

GOODS & SERVICES TAX UPDATE – 5

JAMMU & KASHMIR GST

Jammu & Kashmir GST Act, 2017 passed

The Jammu and Kashmir Legislative Assembly passed the J&K GST Act, 2017 making it the last state of the country to join the new tax regime. Hon'ble President Pranab Mukherjee gave his nod to an order pertaining to implementation of the GST regime in the state, clearing decks for the assembly for enacting the law. Notwithstanding anything contained in this order, the powers of the state of Jammu and Kashmir as per Section 5 of the Constitution of Jammu and Kashmir, will remain intact and the powers to make laws with respect to goods and services tax to be levied by the state will be of the state only.

[\[C.O. 269 dated 6th July 2017\]](#)

INTEGRATED GOODS & SERVICES TAX (CGST) - Rate

IGST Rate Schedule of Goods notified with effect from 01.07.2017

Central Government vide [Notification No. 01/2017-Integrated Tax \(Rate\), dt. 28-06-2017](#) has w.e.f 1st July 2017 notified IGST rates for inter-State supplies of goods categorized into six schedules as follows:

Schedule	Rate of IGST
I	5%
II	12%
III	18%
IV	28%
V	3%
VI	0.25%

Further, the following has also been notified vide different notifications:

S. No.	Particulars	Notification No.
1.	Schedule of goods whose inter-state taxable supplies are exempt from the whole of the integrated tax leviable thereon under section 5 of the Integrated Good and Services Tax Act, 2017	Notification No. 02/2017-Integrated Tax (Rate), dt. 28-06-2017
2.	Conditional exemption - Schedule of goods whose inter-state taxable supplies are exempt from so much of the integrated tax as in excess of 5% leviable thereon under section 5 of the Integrated Good and Services Tax Act,	Notification No. 03/2017-Integrated Tax (Rate), dt. 28-06-2017

	2017 subject to conditions specified.	
3.	Goods in respect of which no refund of unutilized input tax credit shall 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 (other than nil rated or fully exempt supplies).	Notification No. 05/2017-Integrated Tax (Rate), dt. 28-06-2017

[[Notification No. 01/2017-Integrated Tax \(Rate\), dt. 28-06-2017](#), [Notification No. 02/2017-Integrated Tax \(Rate\), dt. 28-06-2017](#), [Notification No. 03/2017-Integrated Tax \(Rate\), dt. 28-06-2017](#) & [Notification No. 05/2017-Integrated Tax \(Rate\), dt. 28-06-2017](#)]

IGST Rate Schedule of *Services* notified with effect from 01.07.2017

Central Government vide [Notification No. 08/2017-Integrated Tax \(Rate\), dt. 28-06-2017](#) has w.e.f 1st July 2017 notified IGST rates for inter-State supplies of services subject to specified conditions.

It has further been provided that where the value of taxable service provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India is not available with the person liable for paying integrated tax, the same shall be deemed to be 10 % of the CIF value (sum of cost, insurance and freight) of imported goods.

Further, the following has also been notified vide different notifications subject to specified conditions:

S. No.	Particulars	Notification No.
1.	Schedule of services whose inter-state taxable supplies are exempt from so much of the Integrated Tax leviable thereon under section 5(1) of the said Act, as is in excess of the specified rate subject to specified conditions.	Notification No. 09/2017-Integrated Tax (Rate), dt. 28-06-2017
2.	No refund of unutilized input tax credit shall be allowed u/s 20(xiii) of IGST Act, 2017 read with sec 54(3) of CGST Act, 2017 in respect of services relating to construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.	Notification No. 12/2017-Integrated Tax (Rate), dt. 28-06-2017

[[Notification No. 08/2017-Integrated Tax \(Rate\), dt. 28-06-2017](#), [Notification No. 09/2017-Integrated Tax \(Rate\), dt. 28-06-2017](#) & [Notification No. 12/2017-Integrated Tax \(Rate\), dt. 28-06-2017](#)]

Goods or services on which tax will be payable under reverse charge mechanism under IGST Act

Central Government vide [Notification No. 04/2017-Integrated Tax \(Rate\), dt. 28-06-2017](#) has w.e.f 1st July 2017

provided that IGST on needs to be paid on the reverse charge basis **completely (100%)** by the recipient of such goods. The detailed list of such goods is as follows:

S. No.	Description of supply of goods	Supplier of goods	Recipient of supply
i.	Cashew nuts, not shelled or peeled	Agriculturist	Any registered person
ii.	Bidi wrapper leaves (tendu)	Agriculturist	Any registered person
iii.	Tobacco leaves	Agriculturist	Any registered person
iv.	Silk yarn	Any person who manufactures silk yarn from raw silk or silk worm cocoons for supply of silk yarn	Any registered person
v.	Supply of lottery	State Government, Union Territory or any local authority	Lottery distributor or selling agent

Further, Central Government vide [Notification No. 10/2017-Integrated Tax\(Rate\), dt. 28-06-2017](#) has w.e.f 1st July 2017 provided the category of services on which IGST needs to be paid on the reverse charge basis **completely (100%)** by the recipient of such services. The list of services is same as notified under CGST except for the following two services:

S. No.	Supplier of service	Category of Supply of Services	Recipient of Service
i.	Any person located in a non-taxable territory	Any service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online recipient.	Any person located in the taxable territory other than non-taxable online recipient.
ii.	A person located in a non-taxable territory	Services supplied by a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India.	Importer, as defined in clause (26) of section 2 of the Customs Act, 1962, located in the taxable territory.

The other services common with CGST are services provided by a GTA, advocates, arbitral tribunal, sponsorship to any body corporate or partnership firm, Government, director of a company or a body corporate, insurance agent, recovery agent and Author or music composer, photographer, artist, or the like.

[\[Notification No. 04/2017-Integrated Tax \(Rate\), dt. 28-06-2017 & Notification No. 10/2017-Integrated Tax\(Rate\), dt. 28-06-2017\]](#)

Categories of services on which tax will be payable by Electronic Commerce Operator

Central Government vide [Notification No. 14/2017-Integrated Tax \(Rate\), dt. 28-06-2017](#) has w.e.f 1st July 2017 notified the following category of services for which IGST needs to be paid by the electronic commerce operator –

- (i) services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motorcycle;
- (ii) services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such

service through electronic commerce operator is liable for registration under sub-section (1) of section 22 of the said Central Goods and Services Tax Act.

[\[Notification No. 14/2017-Integrated Tax \(Rate\), dt. 28-06-2017\]](#)

IGST exemption to SEZs on import of Services by a unit/developer in an SEZ

Central Government vide [Notification No. 18/2017-Integrated Tax \(Rate\), dt. 05-07-2017](#) has exempted services imported by a unit or a developer in the Special Economic Zone for authorised operations, from the whole of the integrated tax leviable thereon under section 5 of the Integrated Goods and Service Tax Act, 2017 as well as section 3(7) of the Customs Tariff Act, 1975.

[\[Notification No. 18/2017-Integrated Tax \(Rate\), dt. 05-07-2017 & Notification No. 64/2017-Cus,dt. 05-07-2017\]](#)

CIRCULARS

Issues related to furnishing of Bond/ Letter of Undertaking for Exports

Rule 96A of the Central Goods and Services Tax Rules, 2017, provides that any registered person availing the option to supply goods or services for export without payment of integrated tax needs to furnish, prior to export, a bond or a Letter of Undertaking. This bond or Letter of Undertaking is required to be furnished in FORM GST RFD-11 on the common portal. Further, *Circular No. 26/2017- Customs dated 1st July 2017* has clarified that the procedure as prescribed under rule 96A of the said rules requires to be followed for the export of goods from 1st July 2017. However, exporters are facing difficulties for supplying the goods or services for export without payment of integrated tax and filing the FORM GST RFD -11 on the common portal because of which exports are being held up.

Further another issue faced is that the Bond/Letter of Undertaking is required to be given through the proper officer which is to be furnished to the Jurisdictional Commissioner of rule 96A(1). But as a large number of such Bonds/Letter of Undertakings are required to be filed by the registered exporters who are located at a distance from the office of the Jurisdictional Commissioner, furnishing of such bonds/undertakings causes hardship to the exporters.

In order to address to the aforesaid issues, Central Government vide [Circular No. 2/2/2017-GST dt. 04-07-2017](#) has w.e.f 1st July 2017 clarified that the acceptance of the Bond/Letter of Undertaking required to be furnished by the exporter under rule 96A of the said rules will be done by the jurisdictional Deputy/Assistant Commissioner. Further, in order to ensure uniformity, the Bond/Letter of Undertaking may be furnished manually to the jurisdictional Deputy/Assistant Commissioner in the format specified in FORM RFD-11 till the module for furnishing of FORM RFD-11 is available on the common portal.

[\[Circular No. 2/2/2017-GST dt. 04-07-2017\]](#)

Source: www.cbec.gov.in

Disclaimer

Information published in the update are taken from publicly available sources and believed to be accurate. The Indirect Taxes Committee of ICAI takes no responsibility of accuracy and reliability of information published in the newsletter. No part of this update may be reproduced, stored in a retrieval system, or transmitted in any form or by any means – electronic, mechanical, photocopying, recording, or otherwise without the permission of Indirect Taxes Committee of ICAI.

ICAI Feedback

The GST Update is an endeavour of the Indirect Taxes Committee to apprise the readers about the amendments made in various central indirect tax laws vide significant notifications, circulars etc. We welcome your feedback on the Update and its contents. Please email at idtc@icai.in for feedback.

You can also write to:

Secretary

Indirect Taxes Committee

The Institute of Chartered Accountants of India

ICAI Bhawan A-29, Sector -62,

NOIDA (U.P.) India

Website: www.idtc.icai.org