestic coastal movement) | 996521 | Coastal and transoceanic (overseas) water transport services of goods by refrigerator vessels, tankers, bulk cargo vessels, container ships and the like | GST @5% under FCM. Provided that credit of input tax charged on goods (other than on ships, vessels including bulk carriers and tankers) used in supplying the service has not been taken |
| | | | 6 | Destination port wharfage | 996751 | Port and waterway operation services (excluding cargo | GST @18%under FCM. |

<table>
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<table>
<tr><td></td><td></td><td></td><td>handling) such as operation services of ports, docks, light houses, light ships and the like</td><td colspan="2"></td></tr>
<tr><td>7</td><td>Destination port handling</td><td>996751</td><td>Port and waterway operation services (excluding cargo handling) such as operation services of ports, docks, light houses, light ships and the like</td><td colspan="2">GST @18%under FCM.</td></tr>
<tr><td>8</td><td>Last mile transportation by car carrier trucks</td><td>996511</td><td>Road transport services of Goods including letters, parcels, live animals, household and office furniture, containers and the like by refrigerator vehicles, trucks, trailers, man or animal drawn vehicles or any other vehicles</td><td>GST @5% under RCM. Provided that credit of input tax charged on goods and services used in supplying the service has not been taken</td><td>GST @ 12% under FCM. Provided that the goods transport agency opting to pay GST @ 12% under this entry shall, thenceforth, be liable to pay GST @ 12% on all the services of GTA supplied by it.</td></tr>
</table>
2. This issue was discussed in the Fitment Committee meeting held in January 2018 and no action was proposed. Following was the operative part of the discussion:<br>*"As regards the request for notifying a separate rate for multi-modal transport, it may be clarified that supply of transport service*
</td></tr>
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| Sl. No. | Proposal | Justification given in support of the proposal | Recommendation of Fitment Committee |
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| | | | *by more than one mode of transport is a composite supply and subject to GST at the rate applicable on the principal supply."*<br><br>3. However, it is felt that determining what constitutes the predominant element in such composite supply may be difficult. The value of various constituent supplies could be a guiding factor in this but there may be cases where a small portion of the supply may be of high value but may not impart the essential character to the supply and thus cannot be treated as predominant supply. For example, cost of transportation of goods by road is much higher as compared to transportation of goods by vessel, yet when the goods move across continents, the essential character is that of transportation of goods by vessel, as the transportation of goods by road can be substituted by rail or air. The second parameter which can be quantified is the distance travelled or the time consumed in the particular mode of transport. But at times transport by a particular mode may be crucial even though it is for a shorter distance or time, say transport across a river, and thus may be the dominant supply in the multi-modal transport.<br><br>6. Therefore, it is proposed that GST rate of 12% with full ITC under forward charge may be considered for composite supply of multimodal transportation in order to ensure certainty and ease of compliance for both the provider and recipient of service. The definition of multi-modal transportation may be put in GST notification from the definition given in the Multimodal Act. [While the 12% GST rate would align the rate for multi- modal transport with the GST rate of 12% with full ITC available to GTA service providers under forward charge]. It shall go a long way in ensuring compliance by ruling out discretion on part of both the service provider and the enforcement agencies. |
| 15 | To rationalize the notification entry prescribing reduced GST rate of 12%/5% on composite supply of works contract received by the Government or a local authority in the course of their sovereign functions. | The definition of business as per section 2(17)(i) includes "any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities". Thus, a works contract service received by the Government or a local authority in the course of their sovereign function in which they are engaged as public authorities would attract GST @ 18% | **Recommendation: Following explanation may be inserted in the entry 3(vi) of notification No. 11/2017-CT(R), by exercising the powers of section 11(3) of the CGST Act, 2017, -**<br><br>"***Explanation.* - For the purposes of this entry the term 'businesses shall not include any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities**"<br><br>The entry at Sl. No. 3(vi)(a) of notification No. 11/2017-CT(R) having concessional rate of 12% reads as under:<br><br>"(vi)Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, provided] 12 to the Central Government, State Government, Union Territory, [a local authority, a Governmental Authority or a Government Entity]13 by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of – |

| Sl. No. | Proposal | Justification given in support of the proposal | Recommendation of Fitment Committee |
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| | | instead of the intended rate of 12%. | (a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;<br>(b) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or(iii) an art or cultural establishment; or<br>(c) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in paragraph 3 of the Schedule III of the Central Goods and Services Tax Act, 2017."<br><br>The above entry has been carried forward from the Service Tax regime. However, the scope of the term "business" as defined in the GST law includes the activities undertaken by the Government or a local authority where they are engaged as public authorities, i.e. where they are discharging their sovereign functions. This makes part (a) of the above entry difficult to implement. It is proposed that to resolve this issue following explanation may be inserted in the entry, -<br><br>"*Explanation.* - For the purposes of this entry the term 'business' shall not include any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities"<br><br>It is proposed that explanation may be inserted by exercising the powers of section 11(3) of the CGST Act, 2017 so that the issue is resolved from inception.<br><br>[Section 11(3) of the CGST Act, 2017 reads as under, -<br>*"(3) The Government may, if it considers necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (2), insert an explanation in such notification or order, as the case may be, by notification at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be."]* |
| 16 | It is proposed that the services provided by the Central/State Governments to PSUs by way of guaranteeing the loans taken by them from financial institutions against consideration in any form including Guarantee | As per banking norms, a guarantor is required for a loan amount of Rs. 5 lakh or more. Obviously, a PSUs loan amount is quite hefty in nature and thus, when such PSU takes a financial loan, by default the respective Government has to stand as a | **Recommendation: Services by way of guarantees given by Central/State Government/UT administration to their undertakings/PSUs may be exempted from GST.**<br><br>It was clarified vide circular No. 34/8/2018-GST dated 01.03.2018 that the service provided by Central Government/State Government to any business entity including PSUs by way of guaranteeing the loans taken by them from financial institutions against consideration in any form including Guarantee Commission is taxable. The circular was issued after approval in the Fitment Committee meeting held in January, 2018. |

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th>Recommendation of Fitment Committee</th></tr>
<tr><td></td><td>Commission may be exempted from GST</td><td>guarantor to complete the formalities of the loan being sanctioned. For such services, the guarantor may receive some consideration in form of a commission. But, taxing such service provided by a Government leads to increased GST compliance burden. It also adversely affects the Government exchequer.</td><td></td></tr>
<tr><td>17</td><td>The word “declared tariff” should be replaced by “consideration received” to bring services by way of accommodation in line with other products and services which are taxed on the actual consideration/ price charged.</td><td>The erstwhile State luxury tax laws used the concept of “declared tariff” to compute and calculate tax on “luxuries” provided. This concept is prone to interpretations and hence litigation.<br><br>The word “declared tariff” has been defined to include charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air conditioner, refrigerators or any other amenities, but without excluding any discount offered on the published charges for such unit. Further, the word “published charges” has not been defined but the Government has clarified this term in FAQs.<br><br>Hotel service providers provide heavy discounts to end customers on account</td><td>Recommendation: Transaction value and not “declared tariff” may be considered for determining the tax rate applicable for the accommodation service.<br><br>Currently, the GST rates applicable for accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes is governed by the tariff per unit per day declared by the respective accommodation establishment [Sl.No. 14 of notification No. 12/2017-CT(Rate) and Sl.No. 7(ii), 7(vi), 7(viii) of notification No. 11/2017-CT(Rate) refers]. The slabs of GST rates applicable are given in the table below:<br><br>
<table>
<tr><th>S. No.</th><th>Declared Tariff (per unit per day)</th><th>GST rates applicable</th></tr>
<tr><td>1</td><td>Less than Rs. 1000</td><td>Nil</td></tr>
<tr><td>2</td><td>Rs. 1000 and above but less than Rs. 2500</td><td>12%</td></tr>
<tr><td>3</td><td>Rs. 2500 and above but less than Rs. 7500</td><td>18%</td></tr>
<tr><td>4</td><td>More than Rs. 7500</td><td>28%</td></tr>
</table>
<br>2. The value adopted for the purpose of computing tax is the transaction value i.e. amount actually paid by the service recipient to the service provider for the accommodation but the rate applicable would be based on the declared tariff. Many issues / queries such as value at which GST would be charged, GST rate applicable if cost goes up, where will declared tariff be published, value in case room rent varies as per season, rate in case of upgrade raised by hotel industry have been clarified through FAQs/Circulars [C.B.E. & C. Circular No. 27/01/2018-GST, dated 4-1-2018 and FAQ dated 6-9-2017 refers]</td></tr>
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| | | of various reasons as advance payments, bulk bookings and corporate discount. In such cases, there may be significant difference between declared tariff and actual consideration charged from customers. As a result, while the consideration the customer is liable to pay drops down, the value basis which GST rate shall be determined remains unaffected which leads to taxing the transaction with higher rate of GST. This makes the service costlier and affects the business of hotel service providers.<br>Ambiguity also persists with respect to mechanism to be followed for determination of declared tariff. For instance, customers may pay in advance in Jan for a booking in June. In such cases, hotels honour the booking at the rate received in January. However, due to increased demand if declared tariff goes up in June, it may be difficult for hotels to recover differential GST from the customers. | 3. On adopting declared tariff as the basis for determination of GST rate on accommodation in hotels: there are two views, these pro and contra views are as under:<br><br>3.1 Pro View: Adopting transaction value will lead to tax evasion as there will be a possibility of under invoicing for tax saving while settling the actual accounts in cash giving rise to black money and parallel economy.<br><br>3.2 Contra View: However, the contra view is that this is an enforcement issue more than a policy issue. Entire indirect taxation today runs on the concept of transaction value. So, there is no reason for treating hotel industry differently. Some of the reasons to consider charging GST on transaction value instead of declared tariff are:<br><br>1. Declared tariff is a flawed metric since the industry uses dynamic pricing model based on demand. As the Industry is seasonal, there are lot of discounts given on declared tariff. Standard practice followed across the globe in respect of the prices/ tariff of the room are Best Available Rate (BAR), Rack Rate, Dynamic Pricing etc. It would be impractical to determine the rate of taxes basis the declared tariff when the concept is not used for pricing in current times.<br>2. Earlier, hoteliers were required to declare the tariff under local Luxury Tax Laws which is now subsumed under GST. Since, there is no concept of declared tariff in industry, hoteliers are required to undertake an additional exercise of declaring tariffs which practically is not possible in view of the dynamic pricing.<br>3. The hotels are required to revamp their entire IT platform in order to comply with the tax structure. This is against the policy of ease of doing business and automation in tax structure.<br>4. There would be no audit trail available for declared tariff for services provided due to dynamic pricing. The same will create on open ended litigation as it will be impractical for the assessee to prove the declared tariff value on a historical date.<br>5. Tax rate for hotel industry particularly accommodation in hotels in India are very high due to which foreign tourist prefer destinations like Singapore, Maldives, Thailand, Malaysia, Sri Lanka etc where tax rates are comparatively very low due India is losing business and consequently tax revenue.<br><br>A view may be taken on charging GST on accommodation service based on transaction value instead of declared tariff.<br>Transaction value may be considered for determining the tax rate applicable for the accommodation service. |
| 18 | IBA has requested for levy of GST on trading of PSLCs on RCM basis and for | Request for payment of GST on RCM basis by the purchasing bank is on account of | **Recommendation: The following requests of the IBA relating to supply of PSLC may be referred to Law Committee with recommendation on the issue at Sl. No. (iv) that the supply may be declared as inter-State supply based on residual clause in** |

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| | availing ITC they have also requested for necessary amendments in CGST Act and Rules permitting issue of one invoice per month by the PSLC buyer reflecting all purchase transactions made during the month.<br>2. IBA has also requested for grant of one-time waiver from payment of interest for delayed payment of tax for period 1.7.2017 to 31.3.2018 and penalty and fees for late /incorrect filing of return.<br>3. IBA has also requested to clarify the place of supply and whether IGST or CGST/SGST is payable on the PSLC traded. | anonymous trading of PSLC on e-Kuber platform of RBI due to which details of buying and selling bank are not available leading to difficulty in issue of invoice and taking of ITC.<br>In case request for payment of GST on RCM basis by the purchaser of PSLC is approved, necessary changes may be required in the CGST Act and Rules enabling the payer of tax to issue single monthly invoice containing details of all PSLC purchased during the month.<br>2. Delay in payment of tax is due to lack of clarity on levy of GST on PSLC, its correct classification and rate of GST and consequent late / incorrect filing of returns. There is no malafide intention on the part of PSLC trading banks.<br>Banks are facing difficulty in making GST payment as place of supply is not clear. Accordingly, whether IGST or CGST/SGST is payable is not clear. | **section 7(5) of IGST Act . The other issues at (i) to (iii) may be considered favourably by the Law Committee.**<br>**(i) Issue of invoice by the buyer of PSLC.**<br>**(ii) Changes in relevant CGST Rules for permitting issue of single invoice per month covering all transaction done during the month by the buyer.**<br>**(iii) Waiver of penalty for late filing of return due to rate and procedure related issues faced in the payment of GST.**<br>**(iv) Clarification on nature of supply whether inter or intra state and whether CGST/SGST or IGST payable on the supply.**<br><br>**2. RBI may be requested to examine if the information of the buyer and seller may be disclosed post PSLC transaction.**<br><br>Notification No 11/2018-CT(R) dated 28.05.2018 has been issued taxing supply of PSLC on RCM basis.<br><br><u>Issue No. 1</u><br><u>Removal of difficulty in enabling PSLC purchaser bank to issue invoice for payment of tax and availing of ITC</u><br><br>RBI has recommended for not diluting the anonymous nature of trading of PSLC on its e-Kuber platform, and to consider IBA's request for levy of GST on PSLC trading on RCM basis. This request was examined separately and notification to this effect is issued vide Notification No 11/2018-CT(R) dated 28.05.2018. However, the difficulty in taking ITC is that seller bank is unable to issue invoice in favour of the buyer bank and so is the buyer bank.<br>2. Section 31(3)(f) of the CGST Act provides that a registered person who is liable to pay tax under section 9(3) or 9(4) shall issue a taxable invoice in respect of goods or services or both received by him from unregistered supplier.<br><br>3. In trading of PSLC, both selling and buying banks are registered persons. Therefore, the registered person who is liable to pay tax i.e. bank purchasing the PSLC, cannot issue invoice and hence avail ITC as per the provisions of section 31(3)(f) of the CGST Act.<br><br>4. The provisions relating to issue of invoice in section 31(3)(f) are consistent with section 9(4) as supplier of service is an unregistered person, whereas, in supplies covered on RCM basis under section 9(3), the supplier of service may or may not be a registered person. In case the seller is a registered person, then as per the provisions of section 31(3)(f), person liable to pay tax cannot issue an invoice and hence avail ITC of tax paid which is not barred otherwise.<br><br>5. Since the provisions of section 31(3)(f) are causing difficulty in issue of an invoice in case of tax liabilities payable under section 9(3) of the CGST Act when supplier of goods or services or both is a registered person, we may take this issue before the FITMENT |

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| | | | Committee for removing the inconsistency and difficulty faced, by way of issue of an order under section 172 of the CGST Act.<br><br>6. As regard request for one consolidated monthly invoice at the end of the month for PSLC traded, GST Policy wing may consider making necessary changes in Rule 46 of the CGST Rules which already provides for issue of one consolidated monthly invoice for supplies covered under section 9(4) of the CGST Act.<br><br><u>Issue No. 2</u><br><u>One-time waiver of interest and penalty for late payment of tax and late/incorrect filing of return</u><br>The delay in payment of tax is due to lack of clarity in levy of GST on trading of PSLC, its classification, rate applicable and place and nature of supply i.e. whether inter or intra state and accordingly whether CGST/SGST or IGST is payable. A proposal to clarify classification of REC, PSLC etc under chapter 4907 and GST rate of 12% is before the FITMENT Committee. The background of dispute and need for the considering the request are as under:<br><br>2. Since there were doubts about levy, classification, rate of duty, place of supply and intra/inter-state nature of transaction and consequently difficulty is payment of GST on trading of PSLC, request for waiver from <u>payment of penalty</u> under section 122 or section 123 or section 125 and any fee referred to in section 47 of the CGST Act under the powers vested by section 128of the CGST Act may be put up for consideration by the Fitment Committee of GSTC.<br><br>3. Since there exists no provision for waiver of interest in CGST Act, the request for waiver of interest cannot be considered.<br><br><u>Issue No. 3</u><br><u>To clarify the place of supply and whether IGST or CGST/ SGST is payable in respect of PSLC trading</u><br><br>PSLCs are goods classifiable under chapter heading 4907. Place of supply of goods other than supply of goods imported into or exported from India is governed by the provisions of section 10 of the IGST Act.<br><br>2. Section 10(1) of the IGST Act provides that where the supply involves movement of goods, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient. As PSLCs are traded anonymously on e-Kuber platform of RBI one may argue that no physical movement of goods takes place. On the contrary, there is an equally plausible view that after trading the ownership of the PSLC vests with the buying bank and hence, place of supply should be the location of the buyer bank. |

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3. No other clause of section 10(1) of the IGST Act covers the situation. Even if the place of supply is considered to be the place of the buying bank, the question would still remain whether the supply is inter or intra-state as location of the selling bank is not known due to anonymous nature of trading of PSLC on e-Kuber. Therefore, we have to resort to for determining place of supply in such manner as may be prescribed.<br><br>
4. Firstly, to rest the dispute about place of supply, we may clarify that in case of trading of PSLCs, the place of supply will be the location of the buying bank that is required to issue invoice and pay GST on RCM basis. Secondly, even after clarifying this position, the question would remain whether supply is inter-state and whether IGST or CGST/SGST is payable, for which the following possible options are possible.<br><br>
<u>4.1 Scenario 1: Treating supply as Intra-state</u><br><br>
If supply is treated as intra-state, CGST/SGST would be payable by the buying bank; however, this may post difficulty in immediate use of ITC by the buying banks as there are restrictions on cross-credit utilization. Based on figures obtained from RBI, state wise volumes traded and GST involved for the period 01.07.2017 to 31.03.2018 is as under.<br><br>
<table>
<tr><td>Premium Amount (In Crores)</td><td>State</td><td>GST payable @12% (In Crores)</td></tr>
<tr><td>3.8800</td><td>Andhra Pradesh</td><td>0.47</td></tr>
<tr><td>0.0000</td><td>Assam</td><td>0</td></tr>
<tr><td>62.3860</td><td>Bihar</td><td>7.49</td></tr>
<tr><td>0.0000</td><td>Chhattisgarh</td><td>0</td></tr>
<tr><td>31.1975</td><td>Gujarat</td><td>3.74</td></tr>
<tr><td>10.0725</td><td>Haryana</td><td>1.21</td></tr>
<tr><td>3.2130</td><td>Himachal Pradesh</td><td>0.39</td></tr>
<tr><td>0.3033</td><td>Jammu & Kashmir</td><td>0.04</td></tr>
<tr><td>1.5425</td><td>Jharkhand</td><td>0.19</td></tr>
<tr><td>167.4678</td><td>Karnataka</td><td>20.1</td></tr>
<tr><td>11.4900</td><td>Kerala</td><td>1.38</td></tr>
<tr><td>5.4500</td><td>Madhya Pradesh</td><td>0.65</td></tr>
<tr><td>192.1414</td><td>Maharashtra</td><td>23.06</td></tr>
<tr><td>14.4397</td><td>New Delhi</td><td>1.73</td></tr>
<tr><td>3.7380</td><td>Odisha</td><td>0.45</td></tr>
<tr><td>0.2400</td><td>Puducherry</td><td>0.03</td></tr>
<tr><td>9.7890</td><td>Punjab</td><td>1.17</td></tr>
<tr><td>75.0049</td><td>Rajasthan</td><td>9</td></tr>
<tr><td>80.4048</td><td>Tamil Nadu</td><td>9.65</td></tr>
<tr><td>47.1811</td><td>Telangana</td><td>5.66</td></tr>
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| | | | <table><tr><td>49.9615</td><td>Uttar Pradesh</td><td>6</td></tr><tr><td>244.0156</td><td>West Bengal</td><td>29.28</td></tr><tr><td>1013.9185</td><td>Grand Total</td><td>121.67</td></tr></table><br><u>4.2 Scenario 2: Treating supply as Inter-state</u><br><br>If supply is treated as inter-state, IGST would be payable by the PSLC buying bank and ITC can be availed which is fungible and can be utilized for discharging GST liability. However, this option will require apportionment of IGST between Centre and States.<br><br>5. In order to avoid dispute relating to destination of supply of service, as the location of the buyer bank is known, we may treat supply as an intra state supply. |
| 19 | Request is to issue clarification that the transaction between the branch office of a bank (located in India) and head office (located outside India) is not taxable under GST. | Under the service tax regime, services provided by the bank or branch of a foreign bank in India to its offshore branch or head office, which are neither intermediary services, nor services to account holders, were not taxable. The non-taxability was on account of the location of the recipient of the services and the place of supply both being outside India. However, in view of Section 2(6)(v) of the IGST Act, the above exemption is not available. | **Recommendation: Services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in accordance with Explanation I in section 8 of the IGST Act, may be exempted provided the place of supply is outside the taxable territory of India in accordance with section 13 of IGST Act.**<br><br>*Section 2(6) of the IGST Act defines "export of services" as meaning the supply of any service when-*<br>*(i) the supplier of service is located in India;*<br>*(ii) the recipient of service is located outside India;*<br>*(iii) the place of supply of service is outside India;*<br>*(iv) the payment for such service has been received by the supplier of service in convertible foreign exchange; and*<br>*(v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with Explanation 1 in section 8;*<br>▪ It is clear from a reading of Section 2(6) quoted above that supply of any service by an Indian supplier to a recipient outside India with the place of supply being outside India will not qualify as an export of service if the conditions listed at (v) above is not satisfied.<br><br>▪ Once a supply ceases to qualify as an export, it also immediately becomes ineligible for 'zero rating' since Section 16 of the IGST Act includes only exports of goods or services and supply of goods or services to an SEZ unit/developer in the definition of a "zero rated supply".<br><br>▪ Hence, any service provided by a branch office in India to its headquarters abroad would not qualify as an export of service and IGST would be payable even though the place of supply is outside India and remittance is received in convertible foreign exchange. [IGST is leviable on the above transaction in accordance with section 5 (1) read with section 7 of IGST Act. |

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| | | | This position was not there in service tax and hence such transaction did not attract service tax till 30 June 2017].<br>▪ Under service tax regime, no tax was levied where place of provision of service was outside India although the benefits of zero rating was available only where the activity concerned was export of service. The definition of export of service was same as in GST law.<br>▪ The distinction between taxability of an event and eligibility of zero rating benefit is crucial here. Section 16 of the IGST Act deals with zero rating which is applicable if goods or services are exported, besides it's applicability in supplies to SEZs.<br>▪ In case of services, where any of the five essential ingredients as provided in the definition of export of services is missing, the transaction fails to be an export and ipso facto, zero rating is not allowed. What it means is that the refund of taxes paid on inputs is not available where supply was made without payment of integrated tax.<br>▪ However, for the taxability of event, the place of supply must be in the taxing jurisdiction. The purpose of having a place of supply provision is lost if supplies with place of supply outside India are also taxed.<br>▪ We may exempt services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in accordance with Explanation I in section 8 of the IGST Act provided the place of supply is outside the taxable territory of India in accordance with section 13 of IGST Act. This would restore the status quo ante as on 30th June, 2017 in respect of such supplies (services provided by a branch office in India to its headquarters abroad). |
| 20 | Request for clarification whether installation and commissioning of infrastructure for providing electricity to the farmers at tube wells should be considered as transfer of right to use any goods as specified in Schedule II of CGST Act, 2018 and whether GST will be applicable on the same. | In the pre- GST period, the UP electricity distribution companies which are wholly owned by the UP State Government, were not charging any VAT or Service Tax on the charges collected by them from the farmers for 'deposit works' undertaken by the DISCOMs for extending electricity distribution to the private tube wells of the farmers. However, under GST, the UP | **Recommendation: The works of installation and commissioning undertaken by DISCOMS/ electricity distribution companies for extending electricity distribution network upto the tube well of the farmer/ agriculturalist for agricultural use may be exempted.**<br><br>Installation and commissioning charges recovered by the DISCOMs from the farmers for extending their electricity distribution network up to the tube well of the farmer is resulting in an additional financial burden on the farmer on account of GST of Rs. 16,000 to 17,000 on the amount of around Rs.93000/-, which is required to be paid by the farmer after deducting the State subsidy, for energising each tube-well.<br><br>The burden of GST on the charges recovered by the DISCOMs from the farmers for the above 'deposit works' undertaken by them for extending their electricity distribution network up to the tube well of the farmer falls on the farmer and he has no recourse to recover |

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| | | DISCOMs have started charging 18% GST on such charges which has increased the cost of energising the tube wells for farmers.<br>Post GST, taxes on inputs and input services consumed by the DISCOMs have also increased and ITC of the same is not available to DISCOMs as electricity is exempt from GST. | it as agriculturist is exempt from GST, and he is a price taker (MSP for crops is fixed by the Government), |
| 21 | Exempt Coal Mines Provident Fund Organization (CMPFO) from GST on the same lines as EPFO | Services provided by the Employees Provident Fund Organisation(EPFO) to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952 (19 of 1952).] has been exempted in GST [Sl. No. 31 of notification No. 12/2017-CT]<br><br>CMPFO is also a social security organization like EPFO and established by an Act of Parliament, namely, Coal Mines Provident Fund & Misc. Provisions Act, 1948 for providing social security services such as Provident Fund, Pension etc. to the workers of coal companies working in coal mines and related activities.<br><br>Considering the activity of CMPFO as social security measures, Govt. of India has granted exemption from | **Recommendation: Services provided by CMPFO may be exempted from GST on the lines of EPFO.**<br><br>The issue of exemption to CMPFO on line of EPFO/ NPS was also discussed in Budget 2016-17. It was then decided as under:<br>*"All employees other than excluded members are eligible and required to be members of CMPFO*<br>*Employer's contribution =12%*<br>*Employee's contribution=12%*<br>*Administrative charges 3%*<br>• *In case of annuity services, the service tax incidence is on the NPS subscribers' full corpus, whereas in case of CMPFO the service tax incidence is only on the charges levied by CMPFO for managing the investment.*<br>• *In order to widen the tax base, from F.Y 2016-17, all the services provided by Government or local authority to business entities have become taxable. Thus, all services (including those statutory in nature) have become taxable. Thus, granting exemption to statutory bodies is contrary to the progressive taxation regime.*<br>*Decision:*<br>*We may not accede to the request."*<br><br>As stated earlier, with effect from F.Y 2016-17, all services provided by Government to business entities, whether or not required by a statute, to a business entity, were made taxable. In fact, it was clarified vide Sl.No. 5 of circular No. 192/02/2016-ST dated 13.04.2016 that any activity undertaken by Government or a local authority against the amount charged for performing such activities is liable to Service Tax. It is immaterial whether such activities are undertaken as a statutory or mandatory requirement under the law and irrespective of whether the amount charged for such service is laid down in a statute or not. As long as the payment is made (or fee charged) for getting a service in return (i.e., as a quid pro quo for the service received), it has to be regarded as a consideration for that service and taxable irrespective of by what |

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| | | Income Tax under Section 10(25)(v)(a) of IT Act, 1961-2017 as in case of EPFO, who has been granted exemption from IT under Section 10(25)(v)(b) of the IT Act.<br><br>Thus, CMPFO may be exempted in line with EPFO. | name such payment is called. Thus, granting exemption to statutory/regulatory bodies appeared contrary to the progressive taxation regime.<br><br>Even for exemption to EPFO, it was stated that the investments/ deposits of employees through the EPFO are not liable to service tax; investment being a mere transaction in money. Only the administration charges [@0.85%] are leviable to service tax and the tax incidence is approximately 0.13% of investment/ contribution which is miniscule. [File 354/117/2016-TRU]. However, Ministry of Labour and Employment had requested to exempt EPFO from the liability to pay service tax since any service tax paid by EPFO would ultimately be borne by the workforce in the organized sector. Thus, services provided by Employees Provident Fund Organisation (EPFO) to persons governed under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952) was exempted vide entry 49 of the notification No. 25/2012 as amended w.e.f. 1.4.2016. |
| 22 | Request to remove the condition to the entry 19B of notification No. 12/2017-CT(R) which provides for time limit for applicability of the said exemption.<br>Exemption has been provided to services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India. | No justification | **Recommendation: Exemption granted on outward transportation of all goods by air and sea with sunset clause upto 30th September, 2018 vide notification No. 2/2018-CT(R) dated 25.01.2018 which amended notification No. 12/2017-CT(R)may be extended by another one year i.e. upto30th September, 2019. GSTN should ensure that online refund mechanism for refund of ITC to exporter is implemented by that time.**<br><br>1. Transportation of export goods by sea attracts GST, where both the service provider and exporter of goods are located in the taxable territory, as place of supply of such service is in the taxable territory[Section 12(8) of IGST Act]. In case of import of goods, the destination of goods being in India, service of inward transportation of goods by sea is taxable.<br>2. Export of goods is 'zero rated' as per section 16 of the IGST Act, and the refund of the un-utilized input tax credit is available as per section 16(3)(a) of the IGST Act. It was envisaged at the time of drafting of the CGST Act, IGST Act and the CGST Rules, that refund of 90% of the unutilized input tax credit claimed against zero rated supplies shall be sanctioned provisionally within a period of 7 days[Section 54(6) of CGST Act read with Rule 91(2) of CGST Rules]. Timely refund of GST paid on inputs and input services used in export of goods would not have led to blockage of working capital of exporters. However, delays in granting refund appear to be causing financial hardship to the exporters.<br>3. The original intention of zero-rating the export and to provide refund of either the integrated tax paid on export of goods/service or alternatively to provide refund of the unutilized input tax credit when goods/services are exported under bond or |

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| | | | letter of undertaking was to have transaction trail for audit. However, in view of reported delays in processing the refund, status quo ante was restored as it existed under service tax with respect to the service of outward transportation of all goods by air and sea by exempting the same. The same was given effect to by notification No. 2/2018-CT(R) dated 25.01.2018 which amended notification No. 12/2017-CT(R) and by amendment to the CGST Rules, which allowed the shipping lines to avail ITC of specified capital goods (ships, vessels including bulk carriers and tankers) and input services against the service of outward transportation of export goods by sea, which was exempted.<br>4. The above exemption was granted with a sunset clause upto 30th September, 2018. It is felt that the said exemption may be extended by another one year i.e. upto30th September, 2019as the issue of capital blockage has yet not been resolved.<br>5. Similar exemption was provided to the transport of goods by air to a place outside of India. On similar lines it may be considered to exempt the said services indefinitely by removing the sunset clause. However, it should be noted that in case of transport of goods by air, the ITC of the input goods and services used in provisioning of the said service shall be blocked which will stick to it as cost, as the provision in the CGST Rules on the lines of that of the transportation of goods by vessel is not available. |
| 23 | Consider exemption from GST on imports by Foreign Diplomatic Missions/ UN & other International Organisations. | As per Vienna Conventions and UN Convention on privileges and immunities, imports are exempted from taxes. The facility was available to all diplomatic missions and UN & other international organisations in the pre-GST regime. After introductions of GST, IGST is levied on imports and since no bill is generated for the same, the diplomatic community cannot file their return for refund of such payments. The diplomatic community expressed its serious concerns and also referred to reciprocal measures by their respective Governments. | **Recommendation: GST on import of services by Foreign Diplomatic Missions/ UN & other International Organisations may be exempted based on reciprocity.**<br><br>A harmonious reading of Article 23, 34 and 36 of the Vienna Convention and Section 7 and 8 of Article II of UN (P&I) Act mandate certain outright exemptions from direct taxes and customs duties. Further, it also mandates that services procured by the UN would suffer appropriate duties and taxes which shall be remitted or returned by way of appropriate administrative arrangements by Member Countries.<br><br>As far as taxes and duties in respect of domestic procurements by Mission Heads, Diplomatic Agents etc. are concerned, they are governed by the Vienna Convention. Here also, the mandate is for explicit exemption in respect of customs duties on goods. There does not appear to be any obligation on India for ab-initio exemption from GST in respect of services procured. However, in the interests of reciprocity, exemption from service tax was given.<br><br>In the service tax regime, as far as services provided to UN organizations and specified International organizations (like IMF, WHO), consulates and embassies are concerned, they were exempt by notification No. 25/2012-ST (Sl. No. 1) and notification No. 27 /2012-ST respectively. The rationale for exemption to the missions and consulates is the principle of reciprocity being important element. |

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| | | | In the GST regime, since it is a conscious policy of the Government to minimize exemptions and to allow seamless flow of ITC to suppliers of goods and services, United Nations or a specified international organisation are entitled to claim refund of integrated tax paid on the supplies of goods or services or both received by them subject to the prescribed conditions. This has been achieved vide notification Nos 13/2017-IT (R) and 16/2017-CT (R) in GST. These notifications are in line with the obligations of India under UN (P&I) Act, 1947.Therefore, for all domestic supplies, UIN agencies may first pay and then apply for refund.Further, Notification No. 10/2017- IT (R), provides for reverse charge liability where services are imported from a person located in the non-taxable territory. Therefore, UN, recognized international organizations, missions and consulates have also been made liable to first pay IGST on import of services, and thereafter claim refund of IGST so paid subject to the conditions specified under Notification No. 13/2017-IT (R).<br>For a normal registered person, the IGST paid on imports is available as credit to such person, and therefore can be refunded or utilized. However, since such facility of ITC is not available to Foreign Diplomatic Missions / UN Organizations, there is a challenge as to how will the IGST paid by UIN holders on imports be refunded to Foreign Diplomatic Missions / UN Organizations.<br><br>The scheme for holders of Unique Identity Number under GST is such that it does not provide for payment of tax by such UIN holders directly into the exchequer, though they may pay taxes to their suppliers and claim refund. So, operationalizing reverse charge provision for import of services by UIN entities is not feasible as of now. Moreover, in absence of exemption, if these entities are required to get registered to comply with reverse charge liability, it would be cumbersome and may not be appreciated.<br>The rationale for minimizing exemptions in GST regime is that exemptions break the input tax credit chain, distort the tax structure and lead to erosion of revenue. Exemptions block the input tax credit of the service provider which would stick as a cost to them and in turn the recipient. However, in case of import of services, this rationale does not hold true since there is no ITC available to the service provider in such cases.<br><br>For goods, IGST on imports has been exempted vide notification No. 39/2017-Customs dated 30.06.2017 amending notification 3/57-Customs dated 8.1.1957.<br><br>In view of the above, and considering the request made by diplomatic community, it is proposed that exemption from GST on import of services by Foreign Diplomatic Missions/ UN & other International Organisations based on reciprocity may be considered by Fitment Committee. [Be that as it may, this would make domestic procurement of services cumbersome vis-à-vis imports of similar services. Moreover, while domestic consumers would bear |

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| | | | the burden of OIDAR services (or the Netflix tax), the diplomatic corps will not.]<br><br>Exemption from GST on import of services by Foreign Diplomatic Missions/ UN & other International Organisations based on reciprocity may be considered. |
| 24 | Seeking clarification on applicability of Service Tax and GST on services rendered by an Indian Architect- Consultant in a foreign country for the Indian Diplomatic Missions/Posts, till 30th June 2017 and after 01st July 2017 respectively. | Ministry engages both foreign and Indian architect- consultants for the construction works of the Diplomatic properties. Whenever the service is received from foreign architect-consultants, tax component according to the law of service provider is paid while making payment. Similarly, when service is received from Indian service provider, service tax as per Indian law is paid to the service provider. Recently, during the audit of one of the diplomatic Missions, the auditor has observed that as per CBEC's Circular No. 80/10/2004 dated 17th September, 2004, *no service tax is to be paid for the construction services on government buildings or civil construction which are used for residential, office purpose or for providing civic amenities.* | **Recommendation: MEA may be advised as under:**<br>**i. If the recipient of service is located in India (i.e. Global Estate Management Division, Ministry of External Affairs) and the supplier of service (i.e. Architect-consultant) is located in India, the service rendered by the architect- consultant shall be taxable under GST. This transaction shall not qualify as export of services under section 2(6) of IGST Act, 2017.**<br>**ii. If the recipient of service is located outside India (i.e. Indian Diplomatic missions located abroad), supply of service by an architect- consultant located in India in relation to an immovable property located outside India against payment in convertible foreign exchange shall be zero-rated. A zero rated supply is exempt from GST. In addition, input tax credit (ITC) is also available to supplier of such service, which he can utilize or take refund of.**<br>**Concurrence of Law Committee may be obtained before issuing the clarification.**<br><br>The Circular No. 80/10/2004, dated 17th September, 2004 is not of relevance as it was issued in the context of taxable service of construction, the scope of which was defined in a particular manner, while the service in question is not construction service but the services of architect- consultant.<br><br>Taxability of service provided by an architect- consultant to Indian diplomatic missions located abroad in the pre and post GST period is discussed below.<br><br><u>Pre- GST regime (From 01.07.2012 to 30.06.2017):</u><br>As per Place of Provision of Services Rules, 2012 [Rule 5], the place of provision of services provided directly in relation to an immovable property, including services provided in this regard by experts and estate agents, provision of hotel accommodation by a hotel, inn, guest house, club or campsite, by whatever, name called, grant of rights to use immovable property, services for carrying out or co-ordination of construction work, including architects or interior decorators, shall be the place where the immovable property is located or intended to be located.<br>As the place of supply of service is outside the taxable territory of India, the service rendered by Indian architect- consultants towards the construction projects (in relation to immovable property) of Indian Diplomatic missions located outside India is not taxable under section 66B of the Finance Act, 1994. |

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| | | | GST regime:<br>Section 12 of IGST Act is applicable to determine the place of supply of services where location of supplier and recipient is in India while Section 13 is applicable to determine the place of supply of services where location of supplier or location of recipient is outside India.<br><br>Therefore, assuming the recipient of service to be located in India (i.e. Global Estate Management Division, Ministry of External Affairs) and the Architect- consultant being located in India, the place of supply of service in accordance with section 12 (3) would be the location of immovable property. However, as per proviso to Section 12 (3) of IGST Act if the location of the immovable property is outside India, then the place of supply shall be the location of the recipient, i.e, MEA, India. Depending on whether the supplier and recipient of service are located in same State/ Union territory or different states/ Union territories, the supply shall be an intra- state (leviable to CGST + SGST) or inter- state (leviable to IGST) supply, which is taxable in either case.<br><br>Assuming the recipient of service to be located outside India (Indian Diplomatic missions located abroad) and the architect-consultant located in India, as per section 13(4) of IGST Act, 2017, the place of supply of services supplied directly in relation to an immovable property, including services supplied in this regard by experts and estate agents, supply of accommodation by a hotel, inn, guest house, club or campsite, by whatever name called, grant of rights to use immovable property, services for carrying out or co-ordination of construction work, including that of architects or interior decorators, shall be the place where the immovable property is located or intended to be located. Therefore, the place of provision of services for Architect-Consultant services directly in relation to construction projects of Indian Diplomatic missions located abroad, in this situation, shall be location of immovable property, i.e. outside India.<br>According to sub- section (5) of section 7 of IGST Act, 2017, supply of goods or services or both when the supplier is located in India and the place of supply is outside India shall be treated as supply of goods or services in the course of inter-state trade or commerce. Thus, when the supplier of service (i.e. Architect-Consultant) is located in India and the recipient is located overseas, IGST shall be levied.<br>Further, section 16 of the IGST Act provides that export of goods or services shall be treated as zero rated supplies. A zero rated supply is exempt from GST. In addition, input tax credit (ITC) is also available to supplier of such service, which he can utilize or take refund of.<br><br>Under section 2(6) of IGST Act, 2017, "export of services" means the supply of any service when, — (i) the supplier of service is located in India; (ii) the recipient of service is located outside India; (iii) the place of supply of service is outside India; (iv) the payment |

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<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th>Recommendation of Fitment Committee</th></tr>
<tr><td></td><td></td><td></td><td>for such service has been received by the supplier of service in convertible foreign exchange; and (v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with Explanation 1 in section 8 of IGST Act, 2017. According to the said Explanation, establishments of a person in India and outside India are treated as establishments of a distinct person.<br><br>In view of the above provisions, supply of service by an architect-consultant located in India in relation to an immovable property located outside India to a person located outside India (i.e. Indian Diplomatic missions located abroad) against payment in convertible foreign exchange shall be zero-rated.<br><br>To summarize, the taxability of supply of service by an Architect-Consultant located in India in relation to an immovable property located outside India in GST regime in different scenarios is as under.<br><br>
<table>
<tr><th>Location of service provider</th><th>Location of service recipient</th><th>Place of Provision of Service</th><th>Taxability under GST</th></tr>
<tr><td>India</td><td>India e.g. Ministry of External Affairs</td><td>As per proviso to Section 12 (3) of IGST Act, in case the location of the immovable property is outside India, the place of supply shall be the location of the recipient, i.e. India.</td><td>Depending on whether the supplier and recipient of service are located in same State/ Union territory or different states/ Union territories, the supply shall be an intra-state (leviable to CGST + SGST) or inter- state (leviable to IGST) supply, which is taxable in either case.</td></tr>
<tr><td>India</td><td>Abroad, e.g. Indian Diplomatic Mission Abroad</td><td>As per section 13(4) of IGST Act, 2017, the place of supply of services supplied directly in relation to an immovable property, including that of architects or interior decorators, shall be the place where the immovable property is located or intended</td><td>If payment to the service provider is paid in convertible foreign exchange, it shall be export and shall also be zero-rated. A zero rated supply is exempt from GST. In addition, input tax credit (ITC) is also available to supplier of such service,</td></tr>
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| | | | <table><tr><td></td><td></td><td>to be located i.e. outside India.</td><td>which he can utilize or take refund of.</td></tr></table><br>In view of the above we may advise MEA as under:<br>iii. If the recipient of service is located in India (i.e. Global Estate Management Division, Ministry of External Affairs) and the supplier of service (i.e. Architect- consultant) is located in India, the service rendered by the architect-consultant shall be taxable under GST. This transaction shall not qualify as export of services under section 2(6) of IGST Act, 2017.<br>iv. If the recipient of service is located outside India (i.e. Indian Diplomatic missions located abroad), supply of service by an architect- consultant located in India in relation to an immovable property located outside India against payment in convertible foreign exchange shall be zero-rated. A zero rated supply is exempt from GST. In addition, input tax credit (ITC) is also available to supplier of such service, which he can utilize or take refund of. |
| 25 | Request to grant exemption on supply of services made to an old age home from GST<br>Or<br>Request to enlarge the scope of existing exemption available to RWAs/ co-operative housing societies to include the payments made to service providers directly upto Rs. 9000/- per month per member. | Many Senior citizens spend their post retirement lives at Retirement homes/ Old Age Homes for Senior Citizens. Income of these citizens are only limited the interest earning from the savings made during their working age. Some of the Senior Citizens have made an association and spent their lives on cooperative basis. For the maintenance of their homes and operation of common services like medical centre, library/ reading rooms, recreation, water supply and sewage treatment they take help from private service provider. Senior Citizens have to pay 18% GST on Maintenance service and 55 for catering.<br>As per the representation, these services would have been exempted from | **Recommendation: Supply of services by an old age home (State Govt. run/ Central Govt. run/ run by a body registered under 12AA of Income Tax Act) to its residents (aged 60 years or more) against consideration upto Rupees Twenty-Five Thousand (Rs 25,000/-) per month per member may be exempted provided the said consideration is inclusive of charges for boarding, lodging and maintenance.**<br><br>Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution up to an amount of seven thousand five hundred rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex is exempt from levy of Service Tax vide Sl. no. 77 of notification No. 12/2017- Central Tax (R).<br><br>Many old age homes/ senior citizen care homes may not be in a position to register themselves as cooperative society/ RWA or non-profit entity under any law and may not be in a position to manage their day to day care, therefore they prefer to get help from independent service providers. Therefore, the above exemption may not be availed by them.<br><br>Old age life is a respectful yet helpless and it is inevitable to all. Morally it would not be justifiable to put their life under stress by taxing them. Stay at old age home/ senior citizen care home is not a choice rather compulsion for old person as they do not get proper attention from their beloved family. Therefore, it become collective responsibility of state to help them by any means.<br>*[The State shall, within the limits of its economic capacity and development, **make effective provision for old age**, sickness and disablement, and in other cases of undeserved want. Article- 41, Part IV: Directive Principles of State Policy]* |

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| | | GST, had the association itself rendered the services to its members vide sl. No. 77 of notification No. 12/2017- CT (R). [*Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution up to an amount of seven thousand five hundred rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.]*<br>Since senior citizens are unable to run the operations due to old age, they get such services from the independent service providers. | Therefore, it is proposed that supply of services by an old age home (State Govt. run/ Central Govt. run/ run by a body registered under 12AA of Income Tax Act) to its residents (aged 60 years or more) against consideration upto Rupees Twenty-Five Thousand per month per member may be exempted provided the said consideration is inclusive of charges for boarding, lodging and maintenance. |
| 26 | Request to exempt Skill programs having certification from Directorate General of Training (DGT) erstwhile Directorate General of Employment and Training (DGET) or the Sector Skill council under GST, as is already the case with NSDC. | CREDAI has been engaged with skill development of construction workers since 20017. It is also a share holder of National Skill Development Corporation along with Govt. of India. **CREDAI is also associated with construction sector skill development corporation.**<br>Construction Industry is the second largest employer of the | **Recommendation: Services provided by a training partner approved by Directorate General of Training, Ministry of Skill Development and Entrepreneurship in relation to a vocational skill development course/ training program approved by DGT may be exempted subject to DGT confirming the request of CREDAI.**<br><br>Vide Sl. no 69 of notification No. 12/2017- CT (R), any service provided by an assessment agency, training partner approved by the National Skill Development Corporation or the Sector Skill Council, in relation to-<br>(i) the National Skill Development Programme implemented by the National Skill Development Corporation; or<br>(ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or<br>(iii) any other Scheme implemented by the National Skill Development Corporation; |

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| | | country after agriculture. This industry faces a grave challenge of unskilled workforce. Under GST regime, the vocational and skill development programs implemented by NSDC has been exempted. However, the training to enhance the skill development of construction workers are not exempt under GST. 18% GST creates additional burden on such skill development programs. | are exempt under GST.<br>Similarly vide sl. no 70 of the above notification, services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme is exempt from GST. However, the skill development courses/ trainings are not exempt under GST.<br>We may exempt services provided by a training partner approved by Directorate General of Training, Ministry of Skill Development and Entrepreneurship in relation to a vocational skill development course/ training program approved by DGT. [Initially, during discussions in Fitment Committee, some of the States felt that this was open to misuse.] |
| 27 | GST exemption on the Specified Reinsurance Services provided to Insurance Schemes funded by Government | Entry No. 40 of Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017 provides GST exemption to 'Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory'. Accordingly, insurance services provided to the Central Government, State Government by the insurance companies are exempt from GST. But, re-insurance services in relation to services covering Entry No 40 of the said notification are not exempt from the levy of GST. | **Recommendation: 1. Re-insurance of the insurance schemes covered by Sl. No. 40 of the Exemption Notification 12/2017-CT(R). [*'Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory'*] may be exempted from GST.**<br>**2. Department of Financial Services to ensure that the insurance companies shall pass on the benefit of reduced GST to consumers by way of commensurate reduction in premium.**<br><br>In the 25th GST Council meeting on 18 January 2018, proposal to exempt reinsurance in respect of specified insurance schemes was approved. Consequently, reinsurance services on specified exempted insurance schemes is exempt from GST, though reinsurance services were not given exemption from Service Tax earlier. The Central Government has launched ambitious Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) during FY 2018-19. PMRSSM is exempt from GST vide Entry No 40 of the Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017 (herein referred as Exemption Notification). However, re-insurance services on such government funded insurance schemes covered under Entry No 40 of the Exemption Notification are not exempt from GST.<br><br>2. Entry No. 35 and 36 of Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017 (herein referred as Exemption Notification) provided exemption on GST to specified life insurance and general insurance schemes (24 specified insurance schemes). Further, entry no 36A was inserted vide Notification No. 2/2018-Central Tax (Rate), dated 25.01.2018 to provide exemption to reinsurance services in relation to services specified in entries 35 and 36. |

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| | | | 3. Entry No. 40 of Exemption Notification provides GST exemption to 'Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory'. Accordingly, insurance services provided to the Central Government, State Government by the insurance companies are exempt from GST. But, re-insurance services in relation to services covering Entry No 40 of the said notification are not exempt from the levy of GST.<br><br>4. Insurance companies including public sector undertakings participate as insurers in Central Government, State Government / Union territory schemes. As per the IRDAI annual report published for the financial year 2016-2017, Net Incurred to Claims Ratio for the Government sponsored scheme has been increasing year-on-year and has touched 122% for the financial year 2016-2017. This increase in ratio on basis signifies that the insurance companies are already in under huge losses for the health insurance schemes.<br><br>5. Further, since the exposure in such schemes is high, to mitigate the risk, the Government owned insurance companies are bound to take reinsurance for such schemes. At the time of taking reinsurance in respect of such scheme, exemption is provided only for specified 24 schemes. No exemption is being provided for reinsurance services whereby the premium is paid by the government (specified in entry 40 of Exemption Notification). As the insurance services provided under entries 35, 36 and 40 are exempt all GST on input services become cost to the insurance company. GST charged by reinsurer from the insurance companies also becomes a cost to the insurance company.<br><br>6. In case, the contract price (insurance premium) is already fixed, such reinsurance cost gets absorbed at the insurance companies end. In case the contract price is not fixed by the insurance company, such additional cost on account of GST @18% will form part of the insurance premium, which will be charged from the Government. Therefore, effectively GST is being paid to the Government by the reinsurer and in turn is being recovered from the government in the form of additional premium charged by insurance company.<br><br>7. Government of India has approved Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) to be launched in 2018-19 which will provide health protection cover upto Rs 5 lakh to more than 10 crore beneficiary families to poor, vulnerable and disadvantage sections of populations, identified out of the SECC database. States have an option to implement the scheme though insurance companies, or directly through trust/society, or in a mixed mode. The premium between the Centre/State/UT under PMRSSM shall be shared in the ratio as per the Ministry of Finance instructions in vogue. |

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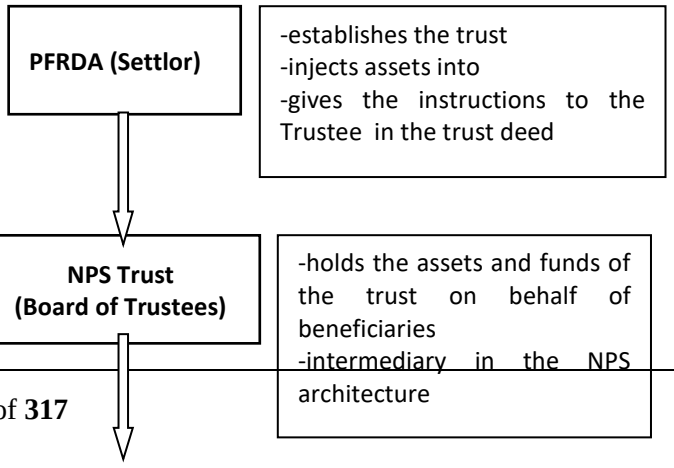
| | | | 8. In PMRSSAM, If we assume a premium of Rs 1000 per family paid by the Government for the health insurance coverage of RS 5 lakh per family per year, the total premium for targeted 10 crore families for one year would be Rs 10000 Crores. If we assume, the insurer of PMRSSM will take 60% re-insurance coverage on the insurance premium, the re-insurance premium per annum would be Rs 6000 Crores. GST charged @18% on such re-insurance premium per annum would be Rs 1080 Crores. GST on re-insurance premium would be charged to the insurance companies which would become part of their cost and would in turn be recovered from respective Central/State Governments.<br><br>9. Further, in the 25th GST Council meeting on 18 January 2018, proposal to exempt reinsurance in respect of specified insurance schemes was approved. On the similar lines, re-insurance of the services mentioned at Sl. No. 40 of the Exemption Notification i.e. *'Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory'* may be considered for exemption from GST.<br><br>The matter is put up for a suitable decision by the Fitment Committee based on merits. In case the request is accepted we may inform the Department of Financial Services to ensure that the insurance companies shall pass on the benefit of reduced GST to consumers by way of commensurate reduction in premium. |
| 28 | Exempting services provided by National Pension System (NPS) Trust under GST | NPS Trust for the purpose of management of affairs is only seeking reimbursement of expenses in accordance with Section 32 of the Indian Trust Act, 1882 and does not provide any service to the subscribers against any consideration chargeable from such subscribers and in view thereof may not be amenable to be covered within the ambit of GST. The services provided by RBI,SEBI, IRDAI and also by EPFO and ESIC have been placed under the | **Recommendation: GST on the administrative fee collected by NPS Trust may be exempted. Proposals of States having similar scheme may also be brought forward.**<br><br>PFRDA is the regulator of NPS. NPS Trust is an intermediary, through which PFRDA regulates NPS as shown in the below diagram:-<br><br> |

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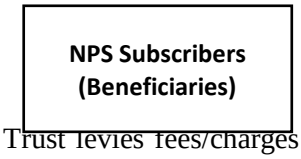
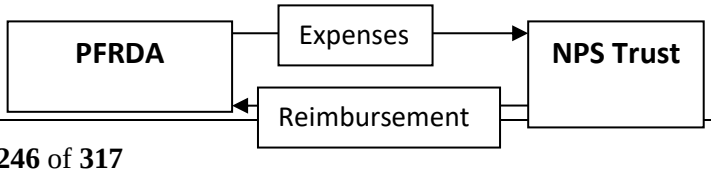
| | | exempted category and no GST is applicable | <br>NPS Trust levies fees/charges as per Section 2, Clause (e) of the PFRDA (NPS Trust) Regulations, 2015 where "charges" shall include *charges and any other levies payable by the subscriber to the intermediaries under the National Pension System as may be determined by the Authority from time to time*. The intermediaries include Central Recordkeeping Agency, Point of Presence, Trustee Bank, Custodian, Pension funds and NPS Trust. All the intermediaries are liable to pay GST@18%. All the intermediaries except NPS Trust levy fees/charge primarily with the profit motive, but NPS Trust are levying the fees/charge to meet the expenses as directed by PFRDA.<br><br>Settlor establishes the trust, injects assets into it and gives the instructions to the Trustee in the Trust deed. Trustee holds the assets of the Trust on behalf of the beneficiaries, carries out the instructions of the Settlor set out in the trust deed. PFRDA as a settlor has established a private trust as per the provisions of the Indian Trust Act, 1882. The execution of the NPS Trust Deed by PFRDA took place on 27.02.2008. The NPS Trust was established vide Central Government letter D.O. No 5(75)/2006- ECB & PR dated 24th April 2007. A Memorandum of Understanding was signed between PFRDA and the NPS Trust highlighting the rights and obligations of both the parties on 1st July 2009. The affairs of the Trust are managed by Board of Trustees who are the legal owners of the funds under NPS<br><br>Fee/Charges are being recovered from the subscribers of schemes for meeting the expenses of NPS Trust @0.01% p.a w.e.f 01.11.2015 as instructed by PFRDA through Letter No.PFRDA/5/NPST/1 dated 16.10.2015. The total fees/charges from Subscribers as on 31.03.2017 is Rs 147,867,128. PFRDA claimed reimbursement of Rs. 3,38,57,953/- for the F Y 2016-17, towards rent, electricity (being 1 portion of 3rd floor used by NPS Trust) & salary, allowances and other reimbursements to the officials of PFRDA engaged with NPS Trust for the period April 2016 to March 2017. Accordingly an amount of Rs. 3,01,98,151/- was reimbursed to PFRDA in the FY 2016-17 and Rs. 36,59,802/- the amount reimbursable for the month of February/March 2017 was shown under provisions in the Balance Sheet. Grant/Subsidies are accounted for on realization basis. The expenses of NPS Trust are borne by government Grants received (if any). For the F Y 2016-17, no grant was received from PFRDA/Govt.<br><br> |

| Sl. No. | Proposal | Justification given in support of the proposal | Recommendation of Fitment Committee |
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| | | | Continued ageing of societies combined with the changing nature of work puts pressure on both the financial sustainability and the retirement income adequacy of pension systems; in addition, risks of increasing old-age inequality have been building up (OECD, 2017). NPS is one of the major reforms in the pension sector of India. Unlike traditional financial products where all the functions (sales, operations, service, fund management, depository) are done by one company, NPS follows an unbundled architecture where each step of the value chain has been made disjointed from the other. This unbundling not only allows the customer to mix and match his providers of service through the value chain, picking the best-suited option, but it also curbs the incidence of mis-selling. The benefit of such a pension regime is likely to foster aggregate rate of savings and accelerate capital market development. PFRDA is the regulator of NPS in India. PFRDA regulates NPS through the intermediary NPS Trust. NPS Trust levies fees/charges to meet the administrative expenses alone without any profit motive unlike other intermediaries in the NPS system. All the intermediaries except NPS Trust levy fees/charge primarily with the profit motive, but NPS Trust are levying the fees/charge to meet the expenses as directed by PFRDA.<br><br>NPS Trust is the backbone of the entire NPS architecture. NPS Trust levies fees/charges as per Section 2, Clause (e) of the PFRDA (NPS Trust) Regulations, 2015 where "charges" shall include charges and any other levies payable by the subscriber to the intermediaries under the National Pension System as may be determined by the Authority from time to time. Such levy is monitored by PFRDA through regulations and used by NPS Trust to meet the administrative expenses alone. Services provided by the Employees' State Insurance Corporation, Employees Provident Fund Organization, Insurance Regulatory and Development Authority of India, and Securities and Exchange Board of India are exempt vide notification No. 12/2017-CT (Rate), S. Nos. 31 to 34. These statutory bodies also levy various administrative fees/charges to meet the expenses.<br>GST on the administrative fee collected by NPS Trust may be exempted. |
| 29 | The following activities need to be explicitly clarified to be exempted from GST:<br>1. Artificial insemination and Livestock breeding services<br>2. Milk conversion and Sahayak Services | 1. Livestock breeding is undertaken by farmers or by organizations working for the welfare of farmers to improve the productivity of the animals reared by the farmers. The activity of Livestock breeding involves services related to identification | **Recommendation: GST rate on services by way of artificial insemination of livestock (other than horses) may be reduced to 5%. Other proposals may not be accepted.**<br><br>Analysis<br>1. The request basically is to include certain activities in the exempted category on the ground that these have been inadvertently missed. The request is to amend the (a) definition of 'agricultural produce', ( b) list of nil rated services related to agriculture at entry 24 of notification No. 11/2017-CT(R) and (c) |

| Sl. No. | Proposal | Justification given in support of the proposal | Recommendation of Fitment Committee |
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| | (Ancillary Services for procurement. production, sale or distribution of agricultural produce): These would include –<br>a) Spreading awareness amongst the individual farmers/milk producers to cooperate and coordinate for collective pouring of milk for mutual benefits.<br>b) Assisting towards creating awareness amongst farmers in relation to quality of the fodder, livestock breed, available vaccines, better management of the waste etc., so as to ensure good health of the livestock and environment which ultimately result in increase in the milk productivity, production and quality of the milk produced by small farmers.<br>c) Facilitate towards pouring and preservation of fresh raw milk of individual farmers/milk producer and reduction in pilferage of milk poured.<br>d) Transportation of raw milk from | of elite animals by way progeny testing, genomic selection etc and using the identified elite animals for the production of high genetic merit animals. The activity of Livestock breeding also involves production, storage and distribution of Frozen Semen doses and Embryos from these high genetic merit animals and transferring the Frozen Semen Dose or Embryo through Artificial Insemination (AI) and Embryo Transfer respectively to the animals reared by the farmers. While Semen and Embryos may be covered in the definition of Agriculture Produce, Frozen Semen and Frozen Embryos constitute items which are used in the packing, preservation and storage of Semen and Embryos dose like Semen Straws, Liquid Nitrogen and Cryo-vessels. It is therefore essential all the items mentioned should also be exempted from GST.<br>2. These activities are relevant to support farmers in sale of raw milk and also help the farmers in increasing the milk productivity. These are in effect support services in relation to collection | list of exempted services related to agriculture mentioned at entry 54 of notification No. 12/2017-CT(R) as under (Proposed changes highlighted in bold in red):<br><br><u>Definition of Agricultural produce</u> : "Agricultural produce" means any produce out of cultivation of plants and rearing of all life forms of animals which includes livestock breeding and artificial insemination activities, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing if done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary and secondary market"<br><br><u>Entry 24 of notification No. 11/2017-CT(R)</u> –<br>(i) Support services to agriculture, forestry, fishing, animal husbandry.<br>Explanation - "Support services to agriculture, forestry, fishing, animal husbandry" mean-<br>a. Services relating to cultivation of plants and rearing of all life forms of animals, which includes livestock breeding and artificial insemination activities, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of –<br>a. agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;<br>b. supply of farm labour;<br>c. processes carried out at an agricultural farm/ village including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, milk collection/pooling, cooling or bulk milk processing, packaging and such like operations (including job work activities) which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary and secondary market;<br>d. renting or leasing of agro machinery or vacant land with or without a structure incidental to its use or spaces for use of bull semen station and milk pooling points;<br>e. loading, unloading, packing, storage or warehousing of agricultural produce;<br>f. agricultural extension services;<br>g. Ancillary Services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent or contractor for procurement, production, sale or distribution purchase of agricultural produce, which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary and secondary market. |

| Sl. No. | Proposal | Justification given in support of the proposal | Recommendation of Fitment Committee |
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| | Villages to Milk Chilling Centres (MCC)/Bulk Milk Cooling Centres ('BMC) in efficient manner to minimize the risk of loss and wastage of milk.<br>e) Cleaning of milk cans/utensils etc. and testing equipment and maintenance of hygiene of milk collection centre.<br>f) Maintaining proper and up-to-date records of milk poured and forward the same to MCC/BMC in the prescribed manner. | and supply of agricultural produce. | Proposal 2<br>(ii) Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.<br>(iii) Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, which includes livestock breeding through usage of Frozen Semen Doses/ Embryos, artificial insemination activities, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce.<br><br><u>Entry 54 of notification No. 12/2017-IT(R)</u><br>Same services as highlighted at (i) above to be exempted.<br><br>2. All the suggested changes are not inadvertently left out. Status quo as existed under Service Tax has been maintained. These are requests for new exemptions.<br>The purpose for agriculture related exemptions was to not burden the farmer with tax. The proposed changes basically include exemptions on activities such as artificial insemination (progeny testing, genomic selection, production, storage and distribution of Frozen Semen doses and Embryos etc.), spreading awareness amongst farmers, milk chilling, testing, record management etc., which are carried out not by farmers/ cultivators but by breeders/businesses. However, the services of artificial insemination of livestock may be procured by farmers as well as veterinary research institutes.<br>Therefore, only the services by way of artificial insemination of livestock (other than horses) may be exempted. |
| 30 | 1. Clarification sought on GST applicability on storage charges received against forest products viz. mahuwa, chargutlu, aamchoor, khapta. plum. kokem, karnal, tamarind etc.<br>2. Exemption sought on all cold storage services from GST | 1. The forest produce are directly received from forest to cold storages, i.e. no further processing is done on these products and are stored in their natural form.<br>2. There is no GST on unprocessed agricultural produce while tax is levied on processed agricultural produce. A cold storage has 98-99% unprocessed agricultural produce and only 1-2% | **Recommendation:**<br>**1. Warehousing of minor forest produce may be exempted from GST**<br>**2. The scope of exemption for warehousing of agricultural produce may not be expanded to include warehousing of processed agriculture produce**<br><br><u>Analysis</u><br><u>Warehousing of forest produce:</u><br>1. GST is exempted on loading, unloading, packing, storage or warehousing of agricultural produce vide Sl. No. 54(e) of notification No.12/2017. 'Agriculture produce' has been defined in clause 2 (d) of the said notification as any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market. |

| Sl. No. | Proposal | Justification given in support of the proposal | Recommendation of Fitment Committee |
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| | | processed agricultural produce. Cold storage construction is being subsidised by Govt. It would be encouraging to exclude cold storages from purview of GST | 2. Service Tax Education Guide in the erstwhile ST regime at Q 4.4.2 has clarified that agriculture includes forestry. The forest produce, in respect of which clarification is sought, are directly received from forest to cold storages, i.e. no further processing is done on these products. A conjoint reading of these provisions leads to the interpretation that storage of produce of agro and social forestry shall be exempt from GST. The same does not apply to storage of forest produce collected from natural forests because such produce is not a produce obtained out of cultivation of plants. However, warehousing or storage of forest produce may be exempted so as to benefit tribals.<br><u>Cold storage of processed agricultural produce:</u><br>Status quo has been maintained from Service Tax regime. This is a new exemption request. Services by way of loading, unloading, packing, storage or warehousing of agricultural produce are already exempt from GST [entry 54 of notification 12/2017-Central Tax (Rate) refers]. Processed agriculture produce is stored not by farmers but by traders/ food processors/ businesses. Further increase in scope of the existing exemption is not warranted. |
| 31 | <u>Leasing of dredgers</u><br>ITC on the leasing of dredgers is not allowed under section 17(5) of the CGST Act.<br>It is requested to clarify that the credit of GST paid on inward supply in the form of leasing of dredgers shall be available to the taxpayers. | Dredgers are classified under Customs Tariff Heading 89 i.e. vessels. Conveyance as defined under section 2(33) of CGST Act, includes vessel. Thus, dredgers are included in the term conveyance.<br>ITC is not available in respect of motor vehicle and other conveyance<br>except when they are used—<br>(i) for making the following taxable supplies, namely: —<br>(A) further supply of such vehicles or conveyances; or<br>(B) transportation of passengers; or<br>(C) imparting training on driving, flying, | **Recommendation: Prima facie, the issue has been addressed in the draft amendment law placed in the public domain; if not, Law Committee may be requested to make suitable changes in the draft amendment law to allow credit of such specialised vessels/SPVs.**<br><br>1. Dredgers are specialised vessels which perform the specific function of dredging, inter-alia, to keep the ports functional.<br>2. Vessels in general are used in transportation of goods, the ITC of the same is allowed in the notification No. 11/2017-CT(R) "*Provided that credit of input tax charged on goods (other than on ships, vessels including bulk carriers and tankers) used in supplying the service has not been taken.*"<br>3. Further, there is no restriction in section 17(5) if these vessels are used for transportation of goods.<br>4. However, when the vessel serves a specific purpose such as oil drilling (eg *Chikyū* a Japanese scientific drilling ship built for the Integrated Ocean Drilling Program (IODP), laying cables, creating artificial islands, installing wind turbines, by the nature of activity performed by these vessels the ITC of the same is not available even if the activity itself is taxable.<br><br><u>Service Tax</u><br>5. In Cenvat Credit Rules, 2004, vessel was not included in the definition of "capital goods". The definition of "input" included all goods used for providing any output service.<br>"Input service" included service used by a provider of output service for providing an output service. Rule 2(l) only excluded the services provided by way of renting of motor vehicle, in so far as they relate to a motor vehicle which is not a capital good. |

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th>Recommendation of Fitment Committee</th></tr>
<tr><td></td><td></td><td>navigating such vehicles or conveyances;<br>(ii) for transportation of goods;<br><br>It appears that the restriction of ITC is in respect of inward supply of conveyance and not in respect of inward supply of leasing services for the same. Levy of IGST is not on the dredgers imported under lease (as it is exempt under notification No. 85/2017-Customs;) dredgers imported under cross-border lease attract IGST on lease rentals.</td><td>Therefore, there was no specific exclusion of vessel from input goods or of leasing of vessels from input services, for which the Cenvat credit was available with the provider of services.<br><br><u>GST</u><br>6. There appears to be departure in the GST regime where the term conveyance has been inserted in section 17(5).<br>There is merit in allowing ITC in respect of dredgers used for dredging. This may be extended to leasing of all major equipment, which are classified as conveyance, such as, cranes, cement mixers, grinders, hoppers, forklifts, rollers, used for making taxable supplies. Since the issue pertains to GST law, the same was forwarded to GST Policy Wing for appropriate action.</td></tr>
<tr><td>32</td><td>To clarify that,-<br>1. Clarification contained in the Circular No. 210/2/2018- Service Tax dated 30th May, 2018 that the services provided by Government and Private Service Providers (PSPs) by way of transportation of patients in an ambulance are exempt from service tax is applicable for the purpose of GST also, as the said services are specifically exempt under notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 vide Sl. No. 77.<br>2. As regards the service provided by PSPs to the State</td><td></td><td>Recommendation: May be accepted. Circular may be issued as per the draft annexed hereto<br>A circular dated 30th May, 2018 was issued by Service Tax Wing (CBIC) on above subject. The circular states, inter alia, that the service of transportation in ambulance provided by state Governments and private service providers (PSPs)to patients are exempt under notification No. 25/2012- Service Tax dated 20.06.2012, Sl. No.2 and that ambulance service provided by PSPs to State Governments under national Health Mission is a service provided to government by way of public health and hence exempted under notification No. 25/2012- Service Tax dated 20.06.2012, Sl. No. 25(a).<br><br>2. The service tax exemption at sl. no.2 of notification No. 25/2012 dated 20.06.2012 has been carried forward under GST in the identical form vide Sl. No. 77 of notification No. 12/2017- CT (R) dated 28.06.2017. The service tax exemption at serial No. 25(a) of notification No. 25/2012 dated 20.06.2012has also been substantially, although not in the same form, continued under GST vide sl. no. 3 and 3A of the notification No. 12/2017- CT (R) dated 28.06.2017. The said exemption entries under Service Tax and GST notification read as under.
<table>
<tr><th>Service Tax</th><th>GST</th></tr>
<tr><td><u>Sl. No. 2:</u><br>(i) Health care services by a clinical establishment, an authorized medical practitioneror para-medics;</td><td><u>Sl. No. 77:</u><br>Services by way of-<br>(a) health care services by a clinical establishment, an</td></tr>
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<tr><th>Sl. No.</th><th>Proposal</th><th>Justification given in support of the proposal</th><th colspan="2">Recommendation of Fitment Committee</th></tr>
<tr><td></td><td>Governments by way of transportation of patients on behalf of the State Governments against consideration in the form of fee or otherwise charged from the State Government, it may be clarified that the same would be exempt under-<br>a. Sl. No. 3 of notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 if it is a pure service and not a composite supplies involving supply of any goods, and<br>b. Sl. No. 3A of notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 if it is a composite supply of goods and servicesin which the value of supply of goods constitutes not more than 25 per cent of the value of the said composite supply.</td><td></td><td colspan="2">
<table>
<tr><td>(ii) Services provided by way of transportation of a patient in an ambulance, other than those specified in (i) above.</td><td>authorized medical practitioner or para-medics;<br>(b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.</td></tr>
<tr><td>Sl. No. 25(a):<br>Services provided to Government, a local authority or a governmental authority by way of water supply, public health, sanitation conservancy, solid waste management or slumimprovement and upgradation</td><td>Sl. No. 3:<br>Pure services (excluding works contract service or other composite supplies involving supply of any goods) providedto the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.</td></tr>
<tr><td></td><td>Sl. No. 3A:<br>Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent. of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.</td></tr>
</table>
3. Functions of ‘health and sanitation’ is entrusted to Panchayats under Article 243G of the Constitution of India read with Eleventh Schedule. Function of ‘public health’ is entrusted to Municipalities under Article 243W of the Constitution read with Twelfth schedule to the Constitution. Thus ambulance services are an activity in relation to the functions entrusted to the functions</td></tr>
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| Sl. No. | Proposal | Justification given in support of the proposal | Recommendation of Fitment Committee |
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| | | | entrusted to panchayats and municipalities under Articles 243G and 243 W of the Constitution. |

F. No. 354/220/2018-TRU
Government of India
Ministry of Finance
Department of Revenue
Tax research Unit
****

Room No. 146,North Block,
New Delhi, __ June, 2018

To,

The Principal Chief Commissioners/Chief Commissioners/ Principal Commissioners/ Commissioner of Central Tax (All) /

The Principal Director Generals/ Director Generals (All)

Madam/Sir,

**Subject: Applicability of GST on ambulance services provided to government by private service providers under the National Health Mission (NHM) – Reg.**

I am directed to invite your attention tothe Circular No. 210/2/2018- Service Tax, dated 30th May, 2018. The said Circular has been issued in the context of service tax exemption contained in notification No. 25/2012- Service Tax dated 28.06.2017 at Sl. No. 2 and 25(a). The Circular states, inter alia, that the service of transportation in ambulance provided by State Governments and private service providers (PSPs)to patients are exempt under notification No. 25/2012- Service Tax dated 20.06.2012 and that ambulance service provided by PSPs to State Governments under National Health Mission is a service provided to Government by way of public health and hence exempted under notification No. 25/2012- Service Tax dated 20.06.2012.

2. The service tax exemption at Sl. No.2 of notification No. 25/2012 dated 20.06.2012 has been carried forward under GST in the identical form vide Sl. No. 74 of notification No. 12/2017- CT (R) dated 28.06.2017. The service tax exemption at serial No. 25(a) of notification No. 25/2012 dated 20.06.2012 has also been substantially, although not in the same form, continued under GST vide Sl. No. 3 and 3A of the notification No. 12/2017- CT (R) dated 28.06.2017. The said exemption entries under Service Tax and GST notification read as under.

| Service Tax | GST |
|---|---|
| Sl. No. 2:<br>(i) Health care services by a clinical establishment, an authorized medical practitioner or para-medics;<br>(ii) Services provided by way of transportation of a patient in an ambulance, other than those specified in (i) above. | Sl. No. 74:<br>Services by way of-<br>(a) health care services by a clinical establishment, an authorized medical practitioner or para-medics;<br>(b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above. |
| Sl. No. 25(a):<br>Services provided to Government, a local authority or a governmental authority by way of water supply, public health, sanitation conservancy, solid waste management or slum improvement and upgradation | Sl. No. 3:<br>Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to |

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| | any function entrusted to a Municipality under article 243W of the Constitution. |
| | Sl. No. 3A:<br>Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent. of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution. |

3. Functions of 'Health and sanitation' is entrusted to Panchayats under Article 243G of the Constitution of India read with Eleventh Schedule. Function of 'Public health' is entrusted to Municipalities under Article 243W of the Constitution read with Twelfth schedule to the Constitution. Thus ambulance services are an activity in relation to the functions entrusted to the functions entrusted to Panchayats and Municipalities under Articles 243G and 243 W of the Constitution.

4. In view of the above, it is clarified that the clarification contained in the Circular No. 210/2/2018- Service Tax dated 30th May, 2018 with regard to the services provided by Government and PSPs by way of transportation of patients in an ambulance is applicable for the purpose of GST also, as the said services are specifically exempt under notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 vide Sl. No. 74.

5. As regards the service provided by PSPs to the State Governments by way of transportation of patients on behalf of the State Governments against consideration in the form of fee or otherwise charged from the State Government, it is clarified that the same would be exempt under-

a. Sl. No. 3 of notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 if it is a pure service and not a composite supply involving supply of any goods, and
b. Sl. No. 3A of notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 if it is a composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent of the value of the said composite supply.

6. Difficulty if any, in the implementation of this circular may be brought to the notice of the Board.

Yours Faithfully,

Technical Officer (TRU)

## Annexure IV

## List of issues which require further examination by the Fitment Committee

### A: Issues related to Goods:

| S. No. | Description | HSN | Present GST Rate (%) | Requested GST rate (%) | Comments |
|---|---|---|---|---|---|
| 1 | Footwear | 64 | 18%/5% | 5% | 1. GST rate of 5% has been prescribed on footwear having retail sale price not exceeding Rs 500. GST rate of 18% has been prescribed on footwear having retail sale price more than Rs 500 (Pre-GST incidence was upto 29%).<br>2. It has been reported that the dual rate structure has resulted in distortion/ compliance issue. Further it is argued that 18% rate is too high.<br>3. An across the board 5% GST rate on footwear would put the domestic footwear industry at disadvantage vis-a-vis imports and will have significant revenue implication. Further 5% rate has resulted in accumulation of ITC because of inverted duty structure.<br>4. The weighted average tax paid on footwear, in GST regime is about 11.9%. Accordingly, it was felt that a rate of 12% on all kind of footwears was proposed while small suppliers getting the benefit of threshold exemption and composition scheme.<br>5. The same was discussed by the Fitment Committee and it was felt that only the lower end of footwear is at 5% while anything above Rs. 500 is at 18%. So, reducing GST rate from 18% to 12% will have serious revenue implication and it may not be also feasible to increase GST rate from 5% to 12%.<br>6. The Fitment Committee took a view that this issue needs to be examined further by the Fitment Committee. |
| 2 | Rolling Stock, coaches and bogies | 8605, 8607 | 5% [without ITC] | 12% with ITC | 1. It was pointed out that there is not much rationale to keep rolling stock falling and coaches under these tariff item at 5% without ITC, as these goods are supplied by domestic manufacturers (other than Railways) to Metros.<br>2. Therefore, it was suggested that the GST rates of 12% with ITC may be prescribed on the bogie and coaches.<br>3. While Fitment Committee agreed that increasing the rate to 18% will do away with the distortion. However, a concern was expressed that there has been accumulation of credit for sometime related to this chapter and once this rate is applied, there would be significant revenue loss as ITC accumulated so far would be utilised<br>4. Therefore, Fitment Committee felt that an analysis of accumulated ITC be done before taking a final decision. |

### B: Issues related to Services:

| Sl. No. | Proposal | Justification | Recommendation of Fitment Committee |
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| 1. | Request to exempt services of Chhattisgarh | CPEB was established by State Government notification in the year | **Recommendation: Needs further study. It may be examined whether the services fall under Articles 243G and 243W of the Constitution of India and thus already** |

| Sl. No. | Proposal | Justification | Recommendation of Fitment Committee |
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| | Professional Examination Board (CPEB) provided to unemployed youths in relation to conduct of entrance test for employment purpose from GST | 2005 vide F 1-51/2004/42, dated 30.07.2015, Raipur to conduct entrance examinations of Medical, Ayurvedic, Engineering and Agricultural Colleges and also for admissions to Polytechnic Institutions and other professional examinations authorized by state. It also conducts examinations for recruitment of personnel for executive vacant posts of different departments of state Government. The audit of accounts of CPEB is done by local Audit Fund, a body of State Government. CPEB does not get financial assistance from Government, it solely depends upon the examination fees collected for various examination from individuals. | **exempt under Sl. No. 3 of notification No. 12/2017-CT(R).**<br><br>CPEB is not established by any statute. It is also not a department of State or Central Government. The audit of accounts of CPEB is done by local Audit Fund, not by Accountant General of Chhattisgarh. So CPEB is not a Government under GST Act.<br>CPEB was established by State Government notification in the year 2005 vide F 1-51/2004/42, dated 30.07.2015 to performs functions of public importance by aiding State Government in selection of quality workforce and professionals for the state Government. This Board has no commercial operations and it does not work for profit. Taxing this organization will ultimately burden the educated unemployed youth who are paying the examination fee. |
| 2. | It has been requested to exempt the sublease of land to a company entirely owned by Project Affected People on account of R&R for acquisition of land by Government or its undertakings. | 1. Under the long term lease where part of land is procured from land owner(farmers), there is legal obligation as part of relief and rehabilitation (R&R) policies of State Government, to provide 15% of the acquired land to the original land owners (farmers) in the form of sublease (to be returned to the original land owners).<br><br>2. In the instant case the industrial park developer is M/s Khed Economic Infrastructure Pvt.Ltd.(74% owned by M/s KalyaniGroup and 26% owned by MIDC-Maharashtra Industrial Development Corporation) and they along with original landowners (under buyback scheme) propose to provide 15% of the acquired land to M/s Khed | **Recommendation: Issue needs to be further examined. State of Maharashtra to examine if the issue can be addressed by prescribing a value at which KEIPL transfers the land to KDL on sub-lease, as a generic exemption would be difficult to design and also States follow multiple models for relief &rehabilitation.**<br>1. The exemption for the long term lease is for lease of land by the State Government Industrial Development Corporations or Undertakings or by any other entity having 50 per cent. or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area. Further long term sub-lease of land is taxable and the above exemption does not apply.<br>2. The proposal is to exempt the upfront premium payable in respect of sub-lease of land in respect of de-notified SEZs to a farmer owned company consisting entirely of project affected persons (PAPs). The essential rationale for seeking this exemption is that the farmers (who are the project affected persons-PAPs) do not have the working capital to pay up the GST of 18% on the upfront lease premium. No doubt that is this land is sub-leased again by the PAPs to any supplier of services or goods, its ITC would be available and also the GST burden would be passed on to the lessee.<br>This sub-lease to the PAPs has been exempted from stamp duty by the Maharashtra Government. |

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| | | Developers Ltd. which would be a private company owned by the PAPs (Project Affected Persons) and the developer M/s KEIPL.<br><br>3. As M/s KEIPL (which currently holds roughly 30% of shares) exits M/s KDL, it shall sub-lease the land to the entity M/s KDL. After M/s KEIPL exits M/s KDL, M/s KDL would become a 100% farmer's owned company, i.e. a company entirely owned by PAPs.<br>4. Since it is a company entirely owned by PAPs which in this particular case are farmers, it is requested to exempt the sub-lease of land to such company on the lines of entry 41 of notification No. 12/2017-CT(R) | |
| 3. | Exempt the drilling of bore wells for water supply for agriculture from GST in the interest of the farmers in the country who rely solely on borewell for agriculture water supply. | The most common source of water supply for the Indian agriculture sector are bore wells, especially in the areas where the rainfalls are scanty. Groundwater in India provides for largest irrigation source which is 61.6 per cent. Hence, it is important that the cost of drilling bore wells must be considered for exemption from the GST framework. It is believed that there are about 10,000 rigs that operate within the country, which provide services to the agriculture sector and were exempted from service tax earlier. The cost of each vehicle is about Rs. 1 Crore and requires 5-6 workers. It is very difficult for the rig owners to predict the hours of work because of the seasonal | **Recommendation: Needs further study. Tamil Nadu desired inclusion of all bore-wells including those in towns/cities. TN to send a detailed proposal regarding the expansion of the proposal if required. Until such time the recommendation may be deferred.**<br><br>1. The same issue had earlier been raised in the Service Tax regime, to which the following reply was sent by the then Hon'ble Finance Minister – "Services by way of drilling of bore wells for supply of water for the production of any agricultural produce is excluded from service tax, since it is covered by the scope of the negative list entry in section 66D (d)(i) of the Finance Act, 1994. Further, services provided to Government, a local authority or a governmental authority in relation to water supply is exempted from service tax, since the same is covered by the entry at sl.no.25 (a) of the mega exemption notification 25/2012-ST. However, services by way of drilling of bore wells other than those covered under the entry in the negative list and exemption notification referred to above attract the levy of service tax."<br>2. The services covered by the scope of Section 66D (d)(i) of the Finance Act, 1994 and sl.no.25 (a) of the mega exemption notification 25/2012-ST are exempted in GST vide Sl.No. 54, and 3 of notification 12/2017-CT(Rate) |

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| | | nature of agriculture and the cost of rigging is calculated according to per feet of drilling done. In such a scenario, it will be very difficult for rig owners to cover various responsibilities of obtaining certificates of registration amongst other things for GST filing. Most of the rigs use diesel which is kept out of the GST framework. If GST is levied on rigs, it will increase the cost for the farmers which will be an added burden for them. | respectively. Thus, the status quo has been maintained in GST vis-à-vis Service Tax regime |
| 4. | To issue clarification on scope of "Service of exploration, mining or drilling of petroleum crude or natural gas or both" | Vide notification No 11/2017-CT(R) entry 24(ii) as amended by notification No 1/2018- CT (R) dated 25.01.2018 concessional rate of GST of 12% is applicable to *"service of exploration, mining or drilling of petroleum crude or natural gas or both*". Services of exploration, mining or drilling are not defined under GST Act. Hence there is a doubt in the industry as to what could be the scope of the phrase service of exploration, mining or drilling. The wording of the notification is such that they can limit the lower rate of GST only to services which can be given a nomenclature of service of exploration, mining or drilling. The industry representatives have suggested the following,<br>i. at serial 24 sub item (ii), the word "of" may be replaced by "for" so that the entry reads as "services for ~~of~~ exploration, mining or drilling of petroleum | **Recommendation: Needs further study. More information and details may be collected from ONGC, AOGO regarding individual activities and the rates which in their interpretation apply to those individual activities in relation to contract signed under NELP IX. The present definitions under NELP IX contract are very open ended.**<br><br>Technically there are 3 distinct stages of operations associated with economic exploitation of hydrocarbons such as petroleum crude and natural gas, namely, Exploration, Appraisal, Development and production. Once the first 3 stages are complete, production of hydrocarbon starts from the field. Development stage goes hand in hand with production of hydrocarbon. For brief understanding, Exploration stage includes a large numbers of activities right from reconnaissance survey to discovery of oil and gas. Appraisal stage is the next stage to exploration and this programme is carried out following a discovery in the Contract Area for the purpose of appraising (to assess) discovery and delineating the petroleum reservoirs to which the discovery relates in terms of thickness and lateral extent and determining the characteristics thereof and the quantity of recoverable hydrocarbon therein. In simple words, this stage is to ascertain the area and volume of the discovered hydrocarbon. Once appraisal stage is over, the probability of economically exploiting the hydrocarbon becomes clear. The next stage is Development Stage which is a stage prior to and concurrent with the production stage and includes operations such as planning of drilling pads, development drilling, creation of infrastructure, installation of well heads, transportation and storage facilities, laying of pipelines etc. |

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| | | crude or natural gas or both"; or<br>ii. alternatively, it should be clarified that the exemption extends to all services that are used for exploration, mining or drilling of petroleum crude or natural gas or both; or<br>iii. suitable clarification may be considered for the scope of mining services akin to the definition of "petroleum operations" as defined under clause 1.74 of Article 1 of Model PSC-NELP IX.<br>*(Clause 1.74 of Article 1 defines "Petroleum Operations" to mean, as the context may require, Exploration Operations, Development Operations or Production Operations or any combination of two or more of such operations, including construction, operation and maintenance of all necessary facilities, plugging and abandonment of Wells, safety, environmental protection, transportation, storage, sale or disposition of Petroleum to the Delivery Point, Site Restoration and any or all other incidental operations or activities as may be necessary)* | Drilling as defined in Petroleum and Natural Gas Rules, 1959 is the process of perforation of the earth's surface by mechanical means (irrespective of whether the hole caused by the perforation is vertical, inclined, or horizontal) and includes all operations for preventing collapse of the sides of such hole or for preventing such hole from being filled with extraneous materials including water. Drilling of wells is a part of all the stages of exploration and exploitation of hydrocarbon.<br>All the processes that are primarily required for exploration, mining and drilling would attract concessional rate of GST. However, for the sake of uniformity, we may clarify the scope of these terms.<br><u>ST Regime:</u><br>In the positive list regime under Service Tax, following services were taxable:<br>i. Any service provided or to be provided to any person, by any person, in relation to survey and exploration of mineral [section 65(105)(zzv)]<br>ii. Any services provided or to be provided to any person, by any other person in relation to mining of mineral, oil or gas [section 65(105)(zzzy)]<br>Vide section 65 (104a), "survey and exploration of mineral" was defined to mean geological, geophysical or other prospecting, surface or sub-surface surveying or map making service, in relation to location or exploration or deposits of mineral, oil or gas. Similarly, vide D.O.F. No. 334/1/2007-TRU dated 28.02.2007, it was clarified that geological, geophysical or other prospecting, surface or sub-surface surveying or map-making services relating to location or exploration of deposits of mineral, oil or gas were leviable to service tax under "survey and exploration of mineral service" [section 65(105)(zzv)]. Services such as-<br>• site formation and clearance, and excavation and earth moving, drilling wells for production / exploitation of hydrocarbons (development drilling)<br>• well testing and analysis services<br>• sub-contracted services such as deploying workers and machinery for extraction / breaking of rocks into stones, sieving, grading, etc.<br>• Outsourced services<br>provided in relation to mining of mineral, oil and gas were covered under "service provided in relation to mining of mineral, oil or gas [sub-clause (zzzy) of section 65(105) refers].<br><u>Model Production Sharing Contract:</u><br>Model Production Sharing Contract under NELP IX Round, defines exploration, appraisal, development and production operations in oil and gas sector in Article 1 as under.<br>"Exploration Operations" means operations conducted in the Contract Area pursuant to this Contract in searching for Petroleum and in the course of an Appraisal Programme |

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| | | | and shall include but not be limited to aerial, geological, geophysical, geochemical, palaeontological, palynological, topographical and seismic surveys, analysis, studies and their interpretation, investigations relating to the subsurface geology including structural test drilling, stratigraphic test drilling, drilling of Exploration Wells and Appraisal Wells and other related activities such as surveying, drill site preparation and all work necessarily connected therewith that is conducted in connection with Petroleum exploration.<br>"Appraisal Programme" means a programme, carried out following a Discovery in the Contract Area for the purpose of appraising Discovery and delineating the Petroleum Reservoirs to which the Discovery relates in terms of thickness and lateral extent and determining the characteristics thereof and the quantity of recoverable Petroleum therein.<br>"Development Operations" means operations conducted in accordance with the Development Plan and shall include, but not be limited to the purchase, shipment or storage of equipment and materials used in developing Petroleum accumulations, the drilling, completion and testing of Development Wells, the drilling and completion of Wells for Gas or water injection, the laying of gathering lines, the installation of offshore platforms and installations, the installation of separators, tankages, pumps, artificial lift and other producing and injection facilities required to produce, process and transport Petroleum into main Oil storage or Gas processing facilities, either onshore or offshore, including the laying of pipelines within or outside the Contract Area, storage at Delivery Point(s), the installation of said storage or Gas processing facilities, the installation of export and loading facilities and other facilities required for the development and production of the said Petroleum accumulations and for the delivery of Crude Oil and/ or Gas at the Delivery Point and also including incidental operations not specifically referred to herein but required for the most efficient and economic development and production of the said Petroleum accumulations in accordance with modern oilfield and petroleum industry practices.<br>"Production Operations" means all operations conducted for the purpose of producing Petroleum from the Development Area after the commencement of production from the Development Area including the operation and maintenance of all necessary facilities therefore.<br>We may clarify that the entry "*"service of exploration, mining or drilling of petroleum crude or natural gas or both*" [24 (ii) of notification No. 11/02017] would cover the services/activities included in the definition of terms "Exploration Operations, Appraisal Programme, Development Operations and Production Operation as given in the model PSC of NELP IX unless they are more specifically covered elsewhere in the Scheme of Classification of Services. |

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Justification</th><th>Recommendation of Fitment Committee</th></tr>
<tr><td></td><td></td><td></td><td>It may also be specifically clarified that the services by way of leasing of equipments, rigs etc. would not be covered under entry 24 (ii) of notification No. 11/2017, but will be covered under serial no. 17 heading 9973 “Leasing or rental services, with or without operator” and will attract the same rate as applicable on supply of those goods. Rigs are covered under list 2 of notification No. 3/2017- CT (R) and attract GST of 5%.</td></tr>
<tr><td>5.</td><td>The Hon’ble Chairperson of GST Council had suggested that both the place of supply provision and the rate of tax on hotels, etc. should be discussed together and a proposal should be brought before the Council.<br><br>The Hon’ble High Court of Delhi vide its order dated 06.12.2017 had directed the Union of India to examine and consider whether the matter should be placed before the GST Council.</td><td>The High Court in the order dated 06.12.2017 in the W.P. No. 7320/2017, D. Paul Travel & Tours Ltd. Vs. UOI has recorded following submissions of the petitioner:<br>“The petitioner submits that it is in the business of booking tours and hotel packages for customers. They charge IGST from customers for booking in hotels located outside Delhi. However, they are unable to avail input tax credit on the SGST charged by the hotels located outside Delhi. They are not given input tax credit on the SGST paid if they are not registered in the State in question.”<br><br>“The petitioner submits that as per the stand of the respondents, the petitioner and other assesses would have to be registered in all States and Union Territories to avail input credit of SGST. This, it is submitted, is contrary to the purpose and objective of Goods and Services Tax. It is submitted by the petitioner that effective rate of service tax would go up from 18% to 27% for hotel rooms in the Rs 2500/- to Rs7500/- per night slab and from 28% to 42% for hotel rooms Rs</td><td>Recommendation: Needs further study. Meeting may be held to discuss the issue in detail after forming a group of officers.<br>The GST rates on accommodation in hotels, guest houses etc. are as under:
<table>
<tr><td>Sl. No.</td><td>Declared Tariff (per unit per day)</td><td>GST Rate</td></tr>
<tr><td>1</td><td>DT< 1000</td><td>Nil</td></tr>
<tr><td>2</td><td>1000 <= DT < 2500</td><td>12%</td></tr>
<tr><td>3</td><td>2500 <= DT < 7500</td><td>18%</td></tr>
<tr><td>4</td><td>7500 <= DT</td><td>28%</td></tr>
</table>
Pre-GST tax incidence on renting of rooms in hotels was more than 28% [ST @9% with ITC of input services only + embedded VAT on inputs and capital goods=10.8% (27%*40%) + Luxury tax@9% (all India weighted average incidence)].<br>Rates under GST are lower. Further, full ITC is available to hotels at these rates.<br><br>The above rates were decided after lengthy discussion in the 17thGST Council meeting held on 18th June, 2017. However, at the subsequent meetings particularly the 25th GST Council meeting held on 18th January, 2018, Goa, Kerala and other states requested for reviewing the 28% rate applicable on accommodation costing Rs. 7500/- per day or more. It was stated that tax rates on accommodation in neighbouring South East Asian countries like Thailand, Singapore are much lower and this is driving business out of the country.<br><br>A comparative study of average hotel rate(Hyatt Hotel) and GST rates is as below:
<table>
<tr><td>Country</td><td>Average Hotel rate (Equivalent Rs.)</td><td>Tax rate</td><td>Average incidence of Tax</td><td>Total cost</td></tr>
<tr><td>India</td><td>8000</td><td>28%</td><td>2240</td><td>10240</td></tr>
<tr><td>Malaysia</td><td>12000</td><td>6%</td><td>720</td><td>12720</td></tr>
<tr><td>Singapore</td><td>32000</td><td>7%</td><td>2240</td><td>34240</td></tr>
<tr><td>Thailand</td><td>17000</td><td>7%</td><td>1190</td><td>18190</td></tr>
<tr><td>Sri Lanka</td><td>17000</td><td>15%</td><td>2550</td><td>19550</td></tr>
<tr><td>Australia</td><td>20000</td><td>10%</td><td>2000</td><td>22000</td></tr>
</table></td></tr>
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| | | *7500/- and above per night.*<br>*It is pointed that different provisions are applicable in case of online bookings through web travel portals and they are able to avail credit*."<br><br>The High Court has orderedas under:<br>"*The respondents will examine the assertions and so called anomalies.*<br>*We will be informed on the treatment accorded on sale of manufactured*<br>*goods and other services which are provided by an assessee across thecountry*.<br>*The respondents would examine and consider whether the mattershould be placed before the GST Council*." | <table><tr><td>New Zealand</td><td>30000</td><td>15%</td><td>4500</td><td>34500</td></tr><tr><td>Japan</td><td>22000</td><td>8%</td><td>1760</td><td>23760</td></tr><tr><td>United Kingdom</td><td>29000</td><td>20%</td><td>5800</td><td>34800</td></tr><tr><td>Mauritius</td><td>20000</td><td>15%</td><td>3000</td><td>23000</td></tr><tr><td>Canada</td><td>12000</td><td>5%</td><td>600</td><td>12600</td></tr><tr><td>Denmark</td><td>15000</td><td>25%</td><td>3750</td><td>18750</td></tr><tr><td>Germany</td><td>18000</td><td>19%</td><td>3420</td><td>21420</td></tr></table>(*Source: Booking.com for Hyatt Hotel)<br>The fact that place of business of accommodation in hotels is the place of location of immovable property (hotels) is responsible for the woes of the industry as the recipient located in another State is not able to utilise ITC of SGST paid by him to the State in which the hotel is located, which becomes a cost for him.<br><br>There was no agreement amongst States on the proposal to change Place of Supply Provisions such that in case of B2B supply of accommodation service, place of supply shall be the location of the recipient. A number of States opposed the idea of allowing ITC for B2B supplies of accommodation services when the recipient and provider are in different States<br><br>It is felt that the primary issue is of the non-availability of ITC of SGST paid on hotel bookings in States other than that of the tour organiser/ other business recipient of service. Even if the GST rate on the accommodation services is reduced, the issue of non-availability of ITC will not be resolved.<br><br>In the pre-GST period, there was seamless flow of credit of Service Tax but not of the Luxury Tax levied by the States on the said services. Even in the GST era, the CGST and SGST(State where the hotel is located) credit is available to the recipient of service(if also registered in the same State), and the use of SGST is limited to the particular State. In case the recipient is not registered in the same State then only the CGST component of ITC shall be available.<br>There is no difference in the place of supply provisions in respect of accommodation services booked online through web travel portals. However, since they operate on a pan – India level and have registration in all/multiple States, they maybe in a position to avail and utilise ITC of SGST paid on accommodation services in different States. |
| 6. | Request to reduce the GST rate on service of voyage charter arranged by Haj Committee of India(HCoI) for | Haj pilgrims proceed for Haj either through HCoI, which is a statutory body under the administrative control of Ministry of Minority Affairs or | **Recommendation: Non Scheduled Operator may classify seats in economy or non-economy classes and pay GST accordingly. Reference may be made to MoCA for confirmation/comments.**<br><br>1. Services by Haj Committee are exempt from GST. |

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| | pilgrims to 5% at par with the transportation of passengers by air travelling in economy class as arranged by PTOs | through PTOs. Every year approx. 1,75,000 pilgrims proceed on Haj from India of which around 1,28,000 pilgrims are facilitated by HCoI and rest by PTOs.<br><br>The pilgrims facilitated by PTOs who are normally more affluent, travel by regular scheduled airlines in economy class which attract GST @ 5%.<br>On the other hand,pilgrims facilitated by HCoI are from less affluent background and use their lifetime savings for the religious journey. The bulk transportation service for HCoI pilgrims are made through a bidding process carried out by MoCA. The bulk transportation amounts to air chartering services and attract GST @18% which creates huge financial burden on the less affluent pilgrims. This is further aggravated as the Haj subsidy has been withdrawn from 2018. | 2. This is a specific concern raised by Ministry of Minority Affair, seeking reduction in the GST rate with respect to non-scheduled charter operations facilitated by HCoI.<br>3. The transportation of passenger services by air in economy class attracts GST @ 5% (without ITC of goods), while the transportation service by air in other than economy class attracts GST @ 12% (with full ITC). Furthermore, there is a residuary entry of 18% GST rate for transportation service n.e.c., which applies to air transport by chartered flights.<br><br>The issue as to whether there exist economy and non-economy classes of travel in non-scheduled air transport service and charter operations and what should be the GST rates on non-scheduled air transport service and chartered air transport service is being referred to Ministry of Civil Aviation for their opinion. The matter may thus be deferred. |
| 7. | There is a need to differentiate such urban areas in the State from rest of the area and provide for different treatment in the land deduction to the projects in this area. | Notification No.11/2017-Central Tax (Rate) and Notification No.11/2017-State Tax (Rate), both provided for deduction of value of land in case of certain construction services. The deduction is provided at one third of the total amount charged for the supply. It is represented by MCHI that this deduction towards land does not represent the true value of land, especially for metro cities and other prime area. The argument has substance. In many parts of Mumbai Metropolitan Region Development Authority (MMRDA) Region, value | **Recommendation**: **Needs further study.** |

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| | | of land goes up to 50% or even higher in some prime areas and in majority of commercial properties. Therefore, it is felt that further deliberation is needed on the issue. | |
| 8. | Whether the contribution towards sinking fund, car parking charges, repair & maintenance fund, non-occupancy charges, simple interest for late payment, etc which are normally collected by the society and used in the due course for procuring of goods or services, will be covered under the exemption of Rs 7500/-. | FAQ clarifies that the maintenance charges up to Rs 7500/- on account of reimbursement of charges or share of up to an amount of seven thousand rupees per member for sourcing of goods or services from a third person for the common use of its members are not liable for GST. Here, charges mean the individual contributions made by members of the society to avail services or goods by the society from a third party for common use. From this clarification some issues arise as given below:<br>1. The word reimbursement denotes that the collection is for immediate payment or for the payment already made by the society to the third person.<br>2. Whereas the various contributions like sinking fund, car parking charges, repair & maintenance fund, non-occupancy charges, simple interest for late payment, etc are normally collected by the society and used in the due course for procuring of goods or services. These charges are collected by the society but not in lieu of third-party procurement of goods or services. Whether this collection will be covered under the exemption of Rs 7500/- | **Recommendation: Needs further study. Various existing models and practices may be examined. Maharashtra will send a detailed note in this regard.** |

**Annexure V**

**LIST OF GOODS NOT RECOMMENDED FOR CHANGE IN GST RATE**

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
|---|---|---|---|---|---|
| 1. | Supply of medicines/ vaccines manufactured domestically to UNICEF for Health care services | 30 | 5% / 12% | Nil | 1. Notification No. 77/2017-Customs dated 13.10.2017 has exempted customs duty as well as IGST on Medicines/drugs/vaccines supplied free by UNICEF, Red Cross or an International Organisation subject to specified conditions.<br>2. Already specified drug/medicine/vaccine have been kept at 5% rate.<br>3. The GST rate of 5% serves the domestic manufacturer better as integrity of seamless ITC chain is maintained. Exemption brings distortion in rate structure and may not necessarily be in the interest of domestic supplier.<br>4. Hence Fitment Committee recommends no change in GST rate |
| 2. | Mini Hydel Power Plants (below 25 MW) | | 18% | 5% | 1. The mini hydro projects or mini hydel devices (below 25 MW) were not exempted from central excise duty in pre-GST regime and accordingly attract the applicable GST rates.<br>2. Fitment Committee recommends to continue the present dispensation |
| 3. | Mahua flowers | 1212 99 20 | Fresh- Nil Frozen/ dried-5% | Nil% | 1. Fresh Mahua flower is exempt. Dried /Frozen flower is largely used for production of country spirit.<br>2. Hence Fitment Committee recommends no change in GST rate |
| 4. | Branded food products vis-à-vis the food items | | Nil / 5% | 5% [products may be levied at the same rate for any particular item, irrespective of whether it is sold as branded item or not]. | 1. Based on detailed deliberations and recommendations of GST Council, the following GST rates are prescribed on food items:<br>(a) Nil GST rate on cereals, pulses, wheat flour, etc. other than those put up in unit container and bearing a registered brand name.<br>(b) 5% GST on cereals, pulses, wheat flour, etc. put up in unit container and bearing a registered brand name. Further, 5% GST is restricted to cereals, pulses, wheat flour, etc. which are packed in unit container and bear a brand name on which an actionable claim is available.<br>2. The Fitment Committee currently does not recommend any change in GST rates and recommends to revisit the issue later |
| 5. | 50% exemption from GST for Central Armed Police Forces (CAPF) personnel on the | Any chapter | Applicable GST rate | 50% of applicable GST rate | 1. The GST Council in its 15th Meeting held on 03.6.2017 agreed to limit the benefit of 50% exemption from GST to CSD canteens only based on the concession available in pre-GST regime.<br>2. The request of CAPF was once again considered by GST Council in its 25th Meeting held on 18.01.2018 and no unanimous view emerged |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | purchase/sale of goods through Central Police Canteen (CPC) | | | | 3. The issue was again considered by the Fitment Committee. While there were divergent views, the Fitment Committee after detailed deliberation concluded that such exemption may not be desirable. As such state tax regimes had distinction on CSD and CPC supplies. |
| 6. | Micro Irrigation Equipments | 8424 (otherparts) | 18% | 12% | 1. **Sprinklers; drip irrigation system including laterals; mechanical sprayers** are classifiable under 8424, and already attract GST rate of 12%.<br>2. Further, Nozzles for drip irrigation equipment or nozzles for sprinklers also attracts 12% GST.<br>3. Other parts of these devices may have multiple uses, and the suggested concession would thus require an end based concession, which in a multi stage tax like GST are extremely difficult to administer and prone to misuse.<br>4. Hence, Fitment Committee does not recommend any change in GST rate |
| 7. | Machinery for food processing | 84 | 18% | Nil | 1. GST being a multi-stage tax, end use based exemptions or concessions are difficult to administer.<br>2. Most of the essential machinery for agri processing are at 12%. Generic machineries are at 12%. Exempting the machinery would cause a huge distortion as inputs for these machineries attract 18% GST. Further, exemption to machinery shall put the domestic industry at disadvantage vis avis imports.<br>3. The issue of end use based concession for cold chain machinery was also examined by the Fitment Committee in its last meeting and no change was recommended by it<br>4. Hence, Fitment Committee does not recommend any change in present GST rate |
| 8. | Carbonated drinks mixed with fruit juices | 2202 10 | 28% GST rate and 12% Compensation Cess | 12% [Create a separate classification and putting at par with fruit pulp or fruit juice-based drink with 12% GST] | 1. Average pre-GST tax incidence on such goods was about 40%.<br>2. Keeping in view the pre-GST tax rates, the Council has recommended 28% GST rate and 12% Compensation Cess on Aerated waters containing added sugar or other sweetening matter or flavoured (including lemonade).<br>3. Earlier, the Committee of Secretaries (CoS) in a meeting held on 29.08.2016 did not agree to the proposal of MoFPI to provide concessional rate of excise duty @ 6% for aerated drinks having fruit juice content of not less than 5% procured from domestic manufacturers.<br>4. Keeping in view of domestic fruit processing industry, the Fitment Committee does not recommend any change in GST rate |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| 9. | Handmade silver leg chains (Anklets, Waist cord, toe ring) | | 3% | Nil | 1. Silver jewellery/article of silver already attract lowest possible GST rate, that 3%, which is the general rate of articles of jewellery.<br>2. Hence, Fitment Committee does not recommend any change in present GST rate |
| 10. | Man-made Fibre | | 18% | 12% | 1. The MM fibres, like polyester staple fibre, viscose staple fibre and acrylic staple fibre are not exactly comparable with mm filament yarns.<br>2. The value addition in spinning is higher than that of texturizing or twisting in case of filament yarns.<br>3. The value addition between MM fibres [18%] and spun yarn made out of it [12%] would take care of the inversion in rate structure. In any case yarn manufacturer could claim refund on account of inverted duty structure, if any.<br>3. Hence, Fitment Committee does not recommend any change in present GST rate |
| 11. | Tear Smoke Munitions | 9306 29 00 | 18% | 12% | 1. In the pre-GST regime, Central Excise was leviable on Tear Smoke Munitions<br>2. Hence, Fitment Committee does not recommend any change in present GST rate |
| 12. | 1. Cleaner fuel vehicles and<br>2. Tubeless truck and bus radial tyres | 40/87 | 28% / 18% | 1. No need to cut 28% GST rate on diesel trucks/ buses.<br>2. Induce LNG and CNG Trucks/ buses<br>3. Cut GST on tubeless truck and bus radial tyres | 1. The GST rate of bio-fuel vehicles for public transport has already been reduced to 18%<br>2. Any request for further reduction in GST rate of 28% [tubeless truck and bus radial tyres] may be considered when review of 28% rated items is done in future.<br>3. Hence, Fitment Committee does not recommend any change in present GST rate |
| 13. | GST on imports by Foreign Diplomatic Missions / UN & other | Any chapter | Applicable rate | Applicable rate | 1. Exemption from basic customs duty continues.<br>2. Exemption from IGST, for imports of personal and household items of officials of diplomatic mission and other specified article for use of officials of diplomatic mission have been |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | International Organisations. | | | | granted vide notification No. 3/57-cus as amended by notification No. 39/17-Cus.<br>3. In all other cases the imports by Foreign Diplomatic Missions / UN etc is operated through the route of refund under section 55 of the CGST Act.<br>4. The refund procedure for UIN holder is quite simplified<br>5. Once refund procedure stabilises the grievance would get addressed.<br>6. Hence, Fitment Committee does not recommend any change in present GST rate |
| 14. | Hybrid Electric Vehicles | 87 | 28% + 15% cess | 28% [ Reduce tax on HVs at least to the pre-GST level as HVs manufacturers are contributing to the 'Make in India' and clean India' initiatives] | 1. The issue of GST rates on vehicle, including hybrid vehicles, has been comprehensively examined in the Council on several occasions, and the existing rate structure on motor vehicles has been the outcome of detailed deliberations in the council. The Council has not agreed to provide any further concession to Hybrid Vehicles.<br>2. Hence, Fitment Committee does not recommend any change in present GST rate |
| 15. | All Tobacco products, food high in fats, salt and sugar (HFSS) including Sugar Sweetened Beverages (SSBs) | - | 18% / 28% | 40% | 1. There is demand for increasing GST on HFSS foods<br>2. Presently, Fitment Committee does not recommend any change in present GST rate and same may be examined based on the recommendation of Ministry of Health and Family Welfare |
| 16. | High Cess on all tobacco products HFSS, SSB [indexed to inflation and affordability] for for health promotion activities and to make demerit goods unaffordable | | Applicable rate | Increase from existing GST rate | 1. Compensation cess is levied for the purposes of providing compensation to the States for loss of revenue for a period of five years<br>2. budgetary provisions could be made to support the anti tobacco programme<br>3. Fitment Committee does not recommend any change in present dispensation |
| 17. | Equipment promoting | 9506 | 12% / 18% | Lower GST rate | 1. GST rate on gym equipment has already been reduced to 18% |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | sports and physical activity | | | | 2. Any further reduction will lead to inverted duty structure and also will be disadvantageous to the domestic industry.<br>3. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 18. | Warships/ submarines | 89 | 5% | 5% [ for all goods] | 1. Entire duty structure for ship industry has been kept at lowest rate, including parts of ship. Only generic item like paints, fasteners, wire and cable, general electrical fitting, sanitary fitting etc would attract applicable rates.<br>2. Any generic exemption of this kind would be distortionary and would lead to inversions in rate for supplier of such goods. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 19. | Low Price High Nutrition (LPHN) Biscuits | 1905 | 18% | 5% | 1. Low priced biscuits had embedded excise duty and service tax and attracted VAT at the rate of 14.5% and with CST, Entry Tax, Octroi, etc<br>2. Based on the pre-GST tax incidence, all categories of biscuits attract GST at 18%.<br>3. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 20. | IGST exemption on Goods imported from Bhutan | | Applicable rate | Nil | 1. GST is a consumption-based tax and exemption only on imports will be futile as such goods, even if exempted from IGST on import, will attract GST on sale inside India<br>2. Imports from Bhutan should be incentivised from other route, like reimbursement of taxes collected to Government of Bhutan<br>3. A Committee has been constituted to examine the issue and recommend effective exemption from GST on goods imported from Bhutan.<br>4. Hence, Fitment Committee does not recommend any reduction in present IGST rate and recommends to examine the same after the report of the aforesaid committee |
| 21. | All type of Metal Bangles [ except precious metal] | 7117 19 10 | 3% | Nil | 1. Bangles of base metal, whether or not plated with precious metals already attract concessional 3% GST<br>2. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 22. | Ghee & Butter | 0405 | 12% | 5% | 1. Ghee is @ 12% as per the pre-GST tax incidence and most of the processed food items also attract 12% GST rate<br>2. Any special dispensation for butter and ghee is not desirable<br>3. Hence Fitment Committee does not recommend any reduction in present GST rate |
| 23. | Breakfast Cereal | 19 | 18% | 12% | 1. Processed foods are generally at 18%<br>2. Hence, Fitment Committee does not recommend any reduction in present GST rate |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
|---|---|---|---|---|---|
| 24. | Auto parts including bicycle parts | 8714 | 12%/18% /28% | 5% | 1. Bicycle parts attract concessional rate of 12% GST and screws, bolts, nuts attract standard rate of 18% GST<br>2. Certain specific auto parts which have general use attract 28% GST<br>3. Revision of GST rate on certain parts attracting 28% GST can be examined with overall revision of rates on goods in the highest slab<br>4. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 25. | Unusable tyres | 40 | 28% | 5% | 1. Tyres sold by individuals and unregistered dealers do not attract any GST.<br>2. Unusable tyre sold as scrap would attract 5%.<br>3. Small dealers are eligible for composition.<br>4. Other tyres would attract GST rate of 28% on their value, which in case of used tyre would be low.<br>5. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 26. | Dairy Equipment | 84 | 18% | 12% | 1. **Milking machines and Dairy machinery under heading 8434 already attracts concessional 12% GST rate** in line with pre-GST tax incidence.<br>2. A lower rate would create hardship to domestic manufacturers of such goods as it would lead to inversion in tax rate. Further lower rate on capital goods put domestic goods at disadvantage viz a viz the imports.<br>3. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 27. | Drugs and Medicines | 30 / 90 | 5%, 12% | Nil/12% | 1. 12% general GST rate on medicines/ drugs is in line with pre -GST tax incidence. Total tax incidence was more than 13% including 6% excise duty, 5% weighted average VAT and 2.5% CST, entry tax, Octroi etc.<br>2. In addition, certain specified drugs [which in pre-GST regime attracted lower excise/CVD rates] attract even lower concessional GST rate of 5% [S. No. 180/181]<br>3. Nil GST will break the ITC chain, add to the cost of domestic drugs and put them at a dis-advantage vis-à-vis imports.<br>4. Hence, Fitment Committee does not recommend any change in present GST rate |
| 28. | Textiles, Twisted / craped yarn | 50 to 55 and 60 | 12% | Exempt/5% . | 1. Fitment Committee deliberated on this and felt that 12% rate is reasonable. Hence Committee does not recommend any change in present GST rate |
| 29. | Embroidered lesses / motif etc. | 5810 | 12% | 5% | 1. Embroidery in piece, strip of motif attract 12% rate. Textile articles like specialised fabric, or item like motif, strips etc which do not constitute fabric attract 12%. |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
|---|---|---|---|---|---|
| | | | | | 2. The Council recommended 12% GST rate on such article of textiles falling under chapters 56 to 59 after detailed discussions, based on pre-GST incidence of taxes on these fabrics.<br>3. 5% concessional rate of fabric was prescribed as measure to relief to the common man. This rationale however may not apply to piece, strip or motif.<br>4. Hence, Fitment Committee does not recommend any change in present GST rate |
| 30. | Baker's Yeast | 2102 | 12% | 5% | 1. All goods [including baker's yeast] of heading 2102 attract 12% GST.<br>2. Hence, Fitment Committee does not recommend any change in present GST rate |
| 31. | Non- Ferrous Metal Scraps (Aluminium, Brass, Copper, Zinc, Lead) | 7602, 7404, 7802, 7902, | 18% | 5% | 1. Metal scrap is under organized sector with sizeable imports and domestic production<br>2. In pre-GST regime, in addition to 5% VAT, such scraps also attracted 12.5% Excise/CV duty.<br>3. Hence, Fitment Committee does not recommend any change in present GST rate |
| 32. | Papad Khar | 2836 | 18% | 5% | 1. Papad khar is an inorganic chemical compound and there is no rationale to reduce GST rate on an input on the reasoning that finished product is at 5%.<br>2. This issue was earlier examined by the Fitment Committee and not agreed to.<br>3. Hence, Fitment Committee does not recommend any change in present GST rate |
| 33. | Salted peanuts | 2008 | 12% | Nil | 1. All goods [including salted peanuts] of heading 2008 attract 12% GST, which is also the general GST rate for processed foods<br>2. Hence, Fitment Committee does not recommend any change in present GST rate |
| 34. | Home appliances, Monitor all IT products | 8418, 8450, 8509, 8528 | 28% | 12% | 1. The list of goods attracting 28% GST was reviewed by 23rd GST Council meeting and decided<br>that white goods will continue to attract 28% GST.<br>2. Computer monitor having screen upto 20 inches already attracts 18% GST. Could be reviewed as and when 28% is reviewed.<br>3. Hence, Fitment Committee does not recommend any change in present GST rate |
| 35. | Optical cover | 90 | 18% | 12% | 1. Manufactured goods in general should be at 18% GST.<br>2. Reduction in GST will lead to inversion in GST rate, refund of input GST, increased compliance and put domestic industry at a disadvantage vis-à-vis imports. |

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| | | | | | 3. Hence, Fitment Committee does not recommend any change in present GST rate |
| 36. | Dustbin made of plastics | 39 | 18% | 12% | 1. All type of plastics items are at 18%. Their raw materials, bulk plastics are also at 18%.<br>2. Reduction in GST will lead to inversion in GST rate, refund of input GST, increased compliance and put domestic industry at a disadvantage vis-à-vis imports.<br>3. Small and marginal suppliers can avail benefit of threshold exemption/ composition scheme. |
| 37. | Unmanufactured tobacco | 2401 | 28% | 5% | 1. These are in the nature of 'sin goods' and are detrimental to health. |
| 38. | Tobacco leaves | 2401 | 5% | Nil | 1. Already at lower rate. No further concession is merited<br>2. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 39. | Cess on Cigarette | 2402 | Cess applicable rate | Nil | 1. These are in the nature of 'sin goods' and are detrimental to health.<br>2. GTS rate as per pre-GST Tax incidence.<br>3. Compensation Cess is for payment of Compensation to the States.<br>4. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 40. | Scooter parts | 84 | 28% | 15% | 1. GST rate is as per pre-GST tax incidence<br>2. The list of goods attracting 28% GST was reviewed by the GST Council in its 23rd meeting, wherein the Council did not recommend any reduction in GST rate on scooter parts.<br>3. Hence, Fitment Committee does not recommend any reduction in present GST rate. Could be examined as and when 28% rate is reviewed. |
| 41. | Handlooms | | 5% | Nil | 1. Handloom fabrics already attract lower 5% GST rate.<br>2. Nil GST rate will break the ITC chain and increase costs.<br>3. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 42. | Tractor parts | 84 / 87 | 18%/28% | 12% | 1. GST rate for specified tractors parts is already reduced from 28% to 18%.<br>2. Further, GST rate on raw material is also 18%.<br>3. Reduction in GST on tractor parts from 18% to 12% will shift inversion in later stage and will result in refund of GST at two stages.<br>4. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 43. | Guar Gum Powder | 1302 32 30 | 18% | 5% | 1. 18% GST on Guar Gum powder is as per pre-GST Tax incidence<br>2. Hence, Fitment Committee does not recommend any change in present GST rate |

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| 44. | Hand Paper Cottage Industries | 4802 | 12% | 5% | 1. All types of paper attract 12% GST.<br>2. Carving out lower GST rate for handmade paper, will lead to similar demand from other sector. Fitment Committee does not recommend any change.<br>3. Small dealers will be eligible for threshold/composition scheme. |
| 45. | Aluminium Utensils and its raw materials | 76 | 1. Raw Materials Aluminium Scrap – 18%<br>2. Finished Product Domestic Utensils-12% | 1. Raw Materials Aluminium Scrap – 12%<br>2. Finished Product Domestic Utensils-5% | 1. Aluminium Utensil already attract lower GST rate of 12%, which is as per pre-GST tax incidence<br>2. Raw material for Aluminium Utensils attracts 18% GST rate, leading to inversion. Pre-GST, aluminium attracted 12.5% excise duty and 5% VAT.<br>3. Utensil manufacturers will be eligible for refund of any unutilised ITC.<br>4. Further reduction of GST rate will deepen the duty inversion and involve higher refunds, result in increased compliance costs and put domestic manufacturers at a dis-advantage vis-à-vis imports.<br>5. Changing GST rate on one item, on these grounds would necessitate similar view to be taken for utensils made from other commodities, which is undesirable<br>6. Hence, Fitment Committee does not recommend any change in present GST rate |
| 46. | Natural Rubber Bands | 4016 99 20 | 12% | 5% | 1. The applicable GST rate has already been reduced to concessional GST rate of 12%<br>2. A number of other stationary items are at 12%.<br>3. Reduction in GST rate in one will prompt similar requests from others.<br>4. Hence, Fitment Committee does not recommend any change in present GST rate |
| 47. | Transmission shafts and cranks | 8483 | 28% | Request to amend notification No. 35/2017 Integrated Tax (Rate) dtd. 13.10.2017 and put Pulleys under 18% GST rate. | 1. GST Council in its 23rd Council Meeting recommended;<br>a) reduction in GST from 28% to 18% on Crank shaft for sewing machine, bearing housings; gears and gearing; ball or roller screws attracts GST rate of 18%.<br>b) to continue 28% GST on transmission shafts (including cam shafts and crank shafts) and cranks gear boxes and other speed changers, including torque converters; flywheels and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints) as they are used in motor vehicle.<br>c) to review GST rate of 28% for remaining goods of heading 8483 along with GST rate for auto parts.<br>2. Thus, reduction in GST on Pulleys may be considered with overall GST rate review of goods of automobile industry. |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | | | | | 3. Hence, Fitment Committee does not recommend any change in present GST rate |
| 48. | Silicon Wafer | 3818 00 10 | 12% | 0% or 5% | 1. Silicon Wafers already attract concessional 12% GST.<br>2. The integrated circuits [8542] in which Silicon wafers are primary used are subject to 18% GST.<br>3. As End-use based exemptions in GST need to be discouraged it will not be possible to give exemption to silicon wafers used solely for manufacture of solar photovoltaic cell.<br>4. Refund of unutilised ITC is also provided in GST law.<br>5. Hence, Fitment Committee does not recommend any change in present GST rate |
| 49. | Timber/ Rubber wood | 44 | 18% | 12% [Take corrective steps by stop collecting GST in advance [for imports] i.e before sales of goods] | 1. Timber was exempted from Central Excise duty while, it attracted 14.5% VAT in general. It also had certain embedded taxes<br>2. Against the above background, the matter was discussed in the pre-GST meeting of Fitment Committee and Committee recommended 18% GST based on the rationale that the furniture Industry is mostly unorganised and it is easy to collect GST at the stage of import timber.<br>3. Further, as per the provisions of Customs Act, 1962, the IGST on imports have to be paid at the time of imports and cannot be deferred to a later time.<br>4. Most of the furniture items are currently at 18% GST and the furniture manufacturer is entitled to availment of ITC.<br>5. Small domestic traders may avail benefit of threshold exemption/composition scheme<br>6. Exemption based on nature of wood will be prone to misuse and duty evasion<br>7. Hence Fitment Committee does not recommend any change in present dispensation |
| 50. | Areca nut / betel nut products | 14 | 18% | 1. Request to modify the description in the GST Rate Schedule<br>2. Remove the word "Supari" appearing in the Schedule III, S.No. 23 and | 1. Dried areca nuts, whether or not shelled or peeled attract 5% GST rate.<br>2. Betel nut product known as supari, is a processed product and not a product sold by the farmers.<br>3. The two products, namely, 'Dried areca nuts, whether or not shelled or peeled' and 'Betel nut product known as supari' are clearly distinguishable<br>4. Hence Fitment Committee does not recommend any change in present dispensation |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | | | | retain the words "Betel nut products | |
| 51. | Safety Matches | 3605 | 1. Handmade Matches – 5%<br><br>2. All others – 18% | 12% | 1. Already examined and not recommended by the Fitment Committee and the GST Council<br>2. 18% is the general GST rate for manufactured items, which is also the rate for various inputs of matches.<br>3. Handmade matches attract a lower concessional rate of 5% GST.<br>4. Reduction in GST rate on other matches, will take away the tax advantage presently available to handmade matches.<br>5. Hence Fitment Committee does not recommend any change in present GST rate |
| 52. | Candles | 3406 | 12% | 0% | 1. Already at concession GST rate of 12%<br>2. Further reducing the GST rates would make the imports of these items cheaper and would lead to direct import of finished goods into India and resulting in loss to domestic manufacturers [as inputs for candle making are all at 18%].<br>3. To protect domestic industry, BCD on imports of candles has been increased from 10% to 25%.<br>4. Hence Fitment Committee does not recommend any change in present GST rate |
| 53. | Gold bullion and gold Dore | 71 | 3% | Treating gold bullion and gold Dore on par for **zero-rated IGST** at the time of import i.e. exemption from paying 3% IGST should also apply to refineries that import dore under actual import license. | 1. Only one pertains to GST rates exemption.<br>2. Gold dore bars and gold bullion are at par in GST and attract an IGST of 3% at the time of imports.<br>3. Manufacturers Gold bullion can avail ITC of GST paid on gold dore bars.<br>4. Hence Fitment Committee does not recommend any change |
| 54. | Pipe made from ordinary clay | 6912 6906 - 68/69 | 18% | 5% | 1. Prior to 16.11.2017, SGSW pipes falling under 6906 attracted 28%.<br>2. The rates on these goods have already been review and they now attract standard GST rate of 18%. |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | | | | | 3. All type of pipes & fitting attract 18% GST and carving out lower rate for SGSW pipes & fitting may not be desirable.<br>4. Hence Fitment Committee does not recommend any change |
| 55. | Chewing tobacco product Machine | | Applicable rate | 1. Request to differentiate the classification of chewing tobacco product Machine Vs. Manual pack separate levy of GST compensation cess for manually packed chewing tobacco.<br>2. To make suitable insertion in the compensation cess levy list under CTH 2403 99 10 for levy of compensation cess for manually | 1. GST being a multi-stage tax, and classification based on manufacturing process for the purpose of levy of GST are difficult to administer.<br>2. Therefore, GST does not envisage levy of GST based on manufacturing process.<br>3. Hence Fitment Committee does not recommend any change |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | | | | packed chewing tobacco and levy at lesser rate than that of machine pack, as it was in the Pre-GST regime. | |
| 56. | Paper Confetti (Party Poppers) | 9505 | 18% | 5% | 1. 18% GST has been fixed based on the pre-GST tax incidence.<br>2. 5% GST will result in tax inversion, ITC accumulation, refund of tax paid at earlier stage, add to compliance cost and put domestic goods at a disadvantage vis-à-vis imports.<br>3. Hence Fitment Committee does not recommend any change |
| 57. | Fur Skins | 4301 and 4302 | 18% | 5%<br><br>[There is a good global demand for fur products] | 1. The exports are zero-rated. Exporter has option to exports on LUT or on payment of IGST, which is refunded on exports. The refund procedure has now stabilised.<br>2. GST has ensured the exports are fully zero-rated. Hence, there is no disadvantage for exports sector.<br>3. As regards domestic supply, 18% GST has been fixed based on the pre-GST tax incidence.<br>4. As such fur skin is not an item of mass consumption.<br>5. Hence Fitment Committee does not recommend any change |
| 58. | Anti D Immunoglobulin & Anti-Rabies Human Immunoglobulin Human Blood Plasma Products | 30 | 12% | 5% | 1. List 1 of Schedule I of notification No. 1/2017 Central Tax (Rate) contains life-saving drugs, which has been given concessional rate of 5% GST.<br>2. These exemptions have been extended based on the recommendations made by the Ministry of Health and Family Welfare, from time to time.<br>3. No reference has been received from the Ministry of Health and Family Welfare to place these goods at 5%.<br>4. Hence the Fitment Committee does not recommend change in GST rate on said goods. However it is recommended to consult with |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | | | | | Ministry of Health and Family Welfare, if such concession is required to be considered. |
| 59. | Exercise Books and Note Books | 4820 | 12% | NIL | 1. 12% GST has been fixed based on the pre-GST tax incidence.<br>2. Nil GST will result in tax inversion, ITC accumulation, and will put domestic goods at a disadvantage vis-à-vis imports.<br>3. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 60. | Table, Kitchen or other household articles, pot scorers and scouring or polishing pads, glove and the like of Aluminium | 7615 | 12% | 18% | 1) The request is to increase in GST from 12% to 18% on Table, kitchen wares etc.<br>2) Fitment Committee observed that at this stage upward revision of rates on these items may not be desirable. |
| 61. | Electronic calculator | 8470 | 18% | 5% | 1. Calculating machines and pocket-size data recording, reproducing and displaying machines with calculating functions; accounting machines, and similar machines, incorporating a calculating device falling under heading 8470 attract 18% GST<br>2. The present GST rates are prescribed based on the pre-GST tax incidence. Calculators attracted 12.5% Central excise duty and VAT at rates, which varied across states.<br>3. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 62. | Oil seeds and Oil meals | 12 | 5% | NIL | 1. Aquatic feed, poultry feed, cattle feed, wheat bran, deoiled cake, including de-oiled rice bran, cottonseed oil cake are exempt from GST.<br>2. Edible oils and oil seeds are at 5%.<br>3. Flour and meals of oil seeds or oleaginous fruits attract 5% GST<br>4. Exemption to oil meals will result in inverted duty structure<br>5. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 63. | Cotton Bags, Non-Woven Bags | 4202 | 12%/18% | 5%/12% | 1. The said goods attracted standard rate of 12.5 % Central Excise duty<br>2. Hand bags and shopping bags, of cotton and jute falling under 4202 22 20 attract concessional rate of 12% GST<br>3. Other goods under 4202 attract standard GST rate of 18%. The small manufacturers would be covered under threshold limit after which Composition scheme may be availed |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | | | | | 4. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 64. | Dry Fruits/ Chhuhara [dry date] | 08 | 12% | 5% | 1. On special consideration, walnut and cashew nuts have been placed at 5% GST<br>2. Other dry-fruits are at Concessional GST Rate of 12%.<br>3. There is not much rationale for reducing the GST on dry fruits.<br>4. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 65. | Electric Water Heaters meant for domestic use | 8516 | 28% | 18% | 1. Electric instantaneous or storage water heaters and immersion heaters falling under heading 8516 attract 28% GST. These are considered as white goods and therefore kept at that rate alongwith other products.<br>2. Fitment Committee was of the view that this could be considered along with next review of 28% rated items, keeping in view the revenue position.<br>3. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 66. | Tele cobalt machine | 3004 90 99 | 5% | NIL | 1. Pre-GST, Cobalt-60 was exempted from Central excise duty under notification No, 12/2012 CE dated 17.3.2016.<br>2. In GST regime Cobalt-60 is attracts 5% GST under notification No. 1/2017 Central tax (Rate) dated 30.6.2017.<br>3. Before GST average weighted VAT of 5%.<br>4. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 67. | Mosquito Nets | 6304 92 70 | 5% | NIL | 1. The pre-GST excise duty on made up articles was:-<br>(i) 2% without ITC or 12.5% with ITC for garments and made ups with retail sale price (RSP) of such garments or articles is Rs.1000 and above.<br>(ii) Nil without ITC or 12.5% with ITC for garments and made ups of retail sale price (RSP) below Rs.1000.<br>2. The embedded Central excise duty/service tax in (man-made fibre) readymade garments was about 6.15%.<br>3. Mosquito nets (63049270) would generally be valued less than Rs. 1000 per piece and therefore attract the lowest GST rate of 5%.<br>4. Most of the inputs and raw materials for manufacture of these nets attract 5/12% GST.<br>5. Hence, Fitment Committee does not recommend any reduction in present GST rate. |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| 68. | Vermi Compost | 3101 | 5%/NIL | NIL | 1. Vermi compost is classifiable under tariff item 3101 00 90.<br>2. It attracts GST of 5% only if put in a unit container bearing a brand name and in other cases it is exempt.<br>3. Hence, Fitment Committee does not recommend any reduction in present GST rate. |
| 69. | Phosphoric Acid | 2809 | 12% | 5% | 1. Phosphoric acid, used for manufacture of DAP attracts 18% GST<br>2. Applicable GST was reduced from 18 % to 12 % on the recommendations of the 25th GST Council meeting held on 18thJanuary, 2018.<br>3. Phosphoric acid has other usage also.<br>4. As the refund procedure stabilised, the concern relating to inverted duty structure gets addressed considering that the GST rate has been reduced to 12% and that the manufacturers of phosphoric acid also manufacture other industrial products their concerns get addressed considerably. A significant quantity of Phosphoric Acid (Fertilizer grade) is also produced captively. |
| 70. | Natural Gypsum/Phosphogypsum | 3824 | 18% | 5% | 1. Phosphogypsum is classified under HSN 3824 90 90 and attracts 18% GST.<br>2. It is produced as a by-product during the manufacturing of phosphoric acid. It is equivalent to natural gypsum plaster in terms of core performance like strength and coverage.<br>3. Natural gypsum attracts 5% GST.<br>4. Though the application of natural gypsum and phosphor gypsum may be the same in certain case, fact remains that phosphor gypsum is an industrially made product. It has input tax incidence and reduction of tax rates will result in inverted duty structure. This will lead to refund issues.<br>5. Similar differences existed even in pre-GST regime.<br>6. Hence, Fitment Committee does not recommend issuance of any GST rate reduction. |
| 71. | Nicotine Polacrilex Gum | 3004 90 99 | 18% | 12% | 1. The GST rate is 18% which is in line with pre-GST tax incidence.<br>2. Earlier as well, Fitment Committee had examined the request for reduction in GST on Nicotine Polacrilex and recommended no change in GST rate<br>3. Hence, Fitment Committee does not recommend any reduction in present GST rate |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| 72. | Paper Tubes & Core | 4822 90 10 | 18% | 12% | 1. Raw material, i.e. kraft paper being 12% and finished goods, i.e. paper tube/core attracting 18% is a normal tax rate structure for GST.<br>2. Boobins, spool etc attract GST at the rate of 18%. This is as per GST incidence.<br>3. Manufactured goods should ideally attract GST at the rate of 18%.<br>4. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 73. | Polypropylene | | 18% | 5% | 1. Syringes classified under HS code 9018, attract 12%. End-use based exemptions have been done away with in GST.<br>2. The GST rate on chemicals in general has been kept at 18% as per pre-GST incidence.<br>3. Granting exemption from GST to syringes will lead to cascading of taxes as the supplier would not be able to avail ITC.<br>4. In case of inverted duty structure, refund of accumulated ITC is generally available.<br>5. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 74. | POS Machine | 8470 | 18% | 12% | 1. 18% GST rate on machinery ensures the integrity of ITC chain as manufacurer gets ITC on inputs which are mostly at 18%.<br>2. Most of the machinery items are at 18%.<br>3. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 75. | Margarine | 1517 10 | 18% | 5% | 1. Margarine is a high fat food that is made by processing of edible oils.<br>2. Experts consider Margarine as unhealthy food.<br>3. Drop in consumption level of Vanaspati and other allied products i.e. Bakery Shortening and Margarine may be due to the change in consumer preferences for healthier alternatives.<br>4. Reduction in GST rate to boost consumption of a high fat product is not advisable.<br>5. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 76. | Coir and coir Products | 5305 | 5% | NIL | 1. Coir fibre under tariff heading 5305 is already at nil rate of GST.<br>2. Coir yarn suffered a pre-GST tax incidence due to embedded state and central taxes of around 6.50%.<br>3. As against that, GST Council recommended a GST rate of 5% on coir yarn, which is the lowest tax slab under GST.<br>4. Exempting such manufactured product is not desirable.<br>5. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 77. | Mill Stone | 6804 | 18% | 5% | 1. Central Excise duty on Millstone falling under 6804 was 12.5% and average VAT rate on the product was 5%. |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | | | | | 2. Small dealers/traders will be eligible for threshold/composition scheme<br>3. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 78. | News-Print Paper | 4801 | 5% | NIL | 1. In the pre-GST era, Central Excise duty was NIL and VAT varied from 5-6%<br>2. The domestic industry is working on less than 50% capacity utilisation and requires protection from imports by way of IGST.<br>3. Exempting GST on newsprint will put the domestic industry at disadvantage.<br>4. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 79. | Diesel Engines used for genset applications | 8408 | 28% | 18% | 1. Diesel Generating Sets assembled at the site of installation from duty paid engine and generator attracted NIL Central Excise duty.<br>2. The Fixed speed Diesel engine with less than 15BHP power are largely used in agriculture and have been kept at concessional GST rate of 12%<br>3. The review of goods at the highest GST slab of 28% was undertaken by 23rd GST Council meeting and only 50 group of items were retained.<br>4. Fitment Committee observed that rate review may be considered along with overall review of 28% GST slab<br>5. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 80. | Narrow fabric | 58/60 | 12% | 5% | 1. 12% GST rate on all specialised fabrics of chapters 56 to 59 was recommended by the Council, after detailed discussions, on the basis of pre-GST incidence of taxes on these fabrics.<br>2. Essentially 5% rate applies to fabrics that are used by the consumer. This is seen as relief to the masses even though 5% rate has given rise to inverted duty structure and accumulation of ITC etc. Exporters have also been complaining that 5% GST rate on fabric is resulting in embedded taxes on exports of garments.<br>3. Chapter 58 articles are on the other hand inputs used by textile industry. For example, border, motif etc. It may not be desirable to create distortion in respect of these textile items<br>4. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 81. | Health care Services | Any Chapter | Applicable GST Rate | NIL | 1. The IGST on intra State movement of goods belonging to Hospitals attracts Nil GST<br>2. Inter State movement of such goods attract IGST<br>3. Health services are exempt from GST. Therefore, credit of such tax is not admissible to hospital and thus it may lead to double taxation. Hence the hardship. |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | | | | | 4. However, such exemption would be difficult to monitor. Further, sector-wise special dispensation may not be desirable.<br>5. Fitment Committee does not recommend any reduction in present GST rate |
| 82. | Ladakh Autonomous Hill Development council, LEH | All chapters | Applicable GST Rate | NIL | 1. Area Based Exemptions have been withdrawn in GST regime, based on the recommendation of the GST Council so as to keep exemption to minimum<br>2. Fitment Committee does not recommend any reduction in present GST rate |
| 83. | Equal treatment to various semi-precious stone in Gems and Jewellery sector | 71 | 3% | 0.25%<br><br>0.25% rate to be extended for cut & polished synthetic or reconstructed semi-precious stones as well | 1. 0.25% GST rate on all types of diamonds and precious stones, including cut and polished diamonds and cut and polished precious stones has been prescribed in January, 2018.<br>2. Semi-precious stones and synthetic stones are at different footing as compared to diamond and precious stones.<br>3. Hence, Fitment Committee felt that special dispensation may not be needed for semi-precious and synthetic stones. |
| 84. | Hand Tools | 82 | 18% | Nil | 1. Hand tools used in used in agriculture, horticulture or forestry are exempted.<br>2. Other categories of hand tools are of industrial use and attract 18% GST on par with other industrial goods. |
| 85. | Import of silver and platinum | 71 | 3% | Imports without payment of IGST by the specified PSUs or nominated agencies [on par with gold] and supply of gold by nominated agencies against advance authorization as deemed export | 1. Import of Gold by specified banks and PSUs is exempted from BCD when imported for the purposes of export. Also, exporters may import gold at Nil BCD under advance license for the purpose of exports.<br>2. In case of export, the jeweller is entitled to claim refund of GST paid on input gold. Such refunds are allowed expeditiously. Hence GST on input Gold does not put any additional burden on jeweller.<br>3. End use-based exemptions are difficult to administer and prone to evasion, particularly in respect on sensitive commodity like gold. Therefore, it may not be desirable to extend end use-based exemption to such a sensitive commodity.<br>4. The matter was discussed in the Fitment Committee Meeting dated 10th January, 2018 where it recommended that possibility of procurement of gold by jewellery manufacturers, exclusively for export of jewellery, from specified banks and PSUs, may be explored in consultations with the Director General of Foreign Trade. |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | | | | | 5. Fitment Committee does not recommend this concession |
| 86. | Zippers & Parts thereof | 96 | 18% | 12% | 1. The GST rate is based on the pre-GST tax incidence<br>2. Reduction in GST will put domestic industry at a disadvantage vis-à-vis imports.<br>3. Further, ITC is available to garment manufacturer. Therefore, tax on zipper may not cause distortion.<br>4. Small and marginal suppliers can avail benefit of threshold exemption/ composition scheme.<br>5. Hence, Fitment Committee does not recommend any change |
| 87. | Fire Safety Products | 84 | 18% | nil | 1. GST rate on preparations and charges for fire-extinguishers; charged fire-extinguishing grenades already been reduced to 18%<br>2. Hence, Fitment Committee does not recommend any change |
| 88. | Coir mattresses | 9404 | 18% | 12% | 1. The GST rate is based on the pre-GST tax incidence.<br>2. Any reduction in the rate of coir mattress would invite similar request for items of similar use. Lowering of rate on industrially produced goods on mass scale would create distortion.<br>3. Reduction in GST will put domestic industry at a disadvantage vis-à-vis imports.<br>4. Hence, Fitment Committee does not recommend any change |
| 89. | Camphor Tablet (Karpoor) pooja samagri | 2914 29 22 | 18% | 5% | 4. Camphor has multiple uses. It is an industrially produced goods and its inputs are at 18%<br>5. Hence, Fitment Committee does not recommend any reduction in present GST rate |
| 90. | Food products | 21 | 5% / 12%/ 18% | **1.** Reduce tax rate on instant food mixes under HSN 2106 to 5%.<br>**2.** Other food products under HSN 2103 and 2106 should fall | 1. No items in Chapter 21, except pan masala under 2106, is at 28%.<br>2. The present rate structure for chapter 21 has evolved after several deliberations in the GST Council meetings. The processed food items in general attract 12%. Few processed items attract 18% in view of nature of such items.<br>3. All goods of 2103 are at 12%<br>4. Hence, Fitment Committee does not recommend any change at this stage. |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | | | | under 12% tax slab<br>**3.** Reduce tax rate on all other food products from 28% to 18%. | |
| 91. | Digital Camera | 8525 | 28% | To classify digital cameras under HSN Code 8525 80 20 at 18% GST from 28% GST. | 1. GST Council in its 23rd Meeting approved to retain 50 broad classifications at 28% GST rate slab<br>2. Reduction in GST rate of 28% may be considered when review of 28% rated items is taken next.<br>3. Hence Fitment Committee does not recommend any change in present GST rate |
| 92. | Isabgol seed | 1211 | 5% | nil | 1. Fresh items falling under heading 1211 are exempt from GST.<br>2. Frozen or dried items under this heading attract 5% on par with many other processed items and ITC is available<br>3. Hence Fitment Committee does not recommend any change in present GST rate |
| 93. | Pre-laminated bagasse board | 44 | 12% | nil | 1. The GST rate is based on the pre-GST tax incidence<br>2. !2% rate is reasonable considering the nature of goods.<br>3. Reduction in GST will put domestic industry at a disadvantage vis-à-vis imports.<br>4. User industry would be entitled to ITC.<br>5. Hence, Fitment Committee does not recommend any change |
| 94. | PTA (Purified Terephthalic Acid and MEG (Mono Ethylene Glycol) | 29173600 2905300 | 18% | 12% | 1. These are industrially produced intermediate goods. Lower rates on such items would lead to distortion/inversion in tax structure.<br>2. The GST rate is based on the pre-GST tax incidence<br>3. Reduction in GST will put domestic industry at a disadvantage vis-à-vis imports.<br>4. Hence, Fitment Committee does not recommend any change |
| 95. | Industrial gear box | 8483 | 28% | 18% | 1. GST Council in its 23rd Meeting approved to retain 50 broad classifications at 28% GST rate slab |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | | | | | 2. Reduction in GST rate of 28% may be considered when review of 28% rated items is taken next.<br>3. Hence Fitment Committee does not recommend any change in present GST rate |
| 96. | Raw mango slices in salt | 0804 | 5% | nil | 1. Already attracts concessional 5% GST<br>2. Hence, Fitment Committee does not recommend any change |
| 97. | Fruit and vegetable pulps/ purees | 2202 | 12% | 5% | 1. Processed foods generally attract 12% GST<br>2. There does not appear merit for further reduction of rates.<br>3. Hence, Fitment Committee does not recommend any change |
| 98. | Sun dry paper boards | | 12% | 5% | 1. The GST rate is based on the pre-GST tax incidence<br>2. !2% rate is reasonable considering the nature of goods.<br>3. Reduction in GST will put domestic industry at a disadvantage vis-à-vis imports.<br>4. User industry would be entitled to ITC.<br>5. Hence, Fitment Committee does not recommend any change. |
| 99. | Fixed speed diesel engine used by farmers [below 20 HP] | 8408 | 18% | lower rate | 1. After due deliberation the GST rate on fixed speed diesel engine (not exceeding 15HP) has been prescribed at 12%, as such diesel engines are used for agriculture purposes. There may not be justification for exempting engine of higher capacity.<br>2. Hence, Fitment Committee does not recommend any change |
| 100. | Lottery | Any chapter | 28% | Rationalize GST rate on lottery from 28% | 1. Reduction in GST rate of 28% may be considered when review of 28% rated items is taken next.<br>2. Hence Fitment Committee does not recommend any change in present GST |
| 101. | IGST exemption on import of machinery [between 1st July to 12 October, 2017]. EPCG exemption was restored on 12.10.17] | | 18% till 12.10.17 | To make provision of keeping the notification dated 13.10.17 effective from 1st July 2017 and manufacturers should be refunded 18% IGST which they have already paid for | 1. Involves retrospective amendment.<br>2. ITC of tax paid on capital goods is available.<br>3. Exports are zero rated so the exporter would be entitled for refunds of IGST paid on exports using the ITC accumulated on capital goods. |

| S. No | Description | HSN | Present GST Rate (%) | Requested GST Rate (%) | Comments |
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| | | | | goods received between 1st July to 12 October, 2017 | |
| 102. | Embroidery in piece, strip or motif | 5810 | 12% | 5% | 1. Embroidery in the piece, in strips or in motifs, Embroidered badges, motifs and the like attracts 12% GST<br>2. Fitment Committee does not recommend any change in present GST |

## Annexure VI

## GST rate on services - Recommendations for no action by Fitment Committee

| Sl. No. | Proposal | Justification | Recommendation of Fitment Committee |
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| 1. | Request for implementation of recommendations made by the consultants in their report on "Action Plan for Development of Cruise Tourism".<br><br>i. Request to exempt IGST on import of cruise vessels in India<br><br>ii. There should be zero rating of the supplies of goods or services provided on-board the vessel.<br><br>iii. The travel by cruise ships should be zero rated or taxed at lower rate under GST for an initial period of 5 years.<br><br>iv. To give tax incentives to shore excursions performed as part of package of the cruise | i. Although BCD is exempt on the import of cruise vessels, there is levy of 5% IGST on import of the same. Although the ITC of the same can be used in discharging output tax liability, but as the value of ships is very high, it leads to cash blockage for a number of years.<br><br>ii. In order to create a level playing field between the domestic cruise operator and international cruise operator.<br><br>iii. This will develop the sector with a long-term vision to put India on the global cruise market and to attract both untapped potential of domestic and international cruise tourists.<br><br>iv. This shall support the unlocking of the domestic market and will stimulate Indians to purchase tickets domestically. | **Recommendation: May not be accepted.**<br><br>i. Pertains to TRU-I. However, the ITC available on the import of vessels can be used to discharge the outward tax liability.<br><br>ii. The international cruise operator shall have to register in India and pay GST on the outward supplies of services provided on board the vessel. [The services provided on board by international cruise operator are as per section 13(11) of IGST Act, provided in India, i.e. shall be the first scheduled point of departure of that conveyance for the journey.] The services provided by international cruise operator are similar to that of an international airlines operator which are registered in India and pay taxes on the services which are provided in India, i.e. the place where the passengers embark on the conveyance for a continuous journey.<br><br>In case of supply of goods as per section 10(1)(e) of IGST Act the place of supply shall be where the goods are taken on board, hence would be determined on case to case basis, and would apply equally to both foreign cruise operator and Indian cruise operator.<br><br>iii. Transportation of passengers by air in economy is class is taxed at 5% (without ITC of goods) or at 12% for other than economy class with full ITC. ATF is outside GST and attracts excise duty, VAT besides other indirect levies. Its ITC is not available for paying GST on the output service of transportation by air. However, cruise ships use predominantly bunker fuel which is within GST. Bunker fuels for use in ships and vessels (IFO 180 CST and IFO 380 CST) attract 5% GST and its ITC is available. Further, ITC of all input goods, services, capital goods are available to a cruise ship and therefore, it attracts the standard rate of 18%.<br>Further, the service provided by a cruise is not equivalent to transportation of passengers as the objective of the cruise is to provide luxury accommodation along with entertainment and recreation on board. Quite often the amount charged is for the duration of the stay on board, based on the tour package and also depending upon the class of accommodation booked onboard.<br>It is also important to note that at times the place of embarkation and final destination are same in case of cruise packages. Therefore, equating the same to passengers' transportation service may not be |

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| | | | appropriate as the service is more akin to hospitality service. [For comparison the accommodation services attract GST @ 28% for accommodations having tariff above Rs 7500/-, and admission to entertainment events attract GST @ 28%]<br>Therefore, GST rate of 18% on services provided in cruise vessels is in order.<br><br>iv. It would be administratively difficult to levy differential tax rate on same activity based on end use of that service. There is no justification for the same. |
| 2. | Request for waiver of GST on new educational campus construction. | TERI School of Advanced Study is an un-aided deemed to be university recognized by MHRD. TERI, a not-for-profit society is the sponsoring society of this university. the university work extremely hard to maintain its financial viability. The tuition fee contribution towards meeting the annual expense of the university remains about 50%. Total waiver of GST on construction of new campuses at Telangana and Guwahati, Assam will reduce the pressure on the tuition fee for the programs conducted by it. | **Recommendation: May not be accepted.**<br><br>As discussed above, it is proposed to reduce the GST rate from 18% to 12 % on composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, provided to an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a structure meant for use as an educational institution. The proposed exemption may be kept restricted to entities registered under section 12AA of the Income-tax Act, 1961.<br>Such end use based exemptions would be prone to misuse. Further, they may also result in overflow of ITC. May not be considered. |
| 3. | Request to exempt services of transportation provided to Technical Institutions (other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent) | Services of transportation of students, faculty and staff provided to an institution providing services by way of pre-school education and education up to higher secondary school or equivalent is exempt under GST. However, when such service is provided to a technical education 18% GST is levied on it. This extra GST is an extra burden on students. It will also slowdown the organized sector of transportation and promote unorganized sector of transportation. | **Recommendation: May not be accepted.**<br><br>Exemption towards input services for higher educational institutions as existed under Service Tax has been carried forward to GST. No merit in expanding the exemption.<br><br>Transport of passengers by any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient attracts lower rate of GST of 5% without ITC. |
| 4. | Request to allow set-off of the GST paid on materials used for construction and maintenance of factories and offices. | The economic growth of country depends on the industries in that country. The stakeholder has to build new factories, offices, production places and invest money towards the materials for | **Recommendation: No action is proposed.**<br><br>Under section 17 (5)(c) of CGST Act, 2017, input tax credit of works contract service supplied for construction of an immovable property has been blocked except where it is an input service for further supply of |

| Sl. No. | Proposal | Justification | Recommendation of Fitment Committee |
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| | | construction and maintenance of such factories. Therefore, the stakeholder should be allowed to claim set-off of the GST paid on these materials. | works contract service. The issue has been forwarded to Law committee for appropriate action. |
| 5. | Request for exemption from GST on all purchases of All India Pingalwara Charitable Society. | All India Pingalwara Charitable Society is a house/ asylum for the homeless, disabled, handicapped, crippled and destitute. This trust had been granted exemption from VAT for all purchases of raw materials and consumables by Govt. of Punjab. After introduction of GST, all purchases of Pingalwara are now subject to GST resulting in heavy increase in expenditure on purchase of food items, clothing, medicine, medical equipment etc. Pingalwara is being run for welfare and developments of ~~above~~ inmates and entire expenditure is being met out of donations from various quarters. This expenditure is almost 1 crore and burden on our humanitarian work. | **Recommendation: May not be accepted.**<br><br>Input supplies of goods and services for a charitable society/ trust was not exempted under ST regime. The same are not exempted under GST regime. Further, in GST, state specific VAT exemptions have not been continued.<br>The request is for a new exemption and may not be acceded to. |
| 6. | Request to exempt the activities undertaken by Bharat Sevak Samaj from ST/GST | Bharat Sevak Samaj is the National Development Agency established by erstwhile Planning Commission on the recommendation of the Indian Parliament in the year 1952 to undertake the extension activities of the Development programs initiated by the Govt. BSS extends and implements various developmental initiatives with the participation of its dedicated workers. It also develops the man power through vocational/ skill training programs and capacity building programs through its member institutions. These training programs mainly cater to the marginalized sections, socially and economically backward groups and educational drop outs with the aim to bring them | **Recommendation: May not be accepted. Bharat Sevak Samaj may be informed of the existing exemptions and advised to align their vocational trainings to any of the exempted skill development programs.**<br><br>Vide Sl. No 69 of the notification No. 12/2017- Central Tax (Rate), any services provided by, an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation or a training partner approved by the National Skill Development Corporation or the Sector Skill Council, in relation to (i) the National Skill Development Programme implemented by the National Skill Development Corporation; or(ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or(iii) any other Scheme implemented by the National Skill Development Corporation are exempt from GST.<br><br>Similarly, vide Sl. No 71 of the above notification, services provided by training providers (Project |

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| | | into the main stream of the society and to make them capable enough to support the national development process. | implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training.<br><br>From the representation it is not clear whether BSS is providing any vocational training as an assessment agency or training partner or project implementing agency as approved by SSC or NCVT for National Skill Development Program, national Skill certification and Monetary Reward Scheme or any scheme implemented by NSDC. Therefore, activities undertaken by BSS are currently taxable under GST. Being a very reputed organization functioning since 1952, we may advise them to align their vocational trainings to any of the above programs.<br>Exemption may not be granted. TRU may clarify the existing exemptions and advise them to align their vocational trainings to any of the above exempted skill development programs. |
| 7. | Seeking clarification on applicability of GST on the services of regulation of profession and practice of Pharmacy in the country against the collection of user charges by the Pharmacy Council of India. If such collection is liable to GST, then it is requested to consider the same for exemption from GST. | The Pharmacy Council of India (PCI) is constituted under the Pharmacy Act, 1948 to regulate the profession and practice of pharmacy in the country. The Council approves the courses of study and examination in pharmacy for the purpose of registration as pharmacists under the said Act. The council receives user charges from the pharmacy institutions running approved courses of pharmacy in the form of affiliation fee and inspection fee. The Council has the following sources of income: -<br>i. Grant-in-aid from the Ministry of Health and Family Welfare<br>ii. Affiliation fee and inspection fee from the pharmacy institutions<br>iii. One-fourth of the total fees realized by the State Pharmacy Councils are in the nature of Registration fee, renewal fee, Entry of | **Recommendation: May not be accepted.**<br><br>The Pharmacy education and profession in India upto graduate level is regulated by the Pharmacy Council of India (PCI). It is a statutory body governed by the provisions of the Pharmacy Act, 1948. The PCI was constituted on 9.8.49 under section 3 of the Pharmacy Act. The main objectives of the PCI are<br><br>1. To prescribe minimum standard of education required for qualifying as a pharmacist i.e. framing of Education Regulations prescribing the conditions to be fulfilled by the institutions seeking approval of the PCI for imparting education in pharmacy.<br>2. To ensure uniform implementation of the educational standards throughout the country.<br>3. To approve the courses of study and examination for pharmacists i.e. approval of the academic training institutions providing pharmacy courses.<br>4. To withdraw approval, if the approved course of study or an approved examination does not continue to be in conformity with the educational standards prescribed by the PCI.<br>5. To approve qualifications granted outside the territories to which the Pharmacy Act extends i.e. the approval of foreign qualifications.<br>6. To maintain the Central Register of Pharmacists on the basis of data forwarded by the State Pharmacy Councils. |

| Sl. No. | Proposal | Justification | Recommendation of Fitment Committee |
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| | | additional qualification fee, Restoration of registration fee, Duplicate certificate fee and Supply of copies of pharmacists' register fee<br>As per the CGST Act, 2017 GST is applicable to all persons carrying out a business activity and supplying goods and services. The definition of person at section 2 (84) does not specifically cover PCI and the activities of PCI cannot be treated as "supply of services" as enumerated in Schedule-II.<br>Further matter regarding levy of Service Tax is pending at the office of Principal Commissioner, GST- Delhi North and Directorate General of GST intelligence, Ludhiana. Therefore it is requested to issue a clarification whether GST is applicable on above described services supplied by PCI and if so, then such supply may be considered for exemption from GST keeping in view the special nature of professional activities, which are related to the education and health care delivery system. | Services of regulation of profession and practice of Pharmacy in the country against the collection of user charges by the Pharmacy Council of India is taxable under GST. The request is to exempt user charges in the form of affiliation fee and inspection fee. Such fees are generally in the order of thousands. Detailed fee structure is attached in the file. The request made by the Pharmacy Council of India is for a new exemption and may not be acceded to.<br><br>Supply of services by PCI to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received in the form of grant-in –aid is exempt from levy of GST vide Sl. No. 9C of the notification No. 12/2017- CT (R).<br>It is a request for new exemption and may not be acceded to. |
| 8. | Seeking confirmation on applicability of GST on examination fee charged by Bar Council of India for All India Bar Examination (AIBE) conducted by them. | Bar Council of India is collecting examination fee from the candidates and the examination is conducted by M/s ITES Horizon Pvt. Ltd. on behalf of the Bar Council of India. BCI has obtained opinion from M/s Lakshmikumaran & Sridharan and based on their opinion BCI is exempt from Service Tax. BCI is an educational institution and Service Tax/ GST is not applicable on the examination fee collected from candidates for conducting All India Bar Examination (AIBE). Thus under GST, the BCI does not have to obtain GST registration, as BCI is not providing any services to any individual/ Agency. | **Recommendation: Examination fee charged by Bar Council of India for conduct of All India Bar Examination (AIBE) may not be exempted. BCI may be advised that the examination fee charged by BCI from individuals for AIBE was liable to Service Tax and is also liable to GST.**<br><br>The Bar Council of India was established by Parliament under the Advocates Act, 1961. According to section 7 of the Advocates Act, BCI regulates legal profession and legal education in India. BCI is a charitable institution under section 12A of income Tax Act and its incomes is also exempt under section 10 (23A) since it is engaged in supervision, regulation and encouragement of professional law.<br>The objective of the All India Bar Examination (AIBE) is to examine an advocate's capability to practice the profession of law in India. The AIBE assesses skills at a basic level, and is intended to set a minimum benchmark for admission to the practice of law; it addresses a candidate's analytical abilities and understanding of basic knowledge of law. After passing the examination, |

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| | | | candidate is awarded "**Certificate of Practice**" by the Bar Council of India. It collects examination fee from the individuals who intend to appear for the Bar examination. In 2018, the fee for SC/ST is Rs. 2560/- and fee for General/OBC is Rs. 3560/-.<br>Among other functions, the following statutory functions under Section 7 cover the Bar Council's regulatory and representative mandate for the legal profession and legal education in India:<br>1. To lay down standards of professional conduct and etiquette for advocates.<br>2. To lay down procedure to be followed by its disciplinary committee and the disciplinary committees of each State Bar Council.<br>3. To safeguard the rights, privileges and interests of advocates.<br>4. To promote and support law reform.<br>5. To deal with and dispose of any matter which may be referred to it by a State Bar Council.<br>6. To promote legal education and to lay down standards of legal education. This is done in consultation with the Universities in India imparting legal education and the State Bar Councils.<br>7. To recognize Universities whose degree in law shall be a qualification for enrolment as an advocate. The Bar Council of India visits and inspects Universities or directs the State Bar Councils to visit and inspect Universities for this purpose.<br>8. To conduct seminars and talks on legal topics by eminent jurists and publish journals and papers of legal interest.<br>9. To organize legal aid to the poor.<br>10. To recognize on a reciprocal basis, the foreign qualifications in law obtained outside India for the purpose of admission as an advocate in India.<br>Vide definition 2(y) of notification No. 12/2012-CT (R) "educational institution" is defined to mean an institution providing services by way of:<br>(iv) pre-school education and education up to higher secondary school or equivalent;<br>(v) education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force;<br>*(vi)* education as a part of an approved vocational education course.<br>Bar Council of India is not an educational institution as defined under GST notification. However, it functions as an administrative body which regulates the legal profession and quality of legal education in India.<br><br>Therefore, it is not eligible for above exemption. We may clarify that the examination fee charged by BCI from individuals for AIBE was liable to Service Tax and is also liable to GST. |

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Justification</th><th>Recommendation of Fitment Committee</th></tr>
<tr><td>9.</td><td>Request to exempt Central Council of Indian Medicine from GST</td><td>Central Council of Indian Medicine is a statutory body constituted under Indian Medicine Central Council Act, 1970. The objectives of the council are-<br>(i) To prescribe the standards of education in Indian System of Medicine<br>(ii) To advice Central Government in matters relating to recognition of medical qualifications<br>(iii) To maintain the central register of Indian Medicine and revise the register from time to time.<br>(iv) To prescribe standards of professional conduct, etiquette and code of ethics for practitioners<br>(v) To recommend Govt. of India for establishment of new medical colleges, to increase intake capacity for UG and PG courses and to start new PG Courses or additional subjects.</td><td>Recommendation: May not be accepted.<br><br>The Central Council of Indian Medicine is the statutory body constituted under the Indian Medicine Central Council Act, 1970 vide Gazette notification extraordinary part (ii) section 3(ii) dated 10.8.71. Since its establishment in 1971, the Central Council has been framing and implementing various regulations including the Curricula and Syllabi in Indian Systems of Medicine viz. Ayurveda, Siddha and UnaniTibb at Under-graduate and Post-graduate level. The Sowa Rigpa System of Medicine is included in the Central Council of Indian Medicine from the year 2012 as per Gazette Notification No. 2345 dated 16.12.2011. Now, all the Colleges of Indian Systems of Medicine are affiliated to various Universities in the country. These Colleges are following the minimum standards of education and Curricula and Syllabi, prescribed by Central Council.<br><br>The required application fee from the individual practitioners prescribed for online Central Registration Application is Rs. 2000/-<br><br>Various services supplied by CCIM are as under-<br>• Recommendation for establishing new ASUS college/courses/increase in intake (section 13A Indian Medicine Central Council Act, 1970)<br>• Recommendation for existing ASUS colleges (13C)<br>• 2nd Schedule Recommendation [Inclusion of qualifications in 2nd Schedule of IMCC Act.]<br>• Issuance of NOC to Teachers in ASUS colleges<br>• Allotment of Teachers' Code in ASUS colleges<br>• Deciding teachers' eligibility in ASUS colleges<br>• Registration in Central Register of Indian Medicine (CRIM)<br><br>Details of fee and Bank Guarantee collected by Central Council of Indian Medicine given as under:<br>
<table>
<tr><th colspan="2">Fee</th></tr>
<tr><td colspan="2">1. Fee for establishment of new colleges: -</td></tr>
<tr><td>Application Fee</td><td>Rs.03:50lakh</td></tr>
<tr><td>Before issuing LOI</td><td>Rs.01:00 lakh (visitation fee)+0.30Lakh (digitization fee)</td></tr>
<tr><td>Before issuing LOP</td><td>Rs.01:00 lakh (visitation fee)+0.30Lakh (digitization fee)</td></tr>
<tr><td colspan="2">2. Fee to increase intake capacity : -</td></tr>
</table>
</td></tr>
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| | | | Application Fee | Rs.02:00lakh per application |
| | | | Before issuing LOI | Rs.01:00 lakh (visitation fee )+0.30Lakh (digitization fee) |
| | | | Before issuing LOP | Rs.01:00 lakh (visitation fee )+0.30Lakh (digitization fee) |
| | | | **3. Fee to Start New PG : -** | |
| | | | Application Fee | Rs.02:00lakh per Subject |
| | | | Before issuing LOI | Rs.01:00 lakh (visitation fee )+0.30Lakh (digitization fee) |
| | | | Before issuing LOP | Rs.01:00 lakh (visitation fee )+0.30Lakh (digitization fee) |
| | | | **4. Fee For the Colleges under Section 13C: -** | |
| | | | Fee per visitation | Rs.01:00 lakh (visitation fee )+0.30Lakh (digitization fee) |
| | | | Fee per visitation per PG Specialty | Rs.01:00 lakh |
| | | | **5.Regulatory fee for the colleges Permitted for 5 years : -** | |
| | | | Permitted for 5 years | Rs.01:00 lakh per year+0.30Lakh (digitization fee) |
| | | | **Bank Guarantee** | |
| | | | **1. New College - Under Graduate : -** | |
| | | | **Performance bank guarantee valid for a five years in favour of the Central Council of Indian Medicine, for the establishment.** | |
| | | | Upto 60 seats | Rs.01.00 crore (Rupees one crore) |
| | | | 61-100 seats | Rs.01.50 crore (Rupees one crore& fifty lakhs) |
| | | | **2. New Course - Post Graduate/Super-Speciality : -** | |
| | | | **Undertaking to furnish a bank, Commercial Bank for a period equivalent to the duration of the course** | |
| | | | Post graduate Course | Rs.50.00 lakhs (Rupees Fifty lakhs) |
| | | | Post Graduate diploma Course | Rs.10.00 lakhs (Rupees Ten lakhs) |

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| | | | <table><tr><td>Super-Specialty course</td><td>Rs.01.00 crore (Rupees One Crore)</td></tr><tr><td>Any other recognised course</td><td>Rs.30.00 lakhs (Rupees thirty lakhs)</td></tr><tr><td colspan="2">3. Increase Intake Capacity: -</td></tr><tr><td>Under Graduate Course Upto 60 seats</td><td>Rs.25.00 lakhs (Rupees twenty-five lakhs)</td></tr><tr><td>Under Graduate Course 61 to 100 seats</td><td>Rs.50.00 lakhs (Rupees fifty lakhs)</td></tr><tr><td>Post graduate degree per seat</td><td>Rs.05.00 lakhs (Rupees five lakhs)</td></tr><tr><td>Super-Specialty course per seat</td><td>Rs.10.00 lakhs (Rupees ten lakhs)</td></tr><tr><td>Any other recognised course per seat</td><td>Rs.02.00 lakhs (Rupees two lakhs)</td></tr></table><br>The Council has not requested for any specific exemption to input or output services. They have requested for an umbrella exemption for the council under GST. It is not possible and advisable to grant such exemption otherwise all the statutory councils of government would start demanding similar exemption. There was no Service Tax exemption to Council of Indian Medicine.<br>This is a new exemption and may not be acceded to. |
| 10. | Request to incorporate Yoga service rendered to foreign students in India in 'Service exports from India Scheme' specified in Foreign Trade Policy 2015-20 and accordingly declare these services as 'export of services' by amending the definition of service and/or treat these services as 'deemed export of services' under section 147 of the CGST Act, 2016. | Yoga education is heart of Indian culture. It gives the spiritual benefit to the mankind of the world at large. They earn foreign exchange for the country. | **Recommendation**: **May not be accepted.**<br><br>Such services are provided and consumed in India and their place of provision is in India and hence not an export of service as per the provision of section 2(6) of the IGST Act. If this request is acceded to, then on identical grounds request may come for treating host of other services availed by foreign tourist visiting India for which payment is received in convertible foreign exchange as export of service which may lead to substantial revenue loss.<br>The request may not be acceded to. |
| 11. | Request to fix GST rate of 5%/12% for the lease system adopted by companies as these rates are at par with | PSV permits are used only in the State of Karnataka and TN. In this model a company for the purposes of commutation of employees takes the vehicles | **Recommendation**: **May not be accepted.**<br><br>1. The request is to allow concessional rate of GST on the service of leasing of vehicles on the lines of the concessional rate of 5% (without ITC) and 12% (with |

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| | renting of motor vehicle as per SAC 9966. | on lease from a lessor. This lease agreement is endorsed by the RTO in the RC book. There is no difference in the services provided by way of renting of motor vehicles or by way of lease except for the permit with which it operates. | ITC) prescribed for renting of motor vehicles. The concessional rates of 5%/12% prescribed for renting of motor vehicles are subject to the condition that the consideration charged for renting of motor vehicles includes the cost of fuel. The concessional rates prescribed for the said service are justified by the fact that fuel (MS/HSD) is outside the purview of GST. The leasing of transport vehicles under the PSV system does not involve supply of fuel by the lessor and thus the said concessional rates cannot be applied.<br><br>Apparently, the main issue that appears to be affecting the lessees is the non-availability of ITC in case of leasing of conveyance as per section 17(5) of the CGST Act, 2017 as discussed below.<br><br><u>What are PSVs:</u><br>2. Section 2(33) of Motor Vehicle Act, 1988 defines PSV as '"private service vehicle' means a motor vehicle constructed or adapted to carry more than six persons excluding the driver and ordinarily used by or on behalf of the owner of such vehicle for the purpose of carrying persons for, or in connection with, his trade or business otherwise than for hire or reward but does not include a motor vehicle used for public purposes;"<br><br>3. As per Section 76(2) of the Motor Vehicles Act, 1988, the applicant must submit the manner in which it is claimed that PSV shall be used for the purpose of carrying persons otherwise than for hire or reward or in connection with the trade or business carried on by the applicant. This implies that the vehicle shall be used by the applicant, i.e. company leasing the conveyance, for purposes other than for making a taxable supply of the same category of service. Consequently, ITC of GST paid on leasing of such vehicles is not available to the lessee as per section 17(5) of the CGST Act.<br><br><u>Applicability of GST and availability of ITC</u><br>4. Supply of leasing of motor vehicles shall attract same rate of GST and compensation cess as applicable on supply of motor vehicles. However due to blockage of ITC under section 17(5) of the CGST Act as discussed above, the GST paid on such lease of vehicles for transport of employees becomes cost to the lessee. Same is the case when vehicles are purchased for transport of employees. |
| 12. | To exempt the services provided by Akshaya Centres to UIDAI from payment of service tax with retrospective effect. | Akshaya Centres are created under the Akshaya project of Kerala State Information Technology Mission. The services rendered are akin to service rendered by Motor | **Recommendation**: **May not be accepted.**<br>1. Kerala State Information Technology Mission (KSITM) is a Society registered under the Travancore Cochin Literary Scientific and Charitable Societies Registration Act (Act 12 of 1955). It is an autonomous nodal IT implementation agency for Department of |

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| | Akshaya Centres provide Aadhaar enrollment services which includes Aadhaar generation and updation. | vehicle department in issuing driving license, Passport office issuing passports etc. The only difference is that in those services the Government itself provides the service and collects fee from public where as in Aadhaar, the Government has entrusted the task of collection / verification of data to Akshaya Centres and verifiers.<br><br>Since Aadhaar has been made mandatory, the services rendered by KSITM, Akshaya Centres and its verifiers or similar Registrar, Enrollment Agency/centres has assumed statutory importance | Electronics and Information Technology, Government of Kerala which provides managerial support to various initiatives of the Department.<br><br>2. The services of identity verification and other peripheral activities involved in generating and updating of Aadhar cannot be said to be statutory function.<br><br>In that context, a useful reference can be made to a judgment of the Hon'ble Supreme Court in the case of N. Nagendra Rao and Co. vs. State of Andhra Pradesh (AIR 1994 2663)<br><br>*"One of the tests to determine if the legislative or executive function is sovereign in nature is whether the State is answerable for such actions in courts of law. For instance, acts such as defence of the country, raising armed forces and maintaining it, making peace or war, foreign affairs, power to acquire and retain territory, are functions which are indicative of external sovereignty and are political in nature."*<br><br>*"The demarcating line between sovereign and non-sovereign powers for which no rational basis survives has largely disappeared. Therefore, barring functions such as administration of justice, maintenance of law and order and repression of crime etc. which are among the primary and inalienable functions of a constitutional Government, the State cannot claim any immunity*."<br><br>3. The services are provided by centers of the KSITM society to UIDAI.<br><br>3.1 UIDAI is established by the Central Government under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016. UIDAI is established as a body corporate under section 11 of the Aadhaar Act. Even though the fee or revenue collected by UIDAI is credited to the Consolidated Fund of India, UIDAI cannot be considered as Government.<br><br>4. Services provided by KSITM, Akshaya Centres are input services to KSTIM / UIDAI and as in education, healthcare and other partially taxed sectors, many input services are taxable whose ITC is available for discharge of output tax liability. The business support services provided by a taxable person (Akshaya Centres) to another was leviable to ST in ST regime and continue to be taxed under GST.<br>Request may not be acceded to. |
| 13. | Request to reduce GST rate to 18% on service by way of admission to | 18% was the effective rate at which it was being taxed prior to implementation of GST. | **Recommendation**: **May not be accepted.**<br><br>1. Weighted average of entertainment tax on admission to cinema, based on GSDP data, was 30%. Further ITC |

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| | exhibition of cinematograph films.<br><br>It is also requested to provide mechanism to set off local body entertainment tax (LBET) using ITC of GST.<br><br>OR<br><br>Request to reduce GST rate to 5% so that there is adequate headroom to absorb any LBET imposed by different local bodies. | 28% GST rate is a punitive rate of tax used for curbing consumption of what is perceived to be a "vice" or "sin" or a "luxury".<br><br>In pre GST 18 States in India had tax rate lower than 28%. | of tax paid on goods and input services were not available, making the effective incidence even higher. ITC is now being freely available.<br><br>2. Further, to address the issue of regional cinema, rate has already been reduced to 18% where price of admission ticket is Rs. 100 or less. Proposal if acceded, would severely hit the CGST revenue.<br><br>3. Moreover, reducing the GST does not guarantee that the 'tax vacuum' created would not be filled by the local body entertainment tax (LBET) or higher profits, hence defeating the purpose of the reduced rate.<br>May not be considered. |
| 14. | Single screen cinemas should be taxed at 5% GST.<br><br>Screening of regional films should be taxed at 0% to 5% | The price of tickets in Single Screen is around Rs 25/- to 70/- while in Multiplex the popcorn costs more than Rs 70/-<br><br>While the number of multiplex screens has increased from 0 to 2500 screens, the number of single screen has come down from 15000 to 8500. Hence if the request of Multiplex Association of India is considered then the request of single screen cinemas should also be considered. | **Recommendation**: **May not be accepted.**<br><br>1. To address the issue of regional cinema, rate has already been reduced to 18% where price of admission ticket is Rs. 100/- or less.<br><br>2. It was decided by the GST Council that States may promote regional cinema by budgetary grants. The proposal for reduction in rates on cinema was discussed again in Fitment Committee and was not accepted.<br><br>3. Since the supply of Licensing services for the right to broadcast and show original films, sound recordings, radio and television programme etc. (SAC 997332) attracts levy of 18% GST, reducing the GST rate on output service to 5% as requested would result in inverted duty structure, the refund of the same would not be available as per section 54 of the CGST Act, 2017.<br>May not be considered. |
| 15. | Request is to exempt the levy of GST on job work charges for chilling and packaging of milk | The end product that is milk is exempt from GST. Hence, whatever GST is paid on the inputs and input services used for the supply of end product (milk) sticks as cost.<br>The services were not taxable in the Service Tax regime as the processing (chilling) of milk and packing of the processed milk into pouches was treated as manufacturing activity and were exempt from levy of service tax. [S. No. 30 | **Recommendation**: **May not be accepted.**<br><br><u>What is an agricultural produce</u><br>Agricultural produce has been defined in notification No. 12/2017-CT(R) as<br>*"'agricultural produce' means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market;"* |

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| | | of notification No. 25/2012-ST]<br>It is submitted that milk is an agriculture produce as it is an outcome / produce resulting on account of rearing of cows/ buffaloes. Hence it is requested that the processing of milk may be included in Sl. No. 24(ii) of the notification No. 11/2017-CT(R).<br>The intention of the Government has been to keep essential commodities like fruits, vegetables and milk out of the ambit of all kind of taxes. | Whether milk is an agricultural produce<br>Therefore, by definition of agricultural produce, milk, per se, being a produce out of rearing of life forms of animals for food, falls within the definition of agricultural produce. However, the process of chilling, packing etc is not carried out by the producer and thus chilled and packaged milk is not covered within the definition of agricultural produce.<br><br>Taxability of support services to agriculture, animal husbandry in relation to agricultural produce<br>Sl. No. 24 of notification No. 11/2017-CT(R) lays down the taxability of support services to agriculture, forestry, fishing, animal husbandry. In entry No. (ii) services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables has fixed at Nil rate of duty and does not cover processing of milk. Further, the entry No. (iii) exempts the intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals. It is pertinent to note that the job work is not for production of agricultural produce but limited to cultivation of plants and rearing of animals. The activity of chilling and packaging of milk is not covered under the activity of rearing of animals; therefore, the benefit of Nil rate of GST is not available.<br><br>What is the rate of GST on chilling and packing of milk provided as job work<br>In this regard it is submitted that the activity of chilling and packaging of milk provided by way of job work, attracts levy of GST @ 5%. The relevant entry of notification No. 11/2017-CT(R) is produced below:<br>*"(i) Services by way of job work in relation to-*<br>*(f) all food and food products falling under Chapters 1 to 22 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975);"*<br><br>Conclusion<br>Although it is correct that GST paid on such job work processes sticks as cost and adds to cost of the milk supplied by cooperatives/ milk processors, same is the case with all exempted products. Extending such an exemption would amount to zero rating. Acceding to the request would lead to similar exemption requests for job work services in relation to processing and marketing of other products which are currently taxable.<br>May not be considered. |
| 16. | Request to provide concessional rate of GST of 5% on works contract services supplied by builders to Ramakrishna | Ramakrishna Mission Student's Home is a branch of Ramakrishna Mission with HQ at Belur Math, Kolkata. It is serving around 700 Orphan/ destitute/ poor students for the | **Recommendation**: **May not be accepted.**<br><br>Under Service Tax regime, vide entry 12A. of mega exemption notification No. 25/2012- ST, services provided to the Government, a local authority or a |

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| | Mission Student's Home for creating infrastructure facilities such as construction of schools, colleges etc. | last 111 years by maintaining them and educating them in their residential High School and polytechnic college.<br>In pre- GST regime vide mega exemption notification No. 25/2012 various exemptions were granted to educational institutions including construction of buildings. Similarly, State Govt. of Tamil Nadu has granted exemption for the supply of goods to Ramakrishna Homes under Tamil Nadu VAT Act. However, after the introduction of GST such exemptions were withdrawn. Under GST there is a specific exemption for services relating to admission to education institute under GST, but there is no GST concession for creating infrastructure facilities. This increases the cost of education in India. | governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of -<br>(a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;<br>(b) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or(iii) an art or cultural establishment was exempt. There was no such exemption for educational institutions of private body for construction of buildings and attracted service tax rate of 6% in case of original works.<br><br>GST Regime:<br>Vide Sl. No. 3 (vi) of notification no. 11/2017- CT (R), composite supply of works contract to the Central Government, State Government, Union Territory, a local authority, a Governmental Authority or a Government Entity by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of –<br>(a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;<br>(b) a structure meant predominantly for use as (i) an educational**,** (ii) a clinical, or(iii) an art or cultural establishment attracts concessional rate of GST @ 12%.<br><br>It is not clear from the representation whether Ramakrishna Mission Student's Home is an entity registered under 12AA of income Tax Act. Input services provided to entities registers under 12AA of Income Tax Act, attracts GST rate as specified. Under GST regime GST @ 18% shall be applicable on the works contract services received by Ramakrishna Mission Student's Home for creating infrastructure facilities such as construction of schools, colleges etc.<br>Such end use based exemptions would be prone to misuse. Further, they may also result in overflow of ITC. May not be considered. |
| 17. | 1. Whether the Jesus and Mary College is considered as Central Government, State Government, Union Territory, a local authority, a Governmental authority or a Government entity?<br><br>2. Whether the reduced rate of 12% | Jesus and Mary College (JMC) is a non-profit making institution established by a Charitable Trust.<br><br>The institution is substantially funded (95%) by UGC and is covered under section 2(f) and 12(b) of the UGC Act 1956. | **Recommendation**: **May not be accepted.**<br><br>JMC is not Central Government, State Government, Union Territory, a local authority, a Governmental authority or Government entity.<br><br>"Government Entity" means an authority or a board or any other body including a society, trust, corporation, -<br>(i) set up by an Act of Parliament or State Legislature; or<br>(ii) established by any Government, |

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| | of GST on the civil works contract is applicable?<br><br>3. What is the GST rate on composite supply of works contract service provided to a non-profit making institution established by a Charitable Trust? | | with 90per cent. or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority.<br><br>Service Tax<br>1. Works contract service provided in relation to building other than meant predominantly for religious use by general public owned by an entity registered under section 12AA of the Income Tax Act, 1961 was not exempt and attracted service tax rate of 6% in case of original works.<br>2. However, works contract service provided to Central Government, State Government, Union Territory, a local authority, a Governmental authority in relation to a structure predominantly for use as an educational establishment was exempt in Service Tax. Government entity classification did not exist in the service tax regime.<br>3. Hence, works contract service received by JMC was taxable under service tax and attracted service tax @ 6% in case of original works. Pre-GST total incidence of embedded taxes (excise and VAT) on works contract was about 22%. There was headline VAT which varied from 1% to 5%. Thus, the total incidence of indirect taxes subsumed in GST was upwards of 28%, in pre-GST regime.<br><br>GST<br>4. In GST, works contract services supplied to Central Government, State Government, Union Territory, a local authority, a Governmental authority or a Government entity, inter alia, in relation to a structure predominantly for use as an educational establishment, attract concessional rate of GST@12%.<br>5. However, as JMC is not Central Government, State Government, Union Territory, a local authority, a Governmental authority or Government entity, GST @ 18% shall be applicable on the civil works contract services received by it.<br>May not be accepted. |
| 18. | Request to exempt the construction of hospital of Sri Sathya Sai Orphanage Trust from GST. | Sri Sathya Sai Orphanage Trust- Kerala is a non- profit voluntary organization in Kerala. The uniqueness of this trust is that all the services provided by it are absolutely free. The Trust in association with State and Central Government starting the construction on 200 bed multi-specialty hospital complex named as Sri Sathya Sai Free Hospital for women and | **Recommendation**: **May not be accepted.**<br><br>Services by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) by way of charitable activities is exempt under GST.<br>Charitable activities are defined to mean activities relating to –<br>(i) public health by way of, -<br>(A) care or counselling of<br>(I) terminally ill persons or persons with severe physical or mental disability;<br>(II) persons afflicted with HIV or AIDS; |

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| | | Children at Kasargod district Kerala. The vision for the hospital is to provide free-of-cost medical facility primarily to women and children who were affected due to the uncontrolled use of Endosulfan. This hospital project will be the third cash free hospital of the world. The hospital will be constructed on the 5 Acres land donated by Kerala. | (III) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or<br>(B) public awareness of preventive health, family planning or prevention of HIV infection;<br>(ii) advancement of religion, spirituality or yoga;<br>(iii) advancement of educational programmes or skill development relating to, -<br>(A) abandoned, orphaned or homeless children;<br>(B) physically or mentally abused and traumatized persons;<br>(C) prisoners; or<br>(D) persons over the age of 65 years residing in a rural area;<br>(iv) preservation of environment including watershed, forests and wildlife.<br>However, healthcare services provided by a hospital is not covered under above definition of charitable activity for the purpose of GST. Further the service to be provided by Sri Sathya Sai Free Hospital for women and Children will be free of cost. There is no consideration. May not be accepted. |
| 19. | Request to make such enabling provision in law so as to vest the power solely with the respective State Governments, to exempt service of "admission to entertainment events including exhibition of cinematograph films", when in the interest of general public, from SGST. | The Government of NCT of Delhi intends to promote viewership of goods cinema having social messages including movies on subjects related to children, social harmony, environmental issue, cultural and educational values, etc. by encouraging issue, cultural and educational values, etc. by encouraging the cinema owners to display such movies in theatres. The screening of such movies will serve the purpose of entertainment, education and motivation for general public including children cinema, which has always been the most popular means of family entertainment, is proving elusive, of late, to general masses by going beyond their reach.<br>The Government of Delhi on its part, in the interest of General public, intends to encourage the cinema owners to screen such classes of movies and patronize the various art forms such as circus, Indian classical dance including folk dance, theatrical | **Recommendation**: **May not be accepted.**<br><br>1. GST was introduced with the vision of 1 nation 1 tax, where the consumption of goods and service would suffer the same rate of GST across the nation. The goods and services were categorized in different slabs, depending mainly upon the pre-GST incidence of taxes and the merit of goods and services weighed on the scale of essential public requirements. All the rates have been fixed based on the recommendations of the GST Council. GST Council has so far taken decisions with regard to the GST rates on goods and services on the basis of consensus.<br><br>2. Creating an alternative mechanism to allow the States to fix independent SGST rate on goods and services would be a regressive step. It would lead to situations where the same goods or services consumed across the State border shall attract different GST rate, defeating the principle of one nation one tax. Especially, in case of regions like Delhi NCR, which is a conurbation having seamless and inter-dependent economic activities across state boundaries, the adjoining States will also follow suit, which shall be against the vision of GST. There will be a plethora of rates.<br>3. The States have the option of reducing the entertainment tax levied on entertainment events including exhibition of cinematograph films by local authorities.<br><br>3. The idea is to consolidate the different rates and not to further fragment the existing structure. |

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| | | performance, drama, etc, within the state of Delhi, by exempting the SGST levied on sale of tickets. | In this regard the instant proposal of creating special provision for States to fix their own SGST rate may not be considered. However, the States may be asked to adopt the re-imbursement route. |
| 20. | Grant specific exemption from GST on entry fee to "Royal Heritage Mysore Palace" under Sl. No. 79 or 79A of notification No. 12/2017-CT(Rate) or under Service Code 999641 (Museum and Preservation Services) | Administration & Maintenance of Mysuru Palace vests with the Board of Management constituted under "The Mysore Palace (Acquisition and Transfer) Act, 1998. The Mysuru Palace Board is chaired by Chief Secretary to Govt. of Karnataka. Management is run on a No Profit No Loss basis. Maintenance charges are collected through entry fee. The Board has cleared Service Tax liabilities upto30.06.17. No tax was collected from public over and above the entry fee. However, since maintenance cost is increasing day by day, Board will have no option but to pass burden to the public.<br>Institutions like Chamarajendra Zoological Garden are exempted from tax. On the same lines Mysuru Palace may also be exempted. | **Recommendation**: **May not be accepted. Services by way of admission to a protected monument are already exempt. The State Government can declare the Royal Heritage Mysore Palace as a protected monument. The matter may be referred to CCT, Karnataka.**<br><br>1. Notification No. 47/2017-CT(Rate) under Sl. No. 79A has exempted services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 or any of the State Acts, for the time being in force. Protected monument has been defined in the Karnataka Ancient and Historical Monuments and Archaeological Sites and Remains Act, 1961 to mean 'an ancient monument which is declared to be protected by or under this Act'. Section 3 of deems ancient and historical monuments and archaeological sites and remains to be protected monuments. While section 4 of the act empowers the Government to declare ancient monuments to be protected monuments.<br>The State Government can declare the Royal Heritage Mysore Palace as a protected monument. Reply has been sent to the VIP. |
| 21. | Request to exempt all kinds of supply of services by the Shri Mata Vaishno Devi Shrine Board, Katra from GST. | Shri Mata Vaishno Devi Shrine Board is a statutory Authority created under the Jammu and Kashmir Mata Vaishno Devi Shrine Act, 1988. The management, administration and governance of Mata Vaishno Devi Shrine and its endowments including the lands and buildings attached or appurtenant to the shrine is vested in the Shrine Board.<br>The shrine board is discharging its bounden duty under section 18(2) and 18(9) of the shrine Act without any commercial objective. The shrine board is also recognised under clause 23BBA of Section 10 of Income Tax Act, 1961. | **Recommendation**: **May not be accepted.**<br><br>As stated in the representation it is seen that the Shrine Board provides following services to pilgrims.<br>i. Food and beverages supply service,<br>ii. Residential accommodation service,<br>iii. Sale of Prasad, and<br>iv. Transportation services using battery cars.<br>All these services are rendered in public interest.<br>Under serial No. 13 of 12/2017- CT (R), services by a person by way of-<br>(a) conduct of any religious ceremony;<br>(b) renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) or a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the said Income-tax Act are exempt from GST.<br>Provided that nothing contained in entry (b) of this exemption shall apply to, - |

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| | | | (i) renting of rooms where charges are one thousand rupees or more per day;<br>(ii) renting of premises, community halls, kalyan mandapam or open area, and the like where charges are ten thousand rupees or more per day;<br>(iii) renting of shops or other spaces for business or commerce where charges are ten thousand rupees or more per month.<br>So, if the services of renting of immovable property by the Shrine Board to the pilgrims is having a daily charge less than 1000 rupees then it is exempt from GST.<br>Similarly renting of community hall or kalyan mandap or open area by the Board is exempt if the charges are less than ten thousand rupees per day.<br>Supply of food and beverage directly by the Shrine Board attracts concessional rate of GST @ 5% without ITC and if such services are provided inside any dormitory having unit of accommodation with declared tariff of Rs. 7500/- and above, then it will attract GST @ 18%.<br><u>Sale of Prasad:</u><br>Prasadam supplied by religious places like temples, mosques, churches, gurudwaras, dargahs, etc. are exempt from levy of GST vide Sl. No. 98 of notification No. 02/2017- Central Tax (Rate) dated 28.06.2017. So sale of Prasad by the Shrine is exempt.<br><u>Transportation services using battery cars:</u><br>Service of transportation of passengers, with or without accompanied belongings by metered cabs or auto rickshaws (including e-rickshaws) are exempt under GST vide sl. No 17 of notification No. 12/2017-CT (R).<br>E-rickshaw has been defined in the above notification to mean a special purpose battery powered vehicle of power not exceeding 4000 watts, having three wheels for carrying goods or passengers, as the case may be, for hire or reward, manufactured, constructed or adapted, equipped and maintained in accordance with such specifications, as may be prescribed in this behalf.<br>So if the transportation services provided by Shrine board using 3 wheeler battery cars and powers of such vehicle does not exceeds 4000 watts, then such services are exempt.<br>Further if any of the activities of Shrine Board conforms to the charitable activities as defined in notification, then such services are exempt from levy of GST.<br>All the exemptions as existed in Service Tax regime have been carried forward in GST. The threshold limit for exemption for supply of services has also been increased from Rs. 10 lakhs to Rs. 20 lakhs per annum. This request is for new exemptions. It doesn't merit acceptance. |

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| 22. | Request to exempt all supply of services made by Shri Amarnath ji Shrine Board including services of supply of food and shelter etc. from GST | Shri Amarnath ji Shrine Board is a statutory Authority constituted under the Jammu and Kashmir Shri Amarnath ji Shrine Act, 2000. It is also a body covered under income Tax exemption u/s of 10(23BBA) of the Income Tax Act, 1961. It performs its statutory duties that has been defined under Section 16 of the Shrine Act. It provides foods, shelter, medical facilities and some other services to pilgrims. There is no such activity of any kind is carried out by it of commercial nature.<br>There is no all-weather road to the Holy Cave. Most of the temporary erections and tracks get damaged due to snowfall every year. Therefore, for providing the facilities to pilgrims and restoration work, it relies on the funds generated by way of donation. The board further generates revenue by way of nominal Yatra registration charges, subsidized/ regulated travel fare, charges for accommodation and other facilities.<br>The Shrine board is chaired by Hon'ble Governor of Jammu and Kashmir. CEO, Additional CEO, chief Account Officer posts are held by senior bureaucrats who are deputed by State Govt. of J&K to the board. It substantiates the fact that the shrine Board is a creation of Statute entrusted with statutory duties and the day to day running of the Board is practically in the hands of Government and there is no profit is involved for carrying out its duties. | **Recommendation**: **May not be accepted.**<br><br>As stated in the representation it is seen that the Shrine Board provides following services to pilgrims.<br>i. Renting of immovable property for parking lot purpose.<br>ii. Renting of immovable property or outsourcing management of huts/ shops etc.<br>iii. Medical services to pilgrims<br>iv. Accommodation services to pilgrims such as dormitory rooms, huts etc.<br>v. Selling of Prasad<br>vi. Services for Yatra Registration<br>vi. Regulated travel/ transportation service<br><br>All these services are rendered in public interest.<br>The same provisions of exemption in relation to renting of immovable property as discussed above in relation to Shri Mata Vaishno Devi Shrine Board shall also be applicable here.<br>Outsourcing the management of huts/ Shops attracts standard rate of GST @ 18%.<br>Selling of Prasad:<br>Selling of Prasad is exempt from GST vide Sl. No. 98 of notification No. 02/2017- Central Tax (Rate) dated 28.06.2017.<br>Medical services to pilgrims:<br>Further, services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics is exempt from GST vide serial No. 74 of Notification No. 12/2017- CT (R). From the letter of Shri AmarnathJi Shrine Board it is not clear, whether it provides healthcare services directly with the help of medical practitioner or through clinical establishment. In either case such service is exempt from GST.<br>Services for Yatra Registration:<br>As stated on the official website of Shri Amarnath Ji Shrine Board, all pilgrims are required to register themselves before undertaking the Yatra. Registration charges for yatra, whether nominal or otherwise are leviable to GST @ 18%.<br>Regulated travel/ transportation service:<br>The distance to the Holy Shrine cave can be covered by ponies, or palkies or by Mini buses. There is also helicopter service.<br>Charges levied for travel also attract GST. Transportation of passengers by non- air conditioned contract or stage carriage, auto rickshaws including e-rickshaws, metered cabs as well as by rail (other than first class or AC Coach) is exempt from GST. Travel by any motor vehicles (other than metered cabs), air conditioned contract carriage other than motorcab, air conditioned stage carriage, radio taxi, by rail (first class |

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| | | | or AC Coach), by air (economy class) attracts GST @ 5%. Transport of passengers by air other than economy class attracts GST @ 12% with input tax credit. Travel by any other modes such as palki, ponies attracts GST @ 18%.<br>Further, if any of the activities of Shrine Board conforms to the charitable activities as defined in notification, then such services are exempt from levy of GST.<br>All the exemptions as existed in Service Tax regime have been carried forward in GST. The threshold limit for exemption for supply of services has also been increased from Rs. 10 lakhs to Rs. 20 lakhs per annum. This request is for new exemptions. It doesn't merit acceptance. |
| 23. | Cooperative housing society may be exempted from GST | Cooperative societies are non-profit-making bodies and can't be said to be rendering services to members because members themselves are owners and shareholders of the society. There is no concept of delivery of services and maintenance contribution made by members of societies cannot be considered as business by any stretch of imagination. Levying GST is unnecessary paperwork because CHS pays GST on goods and services provided by vendors and claims ITC of GST. In effect, 1% is charged on balance fund left with the society. Societies will have to incur close to 25000 per year top hire tax consultants for filing returns. Stamp duty, registration charges, service tax and VAT were already paid on purchase of flats in pre-GST. there is no role of Govt. in maintaining these societies | **Recommendation**: **May not be accepted.**<br><br>1. RWA shall be required to pay GST on monthly subscription/ contribution charged from its members if such subscription is more than Rs. 7500 per member. Most of the residential cooperative housing societies would be covered by entry 77 of exemption notification No. 12/2017-CT (R). Under GST, the tax burden on RWAs will be lower for the reason that they would now be entitled to ITC in respect of taxes paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fillings etc.) and input services such as repair and maintenance services. ITC of Central Excise and VAT paid on goods and capital goods was not available in the pre-GST period and these were a cost to the RWA.<br>May not be accepted. |
| 24. | Request is to exempt job-work in case of export of goods. | Since the GST on job work for exports is revenue-neutral, no GST may be imposed on job work for exports. The Council understands that there may be concerns that it will be difficult to keep track on such products that they do not enter domestic market. To tackle such a situation, the Council feels that the Government may provide | **Recommendation**: **May not be accepted.**<br><br>1. The basic principle of GST is to tax supply of goods and services at each stage of value addition and to allow ITC of tax paid at the preceding stage for discharge of tax at the succeeding stage. Advantages of this system are visibility of a transaction trail and better compliance as well as better cash flow of revenues for the Govt. Mere fact that ITC is available of tax paid on job work services or that GST on job work for exports is revenue-neutral is not a sufficient ground for not levying GST. If |

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| | | for criminal penalty for any such breach. | this criterion is adopted, then none of the inputs and input services used in making a taxable supply or exporting goods or services should be taxed. The rate of job work services in textile, leather, food products, and handicrafts sector has been reduced to a uniform 5%. Job work services by a person having turnover below the threshold of Rs. 20 lakhs per annum is not taxable. Thus, small job workers are already saved from the compliance burden of payment of GST on their services. Request for exempting all job work services in case of export of goods is not justified. Such exemption to job workers would break ITC chain and block their credits making their supplies costlier. Further, merchant exporters are allowed refund/rebate of GST paid on input and input services.<br>May not be accepted. |
| 25. | It is requested that GST rate on the sale of used tyres from existing rate of 28% should be reduced to 5% subject to the condition that "*the supplier should not claim any ITC on the tyres at the time of purchase*". | A company which is engaged in providing service of a Goods Transportation Agency (GTA) and discharges GST on the supply of service at a concessional GST rate of 5%, is not eligible to claim input tax credit. New tyres attract GST @ 28%, of which ITC is not available and further when the used tyres are sold, it attracts GST @ 28%. | **Recommendation**: **May not be accepted.**<br><br>1. The premise on which the argument is based is incorrect to the extent that the ITC of the inputs are not allowed for the fact that the inputs are used in providing output service at concessional rates. If the GTA wants to avail of ITC, then he can pay GST @ 12%.<br>2. The company is engaged in providing GTA service and is not involved in trading of tyres. Had the company been involved in trading of tyres, ITC on inputs at full rate would have been available.<br>3. Moreover, the buyer of the used tyres engaged in the business of recycling or retreading of tyres can claim and utilise the ITC against the output supply.<br>Therefore, the request for reduction of GST rate on sale of used tyres may not be accepted. |
| 26. | Replace the word 'AND' with 'OR' between accommodation and transportation in condition No. 2 against Sr. No. 23 for tour operator in notification 11/2017-CT(R) | In ST regime, tour operator providing service of solely booking accommodation for tourist were given 90% abatement, that of Package Tour Services (planning & arranging tours) were given 70% abatement and any other were given 70% abatement. The abatement % in these was different but there was no condition that a tour operator should provide both accommodation AND transportation service. In Jan 2017, the abatement was made a uniform 40% with the condition that the invoice issued for must indicate that it is inclusive of accommodation charges as well as | **Recommendation**: **May not be accepted.**<br><br>1. Tour operators have the option of paying GST @ 18% with full ITC. In other words, they are eligible to take credit of GST paid on accommodation services to the hotels and GST paid to the transporters and other input service providers as well as GST paid on the goods consumed by them. Credit of such GST paid by the tour operators on the input goods and input services consumed by them can be used for payment of GST on their output services as tour operator.<br><br>2. Further, the tour operators had requested that they may be allowed ITC of services procured from another tour operator at the GST rate of 5%. The request was made on the ground that it is a common practice in this industry that tour is booked by one operator but the services are provided by another operator to whom the business is transferred by the tour operator who books the business. The GST rate of 5% without ITC leads to cascading of taxes in such cases. The request was |

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| | | transportation charges required for such tour. This caused hardship to industry but the association was advised that necessary changes would be effected after rollout of GST. But the same condition has been reproduced verbatim. In many cases, a tour operator arranges accommodation, standalone or with add-on services but not necessarily with transportation. With availability of internet, foreign tour operators book hotels online for overseas clients and instruct Indian tour operator to arrange inland transportation and other services. The word AND in the notification, the interpretation is that both transportation and accommodation should necessarily be provided by a tour operator failing which service provider is not eligible to apply 5% GST rate in the invoice to the foreign tour operator. Similarly, even in domestic tours there will be a problem for the counterpart tour operator to pass ITC to principal tour operator, i.e. the benefit of ITC allowed by Govt. from 25.01.2018 may get infructuous. | acceded to by the GST Council in its meeting held on 10th November, 2017 and a notification was accordingly issued.<br><br>3. There is no merit in the request. Legislative intent as recommended by the GST Council is to provide ITC at concessional rate of 5% of only the input services in the same line of business, that is, input services supplied to the tour operator by another tour operator.<br>May not be accepted. |
| 27. | To reduce GST on services provided by Common Effluent Treatment Plants (CETPs) and Individual Effluent Treatment Plants (IETPs) from 12% to 5% | 1. This will provide a level playing field to CETPs viz-a-viz IETPs<br>2. This will also make our textile exports competitive<br>3. Individual dyeing units have the effluents produced by them treated by either CETP or IETP. If effluent treatment is carried out by CETP, the same attracts GST of 12%. However, if it is carried out by IETP, it attracts GST at 5%. This is for the reason that the dyeing units who carry out dyeing on job work basis, | **Recommendation**: **May not be accepted.**<br><br>1. The rate of GST on CETPs was reduced from 18% to 12% in order to bring down the cost. The requests were considered and placed before the Fitment Committee with the comment as under: *"CETP services are B2B services. GST paid on CETP services would be available to recipients as ITC and thus not represent additional cost. On the other hand, exempting CETPs from GST will lead to blocking of ITC and consequent increase in their cost. It was also observed that Bulk Drug Manufacturers Association had requested for withdrawal of exemption from service tax on CETP services as the exemption blocks ITC. GST on CETP may be considered for reduction to 12%, if agreed by Fitment Committee".* |

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| | | have to pay GST at 5% on job charges.<br>4. Under Service Tax, services by operator of Common Effluent Treatment Plant by way of treatment of effluent were exempt [Sl. No. 43 of notification No. 25/2012-ST].<br>5. The request is basically from the Dyers Association of Tirupur who state that GST paid on effluent treatment services gets embedded in the cost of fabric which does not get refunded to them if they are exported through merchant exporters. | 2. The proposal was discussed and approved by the Fitment committee as well as in the GST Council Meeting held on 18th Jan 2018, post which the proposal was given effect to vide notification No. 1/2018-Central Tax (Rate) dated 25.01.2018.<br>3. As far as IETPs are concerned, if they are owned by the individual dyeing units, then their services wouldn't be considered as a supply itself [Section 7(1), Section 25, Schedule I and Schedule II of the CGST Act *refer*].<br>4. Further, it may not be legally possible to call services of IETP as job work if the individual dyeing units have their own ETPs; effluent treatment cannot be said to be a treatment on goods belonging to another registered person, since effluent is an output of the dyeing unit itself. <u>However, with the amendment of the GST rules on 18-4-2018 (notification No 21/2018-CT), the dyeing unit would now be in a position to claim refund of ITC of input services in case of inverted duty structure</u>. However, the refund on account of inverted duty structure has been blocked at fabric stage [5/2017-CTR]. Therefore, refund will not be available.<br>5. The problem of embedding of taxes in case of exports by merchant exporters may remain because of differential GST rates which is paid at the earlier stage. However, it is advisable to find a generic solution to a generic problem arising on account of differential tax structure between textile yarns and fabrics.<br>6. In so far as GST rate on CETP/IETP is concerned, the same may be placed before Fitment Committee.<br>Rate has already been reduced once from 18 to 12%. Further reduction may not be desirable. |
| 28. | 1. GST rates on lottery may be rationalized to one uniform rate across the country<br>2. Central Govt. itself should organize lotteries as per prevalent Act & Rules and appoint the distributors to market and sell the lottery tickets throughout the country<br>3. There is non-deposit of GST & | 1. Variable rates are against the basic philosophy of one nation one tax.<br>2. To put an end to all conflicting rules by various States<br>3. None given | **<u>Recommendation:</u>**<br>**1. No change in GST rate on supply of lottery should be made.**<br>**2. Proposal 2 deals with conduct of lottery; does not pertain to GST.**<br>**3. The issue of tax evasion by lottery distributors may be forwarded to Intelligence Formations**<br><br><u>Analysis</u><br>1. GST Council in its 17th meeting held on 18.06.2017, in respect of Lottery, approved the GST Rates after extensive deliberations. All States, particularly the lottery organising States [Arunachal Pradesh, Bodoland (Assam), Goa, Kerala, Maharashtra, Mizoram, Nagaland, Punjab, Sikkim and West Bengal] actively participated in the discussion. The decision of the GST Council fixing the GST rates on lottery was based on the consensus of all the States. |

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| | IGST Tax Evasion by lottery Distributor | | It was required to balance the point of view of all stakeholders in fixing the rates which was done by providing for the differential rates, Details of the discussions are available in the meeting minutes of the said GSTC meeting.<br>2. Different rates have been levied on two different types of lotteries. While 12% rate applies on lottery run by State Governments, 28% rate applies on lottery authorized by State Governments. All State-run lotteries attract the same rate of GST. Similarly, all lotteries authorized by State Governments, irrespective of the State which organizes or authorizes them, attracts the same rate of tax. No distinction is made between lotteries in the name of the State Government which organizes them.<br>3. Different rates on different goods or services or on different types or categories or sub-categories of goods or services are common. For instance, different rates of GST of 5% and 12% have been levied on garment and made-ups depending upon whether the value of the garment is below or above Rs. one thousand. Similarly, footwear having retail sale price not exceeding rupees five hundred per pair attracts GST at the rate of 5% while those with RSP exceeding rupees five hundred attract GST at the rate of 18%. In case of services, supply of food and drinks provided by a restaurant located in costly hotels (providing accommodation at a declared tariff of Rs. 7500 per unit per day or more) attracts GST of 18%, while the same service provided by other restaurants attracts GST of 5% without ITC. Similarly, accommodation service provided by hotels is charged to different rates of GST depending upon the declared tariff of such accommodation.<br>4. It has been common to categorize goods and services for the purpose of taxation in such manner as meets the policies and objectives of the Government. Such categorization for the purpose of taxation may be entirely different from the categorization adopted by any other law which may govern production, distribution, usage or any other aspect of those goods. For example, Motor Vehicle Act categorizes passenger transport vehicles according to number of passengers they may carry. However, the Central Excise Tariff Act has for years categorized cars according to their length and levied differential duties accordingly. The position continues under GST. Different rates may be prescribed not only for different types or sub-types of products but also for the same product when supplied by different categories of suppliers, for example, when supplied by a cottage or small-scale industry as against when supplied by a large scale organized industry. |

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| 29. | Sponsorship services under RCM<br>1. Request that the value of such supplies where recipient is liable to pay tax on RCM basis be excluded from the provisions of section 17(3) of CGST Act<br><br>Or<br><br>2. That an option may be given to supplier to pay tax on forward charge basis as in the case of GTA, so that supplier can avail ITC and minimize cascading effect. | Service Tax regime<br>The ITC reversal provisions in Service Tax law was governed by Rule 6(3) of CCR, 2004, which required that reversal was required only on account of input services directly attributable to exempt services or in proportion to exempt service. The definition of exempt services under Rule 2(e) of CCR, 2004 did not include sponsorship service. Cenvat credit is admissible to provider of output services under the Rule 3(1) of CCR, 2004, and that services under full RCM are excluded from definition of output services, the admissibility of ITC in regard of sponsorship service is ambiguous. However, since the sponsorship service is not covered under exempt service definition, there was no legal requirement to reverse the common cenvat credit.<br><br>GST regime<br>As per section 17(3) the CGST Act, 2017, the value of exempt supply includes supplies on which the recipient is liable to pay tax on RCM. Thus section 17(1) and 17(2) read with section 17(3) restricts ITC with respect to services under RCM.<br><br>Service tax vis-a-vis GST<br>By including services under RCM in the ambit of exempt supplies in GST, the assess is required to reverse common credit attributable to sponsorship service, which was ambiguous under service tax regime.<br><br>The insertion of taxable supplies under RCM for computing exempted supplies for purpose of reversal of proportionate ITC is contrary to the intent and spirit of | **Recommendation: It is not recommended to put sponsorship services under forward charge as the practice is well established from Service Tax era.**<br><br>1. The intent in the service tax regime was to allow cenvat credit with respect to output services. As the services under RCM were not output services the cenvat credit of inputs and input services used exclusively for the service under RCM was not available.<br>However, there was no provision for reversal of the common inputs and input services used commonly for providing the output service under RCM and other taxable output services. This loophole has been rightly plugged under GST.<br><br>2. As regard the alternate option to provide the sponsorship service provider with an option to discharge GST under forward charge as provided to GTA, it should be noted that the intent to put these services under reverse charge was to shift the compliance burden from the service provider to the recipient.<br><br>3. The proposal to tax the sponsorship services provided by body corporate [as defined in section 2 (11) of Companies Act 2013] under forward charge was taken to the GST Council meeting held on 11th June, 2017 and the same was not acceded to.<br><br>4. Presently, if the sponsorship service recipient is a body corporate or partnership firm, then GST is required to be paid under RCM by the service recipient. This requires reversal of ITC by service providers. |

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| | | seamless ITC and loss of ITC along with complexity of computation and compliance. This blockage leads to increase of cost of service.<br>Moreover, the sponsorship services are mainly provided by NGOs, sports and cultural bodies and associations which survive primarily on sponsorship, and the impact of ITC reversal makes the operations unviable. | |
| 30. | Exemption from levy of GST for supply of Satellite Launch Services to the domestic customers. | The Satellite Launch Services for Global customers has been recognised as an "export of service" and hence not subjected to taxation. However, the 18% GST prevalent in this segment for Indian customers is making an uneven comparison with the rates available for international customers. Because of levy of this tax launching satellites of India customers becomes more expensive compared to that of international customers. Many of these Indian entities customers are startup companies and the hefty tax may become a big burden on their resources. As this segment is just emerging, this is required to nurture the segment to encourage space commerce in India. Moreover, in view of the over burden tax there is also a possibility that, Indian companies may resort to export of their satellites to a suitable foreign partner and re-import to India to claim tax exemption through export of services route. Also the launch services to India companies may slowly lose its competitive edge. The annual revenue expected by Antrix from Launch Services to the domestic customers during 2018-19 with levy of GST is likely to be INR 100 to 200 Lakhs only. In case of GST | **Recommendation: It is not recommended to exempt the satellite launch service to domestic customers as Antrix is the commercial arm of ISRO and commercial services by Government are also taxed.**<br><br>1. Clarification on this issue was provided vide Circular No. 2/2/2017 dated 27.9.2017.<br>*"Place of supply of satellite launch services supplied by ANTRIX Corporation Limited to international customers would be outside India in terms of section 13(9) of IGST Act, 2017 and such supply which meets the requirements of section 2(6) of IGST Act, thus constitutes export of service and shall be zero rated in accordance with section 16 of the IGST Act. Where satellite launch service is provided by ANTRIX Corporation Limited to a person located in India, the place of supply of satellite launch service would be governed by section 12 (8) of the IGST Act and would be taxable under CGST Act, UTGST Act or IGST Act, as the case may be."*<br><br>2. The services provided by ANTRIX to domestic customers is leviable to GST, as the place of supply is in India. While the same services if procured by the domestic customer from a satellite launch company located outside of India will not be leviable to GST, as the place of supply of services of transportation of goods, shall be the place of destination of such goods, which is outer space i.e. outside of India. Therefore, the domestic customer will have incentive to procure the launch services from a provider of services located outside of India. Although, the ITC of the said services would be available to the domestic companies, it shall lead to blockage of capital. |

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| | | exemption, this revenue is expected to improve several folds. ANTRIX has been consistently paying dividend to the Government of India and for the year 2016-17 an amount of Rs. 218 Crore has been paid towards this (100% Dividend + Tax) together with a 1.1 Bonus shares issue this year. Antrix is also in the process of buyback of its 15% fully paid equity shared amounting to INR 294 Crore (including Tax). | |
| 31. | Request to clarify whether certain services such as "deposit works (expenses for providing electric line/plant)" related to distribution of electricity provided by DISCOM, attract GST. | GST is already paid on the works, goods and services obtained for carrying out these works. Therefore, no GST should be chargeable on the amount/consideration deposited by the customer with the transmission company while getting these works executed. | **Recommendation: The deposit works carried out by the Discoms for shifting/installing electric lines etc for supplying electricity are taxable as already clarified vide circular No. 34/8/2018-GST dt 01.03.2018. Secretary, Finance (Revenue), Government of Rajasthan may be advised accordingly.**<br><br>1. Fitment Committee to the GST Council in its meeting held on 9th, 10th and 13th January 2018 had decided to clarify the following which was published vide circular No. 34/8/2018-GST dt 01.03.2018:<br>"*Issue: Whether the activities carried by DISCOMS against recovery of charges from consumers under State Electricity Act are exempt from GST?*<br><br>*Clarification: Service by way of transmission or distribution of electricity by an electricity transmission or distribution utility is exempt from GST under notification No. 12/2017- CT (R), Sl. No. 25. The other services such as, -*<br>*i. Application fee for releasing connection of electricity;*<br>*ii. Rental Charges against metering equipment;*<br>*iii. Testing fee for meters/ transformers, capacitors etc.;*<br>*iv. Labour charges from customers for shifting of meters or shifting of service lines;*<br>*v. charges for duplicate bill;*<br>*provided by DISCOMS to consumer are taxable."*<br><br>2.In certain cases where works contract service is undertaken by the DISCOM to construct and commission required infrastructure for supply of electricity and the additional expense required for creating the infrastructure is collected from the consumer, whether the consideration charged for supply of electric line is naturally bundled with supply of electricity and exempt or it amounts to a mixed supply. It is pertinent to point out here that the infrastructure so |

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| | | | created becomes the asset of the DISCOM. The DISCOM simply allows/provides right to use to the customer.<br>3. Vide the circular it was clarified that labour charges from customer for shifting of service lines provided by DISCOMS are taxable.<br>3.1 The service so provided by DISCOM by way of creating specific assets for consumer which is brought to specific use in supplying electricity to the said consumer and providing limited "right to use" to consumer is taxable. The charge for creating the asset and providing the same under "right to use" albeit with limited control, whether or not with possessory control, over the asset is a taxable service.The ITC of the said service shall be available with a registered business. |
| 32. | Request is to exempt accommodation services provided under "Paying Guest Scheme" which is a non-commercial venture. | To promote Tourism in the State, Department of Tourism, Uttar Pradesh has launched Paying Guest Scheme which was a non-commercial venture exempted from applicable Taxes. It aimed to provide cheap and economical lodging to Tourists in certain indentified Districts of the State, also imparting to the owners/land lords employment opportunities. It is envisaged as a viable option for Employment and Empowerment of Women.<br>In the current scheme, for a Tariff below Rs 1000 no tax is applicable. It is desired that in order to promote tourism and usher employment, Tax Rates for Tariff above Rs 1000 may also be considered for Exemption. | **Recommendation**: **May not be accepted.**<br><br>Threshold exemption of Rs 20 lacs is available to the supplier of service. Further the accommodation services where declared tariff is below Rs 1000/- per day per unit of accommodation is also exempt from GST. |
| 33. | To exempt print media, newsprints and advertisement services from GST | Newsprints form major part of the costing. Earlier in Central Excise, there was small scale industry exemption of Rs 1.5 Cr and therefore many of the raw materials were enjoying tax holiday, this was helpful in reducing the cost as raw material was available at lower cost. | **Recommendation**: **May not be accepted.** |
| 34. | Requested to exempt the fee levied and received by CERC from GST and | CERCis established under electricity regulatory commission Act, in 1998. | **Recommendation: No action.**<br><br>It has already been clarified vide OM F.No. 354/184/2018-TRU dated 30.05.2018, that the fee levied |

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| | requested to consider services of CERC neither supply of goods nor supply of services. | It has powers to adjudicate upon disputes involving generating companies or transmission licensee.<br>It has same powers as are vested in civil court under the code of civil procedure 1908.<br>As per clause 2 of the schedule III of the CGST Act 2017, services by and court or tribunal established under any law for the time being in force shall neither be treated as supply of goods nor supply of services. | for the purposes of carrying out quasi-judicial functions by CERC, which has the trappings of the tribunal are covered under Schedule III of the CGST Act, which is not leviable to GST, being neither supply of goods or services. Any penalty imposed by or amount paid to CERC in this regard will also not attract GST. |