

Summary of Notifications, Circulars from 16th January 2018 to 15th February 2018

Collection of Revenue from Indirect Taxes

Post introduction of GST, Central Revenue from Indirect Taxes has been estimated to be increased sharply for the Budget Estimates 2018-19.

(In crores)

	Actuals 2016-2017	Revised Estimates 2017-2018	Budget Estimates 2018-2019
Goods & Service Tax (GST)	-	<i>4.46 Lacs</i>	<i>7.46 Lacs</i>
Customs	<i>2.25 Lacs</i>	<i>1.35 Lacs</i>	<i>1.12 Lacs</i>
Excise	<i>3.80 Lacs</i>	<i>2.76 Lacs</i>	<i>2.59 Lacs</i>
Service Tax	<i>2.54 Lacs</i>	<i>0.79 Lacs</i>	-
Total TAX REVENUE	<i>8.62 Lacs</i>	<i>9.37 Lacs</i>	<i>11.18 Lacs</i>
% increase		<i>8.8%</i>	<i>19.31% *</i>

**% increased over RE 17-18*

Goods & Services Tax

Clarifications regarding GST on College Hostel Mess Fees

The Central Government vide [Circular No. 28/02/2018-GST dated 08th January 2018](#) has clarified that Supply of food or drink provided by a mess or canteen is taxable at 5% without Input Tax Credit irrespective of the fact that service is provided by the educational institution itself or the institution outsources the activity to an outside contractor.

However, [Corrigendum to Circular No. 28/02/2018-GST dated 08th January 2018](#) has clarified that catering service when provided by an educational institute is exempt under Notification no. 12/2017 – Central Tax (Rate). However, If the catering services is provided by anyone other than the educational institution, then it is a supply of service and attracts GST of 5% provided that credit of input tax charged on goods and services used in supplying the service has not been taken.

[\[Circular No. 28/02/2018-GST dated 08th January 2018; Corrigendum to Circular No. 28/02/2018-GST dated 08th January 2018\]](#)

Central Goods and Service Tax (Amendment) Rules, 2018

The Central Government vide [Notification No. 3/2018 –Central Tax dated 23rd January ,2018](#) has amended Central Goods and Service Tax Rules, 2017. Following amendments have been made in the Rules:

- **Substitution in Rule 3:** In rule 3, in sub-rule (3A), for the words “90 days”, the words “180 days” shall be substituted.

Earlier a person who has been granted registration on a provisional basis under rule 24 or who has been granted certificate of registration under sub-rule (1) of rule 10 shall furnish the statement in FORM GST ITC-03 in accordance with the provisions of sub-rule (4) of rule 44 within a period of 90 days from the day on which such person commences to pay tax under section 10. Now it can be furnished within a period of 180 days.

- **Substitution in Rule 7:** This substitution has been effective from 1st January, 2018

Sl. No.	Category of registered persons	Rate of tax (Earlier)	Rate of tax (Substituted)
1.	Manufacturers, other than manufacturers of such goods as may be notified by the Government	1%	0.5% of the Turnover in the State or Union territory
2	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	2.5%	2.5% of the turnover in the state or union territory

- **Omission in Rule 20:** The proviso which restricts to apply for cancellation of Registration by a person who had registered voluntarily, before the expiry of a period of one year from the effective date of registration has been omitted. Therefore, Now Voluntary Registered person can apply for cancellation even before the expiry of 1 year from registration.
- **Substitution in Rule 24:** In sub-rule (4), for the figures, letters and word “31st December, 2017”, the figures, letters and word “31st March, 2018” shall be substituted

3.	Any other supplier eligible for composition levy under section 10 and the provisions of this Chapter	0.5%	0.5% of the turnover of taxable supplies
----	--	------	--

Earlier, this rule provides that the person registered under any of the existing laws, who is not liable to be registered under the Act may, on or before [31st December], 2017 at his option, submit an application electronically in FORM GST REG-29 for the cancellation of registration. Now person can apply for cancellation upto 31st March, 2018.

- **Insertion of 31A in Rule 31:**

31A. Value of supply in case of lottery, betting, gambling and horse racing which provides the manner to determine value of supply of lottery which is as follows:

Sl No.	Type of Lottery	Value of supply
1.	Lottery Run by State Government	100/112
2.	Lottery authorized by State Government	100/28
3.	Actionable claim in the form of chance to win in betting gambling or horse racing in a Race Club	100% of the face value of the bet or the amount paid into the totalisator.

- **Substitution in Rule 43:** Explanation to Rule 43 has been substituted to clarified that the aggregate value of exempt supplies shall exclude :

1. Value of Supply of services having place of supply in Nepal or Bhutan, against payment in Indian Rupees.
2. Value of services by way of accepting deposits, extending loans, or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution.
3. The value of supply of services by way of transportation of goods by a vessel from the customs station of clearance in India to a place outside India.

- **Insertion of Sub-rule (1A) in Rule 54:**

(1A) (a) A registered person, having the same PAN and State code as an Input Service Distributor, may issue an invoice or, as the case may be, a credit or debit note to transfer the credit of common input services to the Input Service Distributor, which shall contain the specified details like name, GSTN, Signature etc.

- **Insertion of Rule 55 A in Rule 55:**

55A. Tax Invoice or bill of supply to accompany transport of goods.

The person-in-charge of the conveyance shall carry a copy of the tax invoice or the bill of supply issued in accordance with the provisions of rules 46, 46A or 49 in a case where such person is not required to carry an e-way bill under these rules.

- **Substitution of Sub Rule 4A & 4B in Rule 89:** Following sub-rules shall be substituted with effect from 23rd October,2017 :

(4A) In the case of supplies received on which the supplier has availed the benefit notification No. 48/2017-Central Tax dated the 18th October, 2017(Supply of goods deemed as export), refund of input tax credit, availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, shall be granted.

(4B) In the case of supplies received on which the supplier has availed the benefit of notification No. 40/2017-Central Tax (Rate) dated the 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate) dated the 23rd October, or notification No. 78/2017- Customs dated the 13th October, 2017 or notification No. 79/2017-Customs dated the 13th October, 2017 or all of them, refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, shall be granted.

- **Substitution in Rule 138:** Following amendments would have effect from 1st February ,2018:
 1. Insertion in Rule 138 has been made to provide that Person who is required to furnish information in Part A of Form GST EWB-01 , electronically on the common portal now shall furnish such other information also as may be required at the common portal and a unique number will be generated on the said portal.
 2. Explanation 2 has been added to Rule 138 to provide that the consignment value of goods shall be the value, determined in accordance with the provisions of section 15, declared in an invoice, a bill of supply or a delivery Challan, as the case may be, issued in respect of the said consignment and also includes the central tax, State or Union territory tax, integrated tax and cess charged, if any, in the document.
 3. Proviso to Sub-rule 2 of Rule 138 has been inserted to provide that where the goods are transported by railways or by air or vessel, the e-way bill shall be generated by the registered person, being the supplier or the recipient, who shall furnish, on the common portal, the
 - (a) Information in Part B of FORM GST EWB-01; and
 - (b) The serial number and date of the Railway Receipt or the Air Consignment Note or Bill of Lading, as the case may be.
 4. Sub-rule 5 has been amended to provide that where the goods are transferred from one conveyance to another, the consignor or the recipient or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in the E-way bill. Earlier only transporter was allowed to update the same.

5. Sub-rule 5A has been inserted to provide that the consignor or the recipient, who has furnished the information in Part-A of FORM GST EWB-01, or the transporter, may assign the e-way bill number to another registered transporter for updating the information in Part-B of FORM GST EWB-01 for further movement of consignment. Provided that once the details of the conveyance have been updated by the transporter, the consignor or recipient, as the case maybe, who has furnished the information, shall not be allowed to assign the e-way bill number to another transporter.
6. Proviso to sub-rule 7 has been inserted to provide that where the goods to be transported are supplied through an e-commerce operator, the information in Part A of FORM GST EWB-01 may be furnished by such ecommerce operator.
7. Proviso to Sub-Rule 9 has been inserted to provide that the unique number generated under sub-rule (1) shall be valid for 72 hours for updation of Part B of FORM GST EWB-01.
8. Sub-rule 11 has been amended to provide that the details of E-way bill generated shall be made available to the
 - (a) supplier, if registered, where the information in Part A of FORM GST EWB-01 has been furnished by the recipient or the transporter; or
 - (b) recipient, if registered, where the information in Part A of FORM GST EWB-01 has been furnished by the supplier or the transporter,

Earlier, these details were made available to recipient only who communicates his acceptance or rejection of the consignment covered by the e-way bill.

9. Insertion of clause (e) , (f) , (g) in sub- rule 14 has been made to provide that No e-way bill is required to be generated -
 - where the goods, other than de-oiled cake, being transported are specified in the Schedule appended to notification No. 2/2017- Central tax (Rate) dated the 28th June, 2017
 - where the goods being transported are alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas or aviation turbine fuel ; and
 - Where the goods being transported are treated as no supply under Schedule III of the Act.

[\[Notification No. 3/2018 –Central Tax dated 23rd January ,2018 \]](#)

Postponement of E-Way Bill Rules

The Central Government vide [Notification No. 11/2018- Central Tax dated 2nd February, 2018](#) hereby rescind the [Notification No. 74/2017 – Central Tax dated the 29th December, 2017](#) and therefore the date of implementation of E-way bill rules have been deferred. This would however not alter the things done or omitted to be done before such rescission.

[[Notification No. 11/2018- Central Tax dated 2nd February, 2018](#)]

Reduction in Late Fees

The Central Government vide [Notification no. 4/2018- Central Tax dated 23rd January,2018](#); [Notification no. 5/2018- Central Tax dated 23rd January,2018](#); [Notification no. 6/2018- Central Tax dated 23rd January,2018](#); [Notification no. 7/2018- Central Tax dated 23rd January,2018](#) has notified that the late fee payable by any registered person for failure to furnish the following Forms has been reduced to Rs.50/-or Rs.20/- based on the type of Return filed by assessee.

S no.	Form	Nil return Filers	Others
1.	FORM GSTR 1 (supply details)	Rs. 20 per day	Rs. 50 per day
2.	FORM GSTR-5 (Non-resident taxable person)	Rs. 20 per day	Rs. 50 per day
3.	FORM GSTR-5A (OIDAR)	Rs. 20 per day	Rs. 50 per day
4.	FORM GSTR-6(Input Service Distributor)	Rs. 50 per day	Rs. 50 per day

[[Notification no. 4/2018- Central Tax dated 23rd January,2018](#); [Notification no. 5/2018- Central Tax dated 23rd January,2018](#); [Notification no. 6/2018- Central Tax dated 23rd January,2018](#); [Notification no. 7/2018- Central Tax dated 23rd January,2018](#)]

Extension in time limit for furnishing the return by an ISD

The Central Government vide [Notification no. 8/2018- Central Tax dated 23rd January, 2018](#) has notified that the time limit for furnishing the return by an Input Service Distributor in Form GSTR-6 for the month of July,2017 to February,2018 has been extended to 31st March,2018.

[[Notification no. 8/2018- Central Tax dated 23rd January, 2018](#)]

Electronic Portal for furnishing of returns and E- way bill.

The Central Government vide [Notification No. 9/2018 – Central Tax dated 23rd January, 2018](#) notified www.gst.gov.in as the Common Goods and Services Tax Electronic Portal for facilitating registration,

payment of tax, furnishing of returns and computation and settlement of integrated tax and www.ewaybillgst.gov.in as the Common Goods and Services Tax Electronic Portal for furnishing electronic way bill. This notification shall be deemed to have come into force with effect from the 16th day of January, 2018

[\[Notification No. 9/2018 – Central Tax dated 23rd January, 2018 \]](#)

Recipient is liable to pay tax on renting service received from Government

The Central Government vide [Notification no. 3/2018- Central Tax dated 25th January,2018](#) has notified that service by way of renting of immovable property when provided by the Central Government, State Government, Union territory or local authority to a person registered under the Central Goods and Services Tax Act, 2017 than registered person is the person liable to pay tax under reverse charge.

[\[Notification no. 3/2018- Central Tax dated 25th January,2018\]](#)

Liability to pay central tax shall arise at the time when the developer or construction company transfer possession

The Central Government vide [Notification no. 4/2018- Central Tax \(Rate\) dated 25th January,2018](#) has notified that in case of supply of development rights to a developer or in case of supply of construction service to supplier of development rights the liability to pay central tax on supply of services shall arise at the time when the developer, builder, construction company or any other registered person, as the case may be, **transfers possession** or the right in the constructed complex, building or civil structure, to the person supplying the development rights by entering into a conveyance deed or similar instrument (for example allotment letter) .

[\[Notification no. 4/2018- Central Tax \(Rate\) dated 25th January,2018 \]](#)

Exemption on Intra-state supply of service by way of grant of license to explore or mine petroleum

The Central Government vide [Notification no. 5/2018- Central Tax \(Rate\) dated 25th January,2018](#) has exempted the intra-State supply of services by way of grant of license or lease to explore or mine petroleum crude or natural gas or both, from so much of the central tax as is leviable on the consideration paid to the Central Government in the form of Central Government's share of profit petroleum as defined in the contract entered into by the Central Government in this behalf.

[\[Notification no. 5/2018- Central Tax \(Rate\) dated 25th January,2018\]](#)

Power to issue show cause notice

The Central Government vide [Circular No. 31/05/2018-GST dated 9th February, 2018](#) has clarified the monetary limits up to which the functions in relation to issue of show cause notices and orders can be exercised by the proper officers.

Sl. No.	Officer of Central Tax	Monetary limit of the amount of central tax (including cess) not paid or short paid or erroneously refunded or input tax credit of central tax wrongly availed or utilized for issuance of show cause notices and passing of orders under sections 73 and 74 of CGST Act	Monetary limit of the amount of integrated tax (including cess) not paid or short paid or erroneously refunded or input tax credit of integrated tax wrongly availed or utilized for issuance of show cause notices and passing of orders under sections 73 and 74 of CGST Act made applicable to matters in relation to integrated tax vide section 20 of the IGST Act	Monetary limit of the amount of central tax and integrated tax (including cess) not paid or short paid or erroneously refunded or input tax credit of central tax and integrated tax wrongly availed or utilized for issuance of show cause notices and passing of orders under sections 73 and 74 of CGST Act made applicable to integrated tax vide section 20 of the IGST Act
(1)	(2)	(3)	(4)	(5)
1.	Superintendent of Central Tax	Not exceeding Rupees 10 lakhs	Not exceeding Rupees 20 lakhs	Not exceeding Rupees 20 lakhs
2.	Deputy or Assistant Commissioner of Central Tax	Above Rupees 10 lakhs and not exceeding Rupees 1 crore	Above Rupees 20 lakhs and not exceeding Rupees 2 crores	Above Rupees 20 lakhs and not exceeding Rupees 2 crores
3.	Additional or Joint Commissioner of Central Tax	Above Rupees 1 crore without any limit	Above Rupees 2 crores without any limit	Above Rupees 2 crores without any limit

[\[Circular No. 31/05/2018-GST dated 9th February, 2018\]](#)

GST data reveals 50% increase in number of Indirect Taxpayers
Economic Survey says-Maharashtra, Gujarat, Karnataka, Tamil Nadu & Telangana account for
70% of India's exports
India's internal trade in goods and services is 60 percent of GDP.

A preliminary analysis of the Goods and Services Tax (GST) data reveals that there has been a 50% increase in the number of indirect taxpayers, besides a large increase in voluntary registrations, especially by small enterprises that buy from large enterprises and want to avail themselves of Input Tax Credits (ITC).

The Economic Survey 2017-18 presented in Parliament by the Union Minister of Finance and Corporate Affairs, Shri Arun Jaitley informs that as on December 2017, there were 9.8 million unique GST

registrants slightly more than the total Indirect Tax registrants under the old system (where many taxpayers were registered under several taxes).

Therefore, adjusting the base for double and triple counting, the GST has increased the number of unique indirect taxpayers by more than 50 percent – a substantial 3.4 million. The profile of new filers is interesting of their total turnover, business-to-consumer (B2C) transactions account for only 17 percent of the total. The bulk of transactions are business-to-business (B2B) and exports, which account for 30-34 percent apiece.

There are about 1.7 million registrants who were below the threshold limit (and hence not obliged to register) who nevertheless chose to do so. Indeed, out of the total estimated 71 million non-agriculture enterprises, it is estimated that around 13 percent are registered under the GST. Maharashtra, UP, Tamil Nadu and Gujarat are the States with the greatest number of GST registrants. UP and West Bengal have been large increases in the number of tax registrants compared to the old tax regime. It also underlines that the distribution of the GST base among the States is closely linked to the size of their economies, allaying fears of major producing States that the shift to the new system would undermine their tax collections.

Dwelling on the subject of International Trade, Inter-State Trade and Economic Prosperity, the Survey points-out for the first time in India's history that five States-Maharashtra, Gujarat, Karnataka, Tamil Nadu and Telangana account for 70% of India's exports. New data on the international exports of States suggests a strong correlation between export performance and States' standard of living. Last year Survey had estimated that India's Inter-State trade in goods was between 30 and 50 percent of GDP. But the GST data suggests that India's internal trade in goods and services (excludes non-GST goods and services) is actually even higher and is about 60 percent of GDP.

The survey based on new GST data also provides a close look at the firm-level exports and states that India's exports are unusual in that the largest firms account for a much smaller share of exports than in other comparable countries. Export concentration by firms is much lower in India than in the US, Germany, Brazil, or Mexico. The top one percent of firms accounted for 72, 68, 67 and 55 percent of exports in Brazil, Germany, Mexico, and USA respectively but only 38 percent in the case of India. Similarly, the top 5 percent accounted for 91, 86, 91 and 74 percent in those countries, compared with 59 percent in India and the top 25 percent of firms accounted for 99, 98, 99 and 93 percent in those countries, as opposed to 82 percent in India.

Referring to India's formal sector, especially formal non-farm payroll, the Survey says it is substantially greater than currently believed. Formality defined in terms of social security provision yields an estimate of formal sector payroll of about 31 percent of the non-agricultural work force; formality defined in terms of being part of the GST net suggests a formal sector payroll share of 53 percent.

The Chapter titled “ A New, Exciting Bird's-Eye View of the Indian Economy Through the GST” sums up that most of the discussions in the run-up to the GST centered on the size of the tax base, and its implications for the Revenue Neutral Rate (RNR). The RNR Committee had estimated a base of Rs.68.8 lakh crore and the GST Council had estimated a base of Rs.65.8 lakh crore. Current data suggest that the GST tax base (excluding exports) is Rs.65-70 lakh crore, broadly similar to these two previous estimates. Based on the average collections in the first few months, the implied weighted

average collection rate (incidence) is about 15.6 percent. So, as estimated by the RNR committee, the single tax rate that would preserve revenue neutrality is between 15 to 16 percent.

(PIB Release ID :175977)