

GOODS & SERVICES TAX UPDATE – 28

CENTRAL GOODS & SERVICES TAX

GSTR-1 for the month of July 2017 has been opened again for filing

FORM GSTR-1 (Outward supplies) for month of July 2017 has been re-opened again for filing on the GST portal those who missed to file earlier can file now.

[news flash GST portal]

Apportionment of IGST credit with respect to Advertisement service when provided to Government

The Central Government vide *Notification no.12/2017-Integrated Tax dated. 15th November,2017* has inserted new rule 3 to the IGST Rules, 2017 to determine the value attributable to different States or Union Territories, in the case of supply of advertisement services to the Central Government, State Government, a statutory body or a local authority, in the absence of any contract between the supplier of service and recipient of services.

Value attributable to the dissemination in each State or Union Territory shall be determined in the following manner: -

	Mode of Advertisement	Basis of allocation
(a)	Advertisements on Newspapers and publications	Amount payable for publishing an advertisement in all the editions of newspaper or publications which are published in each State or Union Territory
(b)	Advertisements on Printed material like pamphlets, leaflets, diaries, calendars, t-shirt etc.	Amount payable for the distribution of a specific number of such material in each State or UT
(c)	(i) Advertisements on Hoardings other than on trains	Amount payable for the hoardings located in each State or UT
	(ii) Advertisements placed on trains	Ratio of the length of railway track in each State of that train
(d)	(i) Advertisements on back of utility bills of oil and gas companies etc.	Amount payable for the advertisements on bills pertaining to consumers having billing address in such States or Union Territory
	(ii) Advertisements on railway tickets	Ratio of number of railway stations in each State or Union Territory
(e)	Advertisement over radio stations	Amount payable to such radio station, which by virtue of its name is part of a State or Union Territory
(f)	Advertisements on Television channels	Ratio of the viewership of such channel in such State (last week of a given quarter shall be used for calculating viewership for the succeeding quarter)
(g)	Advertisements at cinema halls	Amount payable to a cinema halls or screens in a

		State or Union Territory
(h)	Advertisements over internet	Ratio of internet subscribers in such State or Union Territory
(i)	Advertisements through short messaging service	Ratio of telecommunication subscribers in such State or Union Territory

Various examples to the above situations have been explained in the Notification which may be referred.

Comment: Please note that IGST Rules had adopted the CGST Rules in its entirety and with the introduction of this rule, value apportionment is being prescribed for purposes of payment of IGST or CGST-SGST as the case may be. As such, this rule appears to affect valuation of CGST-SGST supplies also but without a corresponding change in the CGST Rules.

[[Notification no.12/2017-Integrated Tax dated. 15th November,2017](#)]

Clarification regarding the inter-State purchases against C form for period starting from 1st July ,2017

Maharashtra sales tax department vide [Trade circular no. 47T of 2017 dated 17th November,2017](#) has issued clarification regarding the inter-State purchases against C form for period starting from 1st July,2017

Background

The definition of “goods “in Central Sales Tax Act ,1956 in section 2(d) upto 30th June ,2017 was as under: -

“(d) “goods” includes all materials, articles, commodities, and all other kinds of movable property, but does not include newspapers, actionable claims, stocks, shares and securities.

In view of the constitution (one Hundred and first amendment) Act, 2016 dated 8th September ,2016 the Central Government has amended the Central Sales Tax Act vide Taxation Laws (Amendment) Act, 2017 (18 of 2017) dated the 4th May 2017

By virtue of this amendment the aforesaid definition of “goods “has been amended. The amended definition is reproduced as under: -

(d) “goods “means-

- i. Petroleum crude
- ii. High speed diesel;
- iii. Motor spirit
- iv. Natural gas;
- v. Aviation turbine fuel; and
- vi. Alcoholic liquor for human consumption.

The Ministry of Finance, Department of Revenue, State Tax Division, New Delhi issued office memorandum dated the 7th November, 2017 to clarify the inter-State purchases against C form for period starting from 1st July ,2017. The clarification is reproduced as under: -

“The undersigned is directed to say that opinion of department of Legal Affairs, ministry of Law was solicited on the issue “Whether the definition of “goods “the phrase “manufacture or processing of goods” in section 8(3)(b) of the Central Sales Tax Act would be as per the definition provided under section 2(d) of the Central Sales Tax Act or that the word “goods ”when it appears in the phrase “manufacture or processing of goods” means any goods i.e “goods” which fall with in GST as well as

“goods” which do not come under the ambit of GST.

Department of Legal Affairs, Ministry of Law has confirmed that the term “goods” has been specifically defined under the Central sales Tax Act, 1956 and prima facie the term “Goods” referred to in section 8(3)(b) of the Central Sales Tax Act, 1956 will have same meaning as defined and amended under section 2(d) of the Central Sales Tax Act, 1956 vide tax laws Amendment Act, 2017. However, it does not affect the provisions of section 8(3)(b) of CST Act relating to telecommunication network or mining or generation or distribution of electricity or any other form of power.”

In view of this clarification the following instructions as being issued

1. The clarification is applicable for the declarations in Form ‘C’ to be issued for the period from 1st July onwards.
2. Form ‘C’ shall be used for the inter-State purchases of the “goods”(as amended) only subject to purposes enumerated in (3) below: -
3. Declaration in Form ‘C’ for the periods starting from 1st July 2017 shall be issued only if such goods are purchased for the purposes enumerated in the office memorandum issued by ministry of Finance, Department of Revenue, State Tax Division, New Delhi dated 7th November 2017 such as: -
 - i. Resale of above six goods;
 - ii. Manufacturing of above six goods;
 - iii. Use of above six commodities in the telecommunication network or mining or generation or distribution of electricity or any other form of power.

[\[Trade circular 47T of 2017, Maharashtra sales tax department\]](#)

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