

GOODS & SERVICES TAX UPDATE – 14

CENTRAL GOODS & SERVICES TAX

Substitution in description of service and tax rates

Central Government vide [Notification No. 20/2017- dated 22nd August,2017](#) has amended the rates and description, as the case may be, of the following services:

S No. (1)	Description of service (2)	Rate% CGST/UTGST (3)	Rate% IGST (4)	Conditions (5)
3	<p>(iii) Composite supply of works contract supplied to the Government by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of, - (a) a historical monument, archaeological site,</p> <p>(b) canal, dam or other irrigation works;</p> <p>(c) pipeline, conduit or plant</p>			
	<p>(iv) Composite supply of works contract supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of, -</p> <p>(a) a road, bridge, tunnel, or terminal;</p> <p>(b) a civil structure pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana;</p> <p>(c) a civil structure or any other original works pertaining to the “In-situ rehabilitation of existing slum dwellers using land as a resource through private participation” under the Housing for All</p>	6	12	-

	<p>(Urban)Mission/Pradhan Mantri Awas Yojana, only for existing slum dwellers;</p> <p>(d) a civil structure or any other original works pertaining to the “Beneficiary led individual house construction / enhancement” under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;</p> <p>(e) a pollution control or effluent treatment plant, except located as a part of a factory; or</p> <p>(f) a structure meant for funeral, burial or cremation of deceased</p>			
	<p>(v) Composite supply of works contract, supplied by way of construction, erection, commissioning, or installation of original works pertaining to, -</p> <p>(a) railways, excluding monorail and metro;</p> <p>(b) a single residential unit otherwise than as a part of a residential complex;</p> <p>(c) low-cost houses up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;</p> <p>(d) low cost houses up to a carpet area of 60 square metres per house in a housing project approved</p>			
	<p>(vi) Construction services other than (i), (ii), (iii), (iv) and (v) above.</p>	9	18	-
8	<p>(vi) Transport of passengers by motorcab where the cost of fuel is included in the consideration charged from the service recipient</p>	2.5	5	Provided that credit of input tax charged on goods and services used in supplying the service has not

				been taken [Please refer to Explanation no. (iv)]
		6	12	-
9	(iii) Services of goods transport agency (GTA)	2.5	5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken
		6	12	Provided that the GTA opting to pay central tax @ 6%
10	(i) Renting of motorcab	2.5	5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken
		6	12	-
11	(i) Services of goods transport agency (GTA) in relation to transportation of goods (including used household goods for personal use)	2.5	5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken
		6	12	Provided that the GTA opting to pay central tax @ 6%
26	(ii) Services by way of any treatment or process on goods belonging to another person, in relation to- (a) printing of newspapers; (b) printing of books (including Braille books), journals and periodicals	2.5	5	-
	(iii) Manufacturing services on physical inputs owned by others,	9	18	-

	other than (i) and (ii) above.			
27	(i) Services by way of printing of newspapers, books (including Braille books), journals and periodicals, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer	6	12	-
	(ii) Other manufacturing services; publishing, printing and reproduction services; materials recovery services, other than (i) above	9	18	-

[\[Notification No. 20/2017- Central Tax \(Rate\) dated 22nd August,2017, Notification No. 20/2017-Integrated Tax \(Rate\) dated 22nd August,2017, Notification No. 20/2017-Union Territory Tax \(Rate\), dated 22-08-2017\]](#)

Comment: As effective date of notification is not given it will be effective from 22nd august, 2017 i.e date of notification

Amendment to list of Exempted Services

Central Government vide *Notification No.12/2017- Central Tax (Rate), dated the 28th June 2017* provided the list of services exempted under GST regime.

In this regard, Central Government vide [Notification no.21/2017 dated 22nd August 2017](#) has amended the aforesaid notification to provided exemptions from GST to the following services::

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
9A	Chapter 99	Services provided by and to Fédération Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 World Cup 2017 to be hosted in India.	Nil	Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under FIFA U- 17 World Cup 2017.”
11A	Heading 9961 or Heading 9962	Service provided by Fair Price Shops to Central Government by way of sale of wheat, rice and coarse grains under Public Distribution System(PDS) against consideration in the form of commission or margin	Nil	Nil
11B	Heading 9961 or	Service provided by Fair Price Shops to State Governments	Nil	Nil

	Heading 9962	or Union territories by way of sale of kerosene, sugar, edible oil, etc. under Public Distribution System (PDS) against consideration in the form of commission or margin.		
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Further, amendments have been made to the following services:

Chapter, Section, Heading, Group or Service Code (Tariff)	<i>Existing description of service</i>	<i>Revised description of service</i>	<i>Impact</i>
Heading 9971 or Heading 9991	(h) Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme, (j) National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana)	(h)Restructured Weather Based Crop Insurance Scheme (RWCIS) (j) Pradhan Mantri Fasal BimaYojana (PMFBY)	The amendment is made to change the scheme for which exemption from tax will be given. Earlier, service of general insurance under Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme was exempt. Now, by this notification it has been substituted by Restructured Weather Based Crop Insurance Scheme (RWCIS) Similarly, service of general insurance under National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana) was exempt . Now, by this notification it

			has been substituted by Pradhan Mantri Fasal BimaYojana (PMFBY)
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[\[Notification no.21/2017 dated 22nd August 2017\]](#)

Normal charge on GTA service when opted to pay central tax @ 6% with full ITC

Central Government vide [Notification no.22/2017 dated 22nd August 2017](#) has provided that the goods transport agency opting to pay central tax @ 6% to avail full ITC in respect of transportation of goods by road needs to pay the tax under normal charge. However, service provided by goods transport agency to specified categories of recipient on which GTA has opted to pay central tax at the rate of 2.5% with non availment of input tax credit charged on goods and services used for providing such GTA service need to pay tax under reverse charge.

It has further been provided that Limited Liability Partnership formed and registered under the provision of Limited Liability Partnership Act,2008 will be considered as partnership firm Therefore, when GTA provides services to LLP then being specified recipient LLP would be liable to pay tax under Reverse Charge.

[\[Notification no.22/2017 dated 22nd August 2017\]](#)

Tax on intra-State supplies of housekeeping service shall be paid by the electronic commerce operator

Central Government vide [Notification no.23/2017 dated 22nd August 2017](#) has provided that for services provided by e-commerce operator by way of house-keeping such as plumbing, carpentering etc, then such e-commerce operator would be responsible for payment of GST on such services. However, where the person supplying such service through electronic commerce operator is liable for registration under section 22(1) of the Central Goods and Services Tax Act, 2017 then tax needs to be paid by such registered person only.

Comment: If unregistered person is providing service by way of housekeeping through e-commerce operator than such e-commerce operator would be responsible for payment of GST.

[\[Notification no.23/2017 dated 22nd August 2017\]](#)

GST on Selling of space for advertisement in print media – Clarification regarding

Selling of space for advertisement in print media is leviable to GST @ 5%. If the advertisement agency works on principal to principal basis, that is, buys space from the newspaper and sells such space for advertisement to clients on its own account, that is, as a principal, it would be liable to pay GST @5% on the full amount charged by advertisement agency from the client.

Illustration: If a newspaper sells a unit of space worth Rs. 100 to advertisement agency for Rs. 85/- (after trade discount of Rs. 15), the advertisement agency sells the same unit of space to client at Rs. 100/-, newspaper would be liable to pay GST @ 5% on Rs. 85 i.e. Rs. 4.25 and the advertisement agency would be liable to pay GST on full value i.e. Rs. 100 @ 5% i.e. Rs. 5 and may utilize ITC of Rs.

4.25 for paying the same.

On the other hand, if the advertisement agency sells space for advertisement as an agent of the newspaper on commission basis, it would be liable to pay GST@ 18% on the sale commission it receives from the Newspaper. ITC of GST paid on such sale commission would be available to Newspaper.

Illustration: Advertisement agency sells unit of space to the client not on its own account but on account of the newspaper for Rs. 100/- and receives commission of Rs. 15/- for such sale from newspaper. In such a case, advertisement agency would be liable to pay GST @ 18% on sales commission of Rs. 15 i.e. Rs. 2.7, ITC of which shall be available to newspaper for payment of GST @ 5% on Rs. 100/- (value of space for advertisement sold by the newspaper).

However, if the advertisement agency supplies any service other than selling of space for advertisement, such as designing or drafting the advertisement, and such supply is not a part of any composite supply, the same would be liable to tax @18%. If such supplies are part of any composite supply, the rate applicable for the principal supply shall apply.

Therefore, everything depends on the terms of the contract between the newspaper, advertisement agency and the client.

(Release ID :170186)

Source: www.cbec.gov.in, www.pib.nic.in

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CBEC recently release FAQs on various sectoral groups such as Government Services, Gems & Jewellery, IT/ITES, Handicrafts, E-Commerce, Mining, Drugs & Pharmaceuticals, Food Processing, Exports, MSME and Textiles which is available on the website and can be downloaded at link <http://idtc.icai.org/gst.html>

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