

Tax Wire



**Key highlights of 31st and 32nd
GST Council Meet**

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Key Highlights of 31st and 32nd GST Council Meet

Background

As you all are aware, w.e.f 01st July 2017, India moved into a comprehensive Indirect tax regime under the Goods and Services Tax (GST) Law. GST Council is a constitutional body for making recommendations to the Union and State Government on issues related to Goods and Service Tax. The GST Council is chaired by the Union Finance Minister and other members are the Union State Minister of Revenue or Finance and Ministers in-charge of Finance or Taxation of all the States. The GST council meets on a periodic basis to discuss and make suitable recommendations.

Current Update

1. 31st GST Council Meet

GST Council in the 31st Council meeting held on 22nd December took following decisions relating to changes in GST rates, ITC eligibility criteria, exemptions and clarifications on connected issues. Subsequently, such recommendations were notified by the Government and the changes have come into force from **1st January 2019**

➤ Reduction in GST rates on goods and Services¹:

| Item Code | Description of Goods | Previous Rate | Current Rate |
|------------|---|---------------|--------------|
| 9963 | 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 a canteen, mess, cafeteria or dining space of an institution such as a school or a college | 5% | Nil |
| 4501 | Natural cork, raw or simply prepared | 12% | 5% |
| 4904 00 00 | Music, printed or in manuscript, whether or not bound or illustrated | 12% | Exempt |
| 6602 00 00 | Walking-sticks including seat sticks | 12% | 5% |
| 64 | Footwear having a retail sale price exceeding Rs.500 but not exceeding Rs. 1,000 per pair, provided that such retail sale price is indelibly marked or embossed on the footwear itself | 18% | 5% |
| 9996 | Services by way of admission to exhibition of cinematograph films where price of admission ticket is Rs. 100 or less | 18% | 12% |
| 4012 | Retreaded or used pneumatic tyres of rubber; solid or cushion tyres, and tyre flaps of rubber | 28% | 18% |
| 8525 | Digital cameras and video camera recorders | 28% | 18% |
| 8528 | Television set (including LCD or LED television) of screen size not exceeding 32 inches (Previously screen size up to 68 cm was covered under 18%) | 28% | 18% |
| 8528 | Computer monitors not exceeding 32 inches, Set top Box for Television (TV) (Previously only up to 20 inches was covered under 18%) | 28% | 18% |
| 9504 | Video game consoles and machines, articles of funfair, table or parlour games, including pinball games, billiards, special tables for casino games and automatic bowling alley equipment [other than board games and games of 9504 90 90] | 28% | 18% |
| 9996 | Services by way of admission to exhibition of cinematograph films where price of admission ticket is above Rs. 100 | 28% | 18% |

¹ The above list is only indicative and for the detailed list, the readers will have to refer to the complete notifications

➤ Updates on Reverse Charge Mechanism (RCM):

Reverse charge is a mode of disbursement of GST liability, whereby the recipient of supply of service discharges the GST to the Government directly. There are certain supplies which have been notified under the RCM and certain changes have been notified in them:

| What happened? | Details |
|------------------|--|
| Removal from RCM | RCM Provisions are not applicable to following recipient of service: (a) A Department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies, which has taken registration under the Central Goods and Services Tax Act, 2017 only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services. |
| Addition to RCM | Security services (services provided by way of supply of security personnel) provided to a registered person other than a registered composition dealer |

➤ Extension of Due dates:

| SI No | Particulars | Previously | Extension | Notification Reference |
|-------|--|-------------------------------------|------------------------------------|--------------------------------|
| 1 | Special Procedure for completing migration (Form GST REG-26) through Provisional ID received on or before 31st Dec'17 | 31 Aug'18 | 31 Jan'19 | 67/2018 Central Tax |
| 2 | Furnishing of the details for the above migration | 30 Sep'18 | 28 Feb'19 | 67/2018 Central Tax |
| 3 | Due date for filing GSTR - 3B for newly migrated taxpayers for the period Jul'17 to Feb'19 | 31 Dec'18 | 31 Mar'18 | 68, 69 & 70 / 2018 Central Tax |
| 4 | Due date for filing GSTR - 1 (quarterly) for newly migrated taxpayers for the period Jul'17 to Dec'18 | 31 Dec'18 | 31 Mar'18 | 71/2018 Central Tax |
| 5 | Due date for filing GSTR - 1 (monthly) for newly migrated taxpayers for the period Jul'17 to Feb'19 | 31 Dec'18 | 31 Mar'18 | 72/2018 Central Tax |
| 6 | Time limit for furnishing declaration in FORM GST ITC - 04 (goods dispatched to/received from a job worker) | For Jul'18-Sep'18, it was 31 Dec'18 | For Jul'17-Dec'18, it is 31 Mar'18 | 78/2018 Central Tax |

➤ Waiver of Late Fees payable

For the period **July 2017 – September 2018**, late fees have been waived off for filing the following returns. However, subject to the conditions that the same have to be filed between **December 2018 and March 2019**.

- Furnishing details of outward supplies in **FORM GSTR - 1**
- Furnishing the return in **FORM GSTR - 3B**
- Furnishing details of return for outward supplies in **FORM GSTR - 4**

2. 32nd GST Council Meet²

- 2.1. **Increase in Turnover Limit for the existing Composition Scheme:**The limit of Annual Turnover for availing Composition Scheme for Goods shall be increased to **Rs 1.5 crore**. *(Special category States would decide, within one week, about the Composition Limit in their respective States)*
- 2.2. **Higher Exemption Threshold Limit for Supplier of Goods:** There would be two Threshold Limits for exemption from Registration and Payment of GST for the suppliers of **Goods** i.e. **Rs 40 lakhs and Rs 20 lakhs**.*(States would have an option to decide about one of the limits within a weeks' time)*
- 2.3. **Composition Scheme for Services:** A Composition Scheme shall be made available for **Suppliers of Services** (or Mixed Suppliers) with a Tax Rate of **6%** (3% CGST +3% SGST) having an Annual Turnover in the preceding Financial Year up to Rs 50 lakhs.
- 2.4. **Free Accounting and Billing Software** shall be provided to Small Taxpayers by GSTN
- 2.5. **Revenue Mobilization for Natural Calamities:** GST Council approved Levy of Cess on Intra-State Supply of Goods and Services within the State of Kerala at a **rate not exceeding 1%** for a period not exceeding 2 years.

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² These recommendations require amendments to the Act/ notifications be brought out. In the press release, it is stated that the recommendations as presented in para 2.1 to 2.3, shall be made effective from 1st April, 2019.

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