

GOODS & SERVICES TAX UPDATE – 3

CENTRAL GOODS & SERVICES TAX (CGST)

Some sections of CGST Act, 2017 to come into effect from 01.07.2017

Central Government vide [Notification No. 09/2017-Central Tax, dt. 28-06-2017](#) has provided 1st July 2017 on which the following sections of CGST Act, 2017 will come into force:

Section No.	Description
6	Authorization of Officers of State Tax or Union Territory Tax as proper officer in certain circumstances
7-9	Levy & Collection of Tax
11	Power to grant exemption from tax
12-21	Time & Value of Supply and Input Tax Credit
31-34	Tax Invoice, Credit and Debit Notes
35-36	Accounts and Records
37-41	Details of Outward Supplies, Inward Supplies, Returns, First Return and claim of Input Tax Credit and provisional acceptance thereof
42 & 43 except proviso to respective sub-sections (9)	Matching, Reversal and Reclaim of Input Tax Credit and Reduction in Output Tax Liability
44-48	Annual Return, Final Return, notice to return defaulters, Levy of Late Fee, GST practitioners
49-50	Payment of Tax, interest, penalty and other amounts and Interest on delayed payment of tax
53	Transfer of Input Tax Credit
54-58	Refunds
59-64	Assessment
65-66	Audit
67-72	Inspection, Search, Seizure and Arrest
73-84	Demands & Recovery
85-94	Liability to pay in Certain Cases
95-106	Advance Ruling
107-121	Appeals and Revision
122-138	Offences and Penalties
140-142	Transitional Provisions
143-145	Job work procedure, Presumption as to documents and admissibility of micro films, fax, printouts as documents and as evidence.
147-163	Miscellaneous Provisions
165-174	

[\[Notification No. 09/2017-Central Tax, dt. 28-06-2017\]](#)

Additional CGST Rules, 2017 notified

By exercising the powers conferred by Section 164 of the CGST Act, 2017, Central Government vide [Notification No. 10/2017-Central Tax, dt. 28-06-2017](#) has amended Central Goods and Services Tax Rules, 2017 w.e.f 1st July 2017. The Central Goods and Services Tax Rules, 2017 are amended to include:

Chapter No.	Rule(s)	Description
IV	27-35	Determination of Value of Supply
V	36-45	Input Tax Credit
VI	46-55	Tax Invoice, Credit and Debit Notes
VII	56-58	Accounts and Records
VIII	59-84	Returns
IX	85-88	Payment of Tax
X	89-97	Refund
XI	98-102	Assessment and Audit
XII	103-107	Advance Ruling
XIII	108-116	Appeals and Revision
XIV	117-121	Transitional Provisions
XV	122-137	Anti-Profiteering
XVI	138	E-way Rules

The Rules and the formats provided therein are final to the effect and required to be adhered for respective purposes.

[\[Notification No. 10/2017-Central Tax, dt. 28-06-2017\]](#)

Amendment in modes of Verification of electronic documents as notified

Central Government vide [Notification No. 11/2017-Central Tax, dt. 28-06-2017](#) has w.e.f 22nd June 2017 amended [Notification No. 06/2017-Central Tax, dt. 19-06-2017](#) to substitute Bank account based One Time Password (OTP) as an additional mode of verification with the following, for the purpose of the Rule 26: -

- ii. Electronic verification code generated through net banking login on the common portal;
- iii. Electronic verification code generated on the common portal:

It is important to note that where the mode of authentication of any document is through any of the aforesaid modes, such verification will be done within 2 days of furnishing the documents.

[\[Notification No. 11/2017-Central Tax, dt. 28-06-2017\]](#)

Number of HSN digits required on tax invoice notified

First proviso to Rule 46 of the Central Goods and Services Tax Rules, 2017 provides that the Board may, on the recommendations of the Council, by notification, specify-

- (i) the number of digits of Harmonized System of Nomenclature code for goods or services that a class of registered persons shall be required to mention, for such period as may be specified in the said notification; and
- (ii) the class of registered persons that would not be required to mention the Harmonized System of Nomenclature code for goods or services, for such period as may be specified in the said notification

In this regard, Central Government vide [Notification No. 12/2017-Central Tax, dt. 28-06-2017](#) has w.e.f 1st July 2017 notified the following number of digits of Harmonized System of Nomenclature (HSN) Codes which are required to be mentioned in a tax invoice issued by a registered person having prescribed annual turnover:

S. No.	Annual Turnover in the preceding Financial Year	Number of Digits of HSN Code
1.	Upto Rs. 1.5 crore	Nil
2.	More than Rs. 1.5 crore and upto Rs. 5 crores	2
3.	More than Rs. 5 crores	4

Similar requirement for mentioning HSN Codes in tax invoice has been prescribed under IGST Act, 2017 vide [Notification No. 05/2017-Integrated Tax, dt. 28-06-2017](#).

[\[Notification No. 12/2017-Central Tax, dt. 28-06-2017 & Notification No. 05/2017-Integrated Tax, dt. 28-06-2017\]](#)

Interest Rates under CGST Act, 2017 prescribed

Central Government vide [Notification No. 13/2017-Central Tax, dt. 28-06-2017](#) has w.e.f 1st July 2017 prescribed the following rates of interest per annum for respective sections as follows:

S. No.	CGST Act, 2017 Sections	Section description	Rate of interest
1.	50(1)	Failure to pay tax or part thereof to the Government within period prescribed	18%
2.	50(3)	For undue or excess claim of ITC or reduction of output tax liability	24%
3.	54(12)	Interest on withheld refund	6%
4.	56	Interest on delayed refunds	6%
5.	Proviso to 56	Interest on refund arising from order passed by Adjudicating Authority/ Appellate Authority/ Tribunal/ Court and not refunded within 60 days	9%

Further, similar interest rates have been prescribed under IGST Act, 2017 vide [Notification No. 06/2017-Integrated Tax, dt. 28-06-2017](#) with regards to section 20 of IGST Act, 2017.

[[Notification No. 13/2017-Central Tax, dt. 28-06-2017](#) & [Notification No. 06/2017-Integrated Tax, dt. 28-06-2017](#)]

INTEGRATED GOODS & SERVICES TAX (IGST)

Some sections of IGST Act, 2017 to come into effect from 1.07.2017

Central Government vide [Notification No. 03/2017-Integrated Tax, dt. 28-06-2017](#) has provided 1st July 2017 as the date on which the following sections of IGST Act, 2017 will come into force:

Section No.	Description
4	Authorization of Officers of State Tax or Union Territory Tax as proper officer in certain circumstances
5-6	Levy & Collection of Tax
7-9	Determination of Nature of Supply
10-13	Place of Supply of Goods or Services or Both
16	Zero Rated Supply
17-19	Apportionment of Tax and Settlement of Funds
21 & 23-25	Miscellaneous

[[Notification No. 03/2017-Integrated Tax, dt. 28-06-2017](#)]

IGST Rules, 2017 notified.

Central Government vide [Notification No. 04/2017-Integrated Tax, dt. 28-06-2017](#) has w.e.f 22nd June 2017 notified Integrated Goods and Services Tax Rules, 2017. It has further been provided that the Central Goods and Services Tax Rules, 2017, for carrying out the provisions specified in section 20 of the Integrated Goods and Services Tax Act, 2017 will apply in relation to integrated tax as they apply in relation to central tax.

[[Notification No. 04/2017-Integrated Tax, dt. 28-06-2017](#)]

UNION TERRITORY GOODS & SERVICES TAX

Central Government vide [Notification No. 03/2017-Union Territory Tax, dt. 28-06-2017](#) has provided 1st July 2017 as the date on which the following sections of UTGST Act, 2017 will come into force:

Section No.	Description
6	Authorization of Officers of State Tax or Union Territory Tax as proper officer in certain circumstances
7-8	Levy & Collection of Tax

9-10	Payment of Tax & Transfer of ITC
11	Officers required to assist proper officers
12-13	Demands & Recovery
14-16	Advance Ruling
18-20	Transitional Provisions
23-26	Miscellaneous

[[Notification No. 03/2017-Union Territory Tax, dt. 28-06-2017](#)]

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