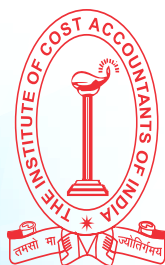


Handbook on  
**IMPACT OF**  
**GST**  
**ON**  
**MSME**  
**SECTOR**



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
(Statutory body under an Act of Parliament)

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### President's Message

I am pleased to note that the Taxation Committee of the Institute is bringing out a "Handbook on Impact of GST on MSME Sector" for the readers. I hope this publication will enrich them about the various aspect of MSME Sector. The Tax Research Department also brings in regular updations in this topic for the benefit of the knowledge seekers.

Undoubtedly the MSME sector is India's engine of growth. Considering the economic importance of this sector, Government of India has enabled a separate Act, Micro, Small & Medium Enterprises Development Act, 2006 (MSMED) on June 16, 2006, which was notified on October 2, 2006.

The paradigm shift that took place with the enactment of this Act is the inclusion of the service sector in the MSME definition. Under the provisions of this Act, MSMEs are classified under 2 classes:

**Manufacturing Enterprises:** Enterprises engaged in production / manufacture, processing / preservation of goods as stated in the first schedule to the Industries (Development and Regulation) Act, 1951 or Enterprises employing Plant & Machinery in the value addition to the final product.

**Service Enterprises:** Those enterprises rendering / providing services

To support this backbone of our economy, Government of India has come out with various subsidies, schemes, and incentive programs under the ambit of MSMED Act, 2006.

I congratulate CMA Niranjana Mishra, Chairman of Taxation Committee and other members of the Taxation Committee for their commitment and dedication. I would like to acknowledge the dedicated efforts of Tax Research Department for releasing this Handbook. I wish them all the Luck!!

With Warm Regards,

**CMA Amit A. Apte**

14<sup>th</sup> February, 2019



## CHAIRMAN'S MESSAGE

At the onset, I would like to recognise the outstanding contribution of Tax Research Department taking the opportunity in bringing out a Handbook on "Impact of GST on MSME Sector"

MSME stands for Micro, Small and Medium Enterprises. In a developing country like India, MSME industries are the backbone of the economy. The MSME sector contributes to 45% of India's Total Industrial Employment, 50% of India's Total Exports and 95% of all industrial units of the country and more than 6000 types of products are manufactured in these industries (as per msme.gov.in). When these industries grow, the economy of the country grows as a whole and flourishes. These industries are also known as small-scale industries or SSI's.

Even if the Company is in the manufacturing line or the service line, registrations for both these areas can be obtained through the MSME act.

I would like to deeply admire congratulate Team – Tax Research for the commendable job by the entire Team. I am happy and would like to congratulate other members of the Taxation Committee and knowledge contributors of the Institute also for their efforts to bring this out. CMA Anil Sharma deserves a special mention here for his untiring efforts in bringing out this publication. My best wishes to Team TRD for its all future endeavours.

Thank You.

A handwritten signature in black ink, appearing to read 'Niranjana Mishra', followed by a period.

**CMA Niranjana Mishra**  
Chairman – Taxation  
Committee  
16<sup>th</sup> February 2019

## P R E F A C E

MSME or Micro, Small & Medium Enterprise are the pillar of economic growth in many developed and developing countries in the world. Often rightly termed as "the engine of growth" for India, MSME has played a prominent role in the development of the country in terms of creating employment opportunities - MSME has employed more than 50 million people, scaling manufacturing capabilities, curtailing regional disparities, balancing the distribution of wealth, and contributing to the GDP - MSME sector forms 8% of GDP.

The advantage of this sector is it requires less investment, thus creating employment on a large scale, and reducing the employment and underemployment problems.

Team Tax Research Department of The Institute of Cost Accountants of India has prepared a handbook on "Impact of GST on MSME Sector". The booklet contains Introduction to MSME, Recent Policy Initiatives of MSMEs, Overview of Performance of the MSME Sector, Impact of GST on MSME, Compliance Benefits for MSMEs under GST etc. The booklet is an effort to simplify the concept of GST for MSME Sector. Release of Handbook on "Impact of GST on MSME Sector" at this juncture would definitely be useful to the targeted readers.

We would like to thank CMA Anil Sharma for his immense contribution in preparation of this booklet. Without his toil and guidance the handbook could have never been acquired its shape. CMA Niranjana Mishra Sir, you have been our guiding star.

### **Tax Research Department**

The Institute of Cost Accountants of India

16<sup>th</sup> February, 2019

## **ACKNOWLEDGEMENTS**

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# CHAPTER 01

## Introduction to MSME

### What are Micro, Small & Medium Enterprises?

Definitions of Micro, Small & Medium Enterprises In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

1. Manufacturing Enterprises-the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries Development and regulation Act, 1951 or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprise are defined in terms of investment in Plant & Machinery.
2. Service Enterprises:-The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

The limit for investment in plant and machinery / equipment for manufacturing / service enterprises, as notified, vide S.O. 1642(E) dtd.29-09-2006 are as under

### Manufacturing Sector

Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees

### Service Sector

Enterprises	Investment in equipments
Micro Enterprises	Does not exceed ten lakh rupees
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five crore rupees



## CHAPTER 02

### Recent Policy Initiatives of MSMEs

#### Ease of Registration Process of MSMEs- Udyog Aadhaar Memorandum

Based on the Hon'ble Prime Minister's suggestion in his 'Mann Ki Baat' on 3.10.2014, to simplify forms to enable ease of registration of MSME's, Ministry of MSME has notified a simple one-page registration form 'Udyog Aadhaar Memorandum' (UAM) on 18th September 2015. The simplified one-page registration form UAM was made after consultations with the states and stakeholders, on the basis of recommendations made by the Kamath Committee on Financial Architecture and observations/approvals by Department Related Parliamentary Standing Committee, National Board for MSME and Advisory Committee for MSME etc.

This is a path breaking step to promote ease-of-doing-business for MSMEs in India as the UAM replaces the filing of Entrepreneurs' Memorandum (EM part-I & II) with the respective States/UTs. The entrepreneurs in the MSME sector just need to file online, a simple one page UAM on <http://udyogaadhaar.gov.in> to instantly get a unique Udyog Aadhaar Number (UAN). The information sought is on self-certification basis and no supporting documents are required at the time of online filing of UAM. Revised notifications were also issued on 10.01.2017 and 30.06.2017 for inclusion of new features including amendment provisions.

More than 38.95 lakh UAMs have been filed since September 2015 upto December 2017. The filing of the UAMs has also significantly increased the information available with the Ministry of MSME regarding the trends in the sector and enhanced its capability to monitor trends within sub-categories within the MSME sector, such as manufacturing, services, enterprises, employment trends, and investment details.

#### Framework for Revival and Rehabilitation of MSMEs

In order to provide a simpler and faster mechanism to address the stress in the accounts of MSMEs and to facilitate the promotion and development of MSMEs, the Ministry of Micro, Small and Medium Enterprises, Government of India, vide its Gazette Notification dated May 29, 2015 notified a 'Framework for Revival and Rehabilitation of Micro, Small and Medium



Enterprises'. Reserve Bank of India, after continuous follow up, has also issued guidelines to the Banks on 17.3.2016. Under these guidelines Banks have created a structure for finalising corrective action plan for revival & rehabilitation of MSMEs.

### **MSME Data Bank**

For facilitating the promotion and development and enhancing the competitiveness of MSMEs, the Ministry of MSME vide Gazette Notification No. 750(E) dated 29.07.2016 had notified the MSME Development (Furnishing of information Rules, 2016) under which all MSMEs are to furnish information relating to their enterprises online to the Central Government in the data bank maintained by it at [www.msmedatabank.in](http://www.msmedatabank.in). This data bank will enable the Ministry to streamline and monitor the schemes and pass on the benefits directly to MSMEs. It will also provide the real-time information about the status of MSMEs under various parameters. Data Bank is helpful to MSME units, who can now update their enterprise information as and when required without visiting any government office and also update information about their products/ services, which can be accessed by government departments to do procurement under Public Procurement Policy of Government of India. More than 1.22 lakh units have been registered (upto December 2017) under MSME Data Bank since issuance of its notification.

### **MyMSME**

To facilitate the enterprises to take benefit of various schemes by the Office of Development Commissioner (MSME), his office has launched a web-based application module, namely, MyMSME. This has also been converted into a mobile app. Entrepreneurs will be able to make their applications and track it on their mobile itself.

### **Direct Benefit Transfer in the M/o MSME**

All welfare and subsidy schemes of Governments of India have been brought under Direct Benefit Transfer (DBT) with the aim of reforming Government delivery system by reengineering the existing process in welfare and subsidy schemes, for simpler and faster flow of funds and to ensure accurate targeting of the beneficiaries, de-duplication and reduction offraud. As the nodal point for the implementation of the DBT programmes, DBT cell have been constituted in the Ministry. In 2017-18 all the 22 schemes of the Ministry of MSME were on boarded on DBT Bharat Portal out of which 1 scheme (i.e. TREAD scheme) has subsequently been wound up.

## CHAPTER 03

# Overview of Performance of the MSME Sector

## Role of MSMEs in Indian Economy

The Micro, Small & Medium Enterprises (MSMEs) have been contributing significantly to the expansion of entrepreneurial endeavours through business innovations. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets. As per the data available with Central Statistics Office (CSO), Ministry of Statistics & Programme Implementation, the contribution of MSME Sector in country's Gross Value Added (GVA)<sup>1</sup> and Gross Domestic Product (GDP)<sup>2</sup>, at current prices for the last five years is as below:

## Contribution of MSMEs in Country's Economy at Current Price

(Figures in Rs. Crores adjusted for FISIM3 at current prices)						
Year	MSME GVA	Growth (%)	Total GVA	Share of MSME in GVA (%)	Total GDP	Share of MSME in GDP (in %)
2011-12	2583263	-	8106946	31.86	8736329	29.57
2011-12	2977623	15.27	9202692	32.36	9944013	29.94
2013-14	3343009	12.27	10363153	32.26	11233522	29.76
2014-15	3658196	9.43	11481794	31.86	12445128	29.39
2015-16	3936788	7.62	12458642	31.60	13682035	28.77

Source: Central Statistics Office (CSO), Ministry of Statistics & Programme Implementation and MSMS Annual Report 2017-18

The contribution of Manufacturing MSMEs in the country's total Manufacturing GVO (Gross Value of Output) at current prices has also remained consistent at about 33%, i.e. one third during the last five years.



1. Gross Value Added (GVA): It may be noted that estimates of GVA had been prepared at factor cost in the earlier series (base year 2004-05), while these are being prepared at basic prices in the new series (2011-12). GVA estimated by production approach:  $(GVA = \text{Output} - \text{Material Inputs})$  and GVA estimated by income approach:  $(GVA = \text{Compensation of Employees} + \text{Operating Surplus} + \text{CFC})$
2. Gross Domestic Product (GDP): GDP is derived by adding taxes on products, net of subsidies on products, to GVA at basic prices.
3. FISIM stands for Financial Intermediation Services Indirectly Measured. In the System of National Accounts it is an estimate of the value of the services provided by financial intermediaries, such as banks, for which no explicit charges are made; instead these services are paid for as part of the margin between rates applied to savers and borrowers. The supposition is that savers would receive a lower interest rate and borrowers pay a higher interest rate if all financial services had explicit charges.
4. Gross Value Output (GVO): Manufacturing Output is defined to include the ex-factory value, (i.e., exclusive of taxes, duties, etc. on sale and inclusive of subsidies etc., if any) of products and by-products manufactured during the accounting year, and the net value of the semi-finished goods, work-in-process, and also the receipts for industrial and non-industrial services rendered to others, value of semi-finished goods of last year sold in the current year, sale value of goods sold in the same condition as purchased and value of electricity generated and sold.

### **Performance of the MSME Sector**

Performance of Micro, Small & Medium Enterprises (MSME) Sector in India can be assessed mainly by the information from the following sources:

- ❑ Analyzing the findings of the NSS (National Sample Survey), 73rd Round on Unincorporated Non-Agricultural Enterprises in Manufacturing, Trade and Other Services Sectors (Excluding Constructions). This also gives the latest and most comprehensive account of the performance of the MSME



Sector as of the estimated number of 633.92 lakh enterprises, only 4000 enterprises were large and thereby out of the MSME Sector. The Report on Key Indicators of the Survey is available at [www.mospi.gov.in](http://www.mospi.gov.in).

- ❑ Studying the report of the Economic Census conducted by the Central Statistics Office (Report of 6th Economic Census, 2013) available at [www.mospi.gov.in](http://www.mospi.gov.in) and also at [www.msme.gov.in](http://www.msme.gov.in). CSO started Economic Censuses for preparing frame of establishments, particularly the 'area frame' which could be used for various surveys for collection of detailed data, mainly on non-agricultural sector of the economy. Six Economic Censuses have been conducted so far in 1977, 1980, 1990, 1998, 2005 and 2013-14. As per the Sixth Economic Census (2013), 58.5 million establishments were found to be in operation. 34.8 million establishments (59.48%) were found in rural areas and nearly 23.7 million establishments (40.52%) were found to be located in urban areas.
- ❑ Studying the results of the periodic All India Census of the MSME Sector. Three All-India Censuses of Small Scale Industries (SSI) were held in 1977, 1988 and 2001-02. The latest census conducted by the Office of the Development Commissioner (MSME) on Micro, Small and Medium Enterprises (MSME) is the Fourth All India Census of MSME held in 2006-07, with base period 2006-07. The final reports of the Fourth All India Census of MSME covering both Registered and Unregistered Sectors, are available on the website of Office of DC, MSME at following link <http://dcmsme.gov.in/data-stat.htm>.
- ❑ Collecting information on new registration of Enterprises, previously done through Entrepreneur Memorandum Part-II (EM-II) filed at DICs till September, 2015. This has subsequently been replaced by self-declared online filing system under Udyog Aadhaar Memorandum at [udyogaadhaar.gov.in](http://udyogaadhaar.gov.in). A summary of the results based on UAM registration data till 31.12.17.
- ❑ Analysing the information available in MSME Data Bank at <http://www.msmedatabank.in> for which, detail data has been provided by the enterprises on receipt of benefit under various schemes. The objective of the databank is to have one-stop source of information of MSMEs of India, including their, requirement in terms of credit, technology,

raw material and marketing, etc. The MIS dashboard of the databank provides real time information on various types of the MSMEs registered on the databank, which is used for public procurement purposes by PSUs for procuring from MSMEs. MSME Development (Furnishing of Information) Rules, 2016 have been notified making it compulsory for MSMEs to give the required information while availing the benefit of grant or subsidy.

### **Estimated Number of MSMEs in the Country**

As per the National Sample Survey (NSS) 73rd round, conducted by National Sample Survey Office, Ministry of Statistics & Programme Implementation during the period 2015-16, there were 633.88 lakh unincorporated non-agriculture MSMEs in the country engaged in different economic activities (196.64 lakh in Manufacturing, 230.35 lakh in Trade and 206.84 lakh in Other Services and 0.03 lakh in Non-captive Electricity Generation and Transmission,) excluding the MSMEs registered under (a) Sections 2m(i) and 2m(ii) of the Factories Act, 1948, (b) Companies Act, 1956 and (c) Construction activities falling under Section F of National Industrial Classification (NIC) 2008. Table 2-2 and Figure 2-1 shows the distribution of MSMEs activity category wise.

### **Estimated Number of MSMEs (Activity Wise)**

Activity Category	Estimated Number of Enterprises (in lakh)			Share (%)
	Rural	Urban	Total	
Manufacturing	114.14	82.50	196.65	31
Trade	108.71	121.64	230.35	36
Other Services	102.00	104.85	206.85	33
Electricity*	0.03	0.01	0.04	0
All	324.88	309.00	633.88	100



## CHAPTER 04

### GST Rollout and Ministry of MSME

Ministry of MSME had made elaborate arrangements for smooth roll out of GST. The following were taken involving all the stakeholders:

All field organisations under the Ministry, namely, Office of Development commissioner (Micro, Small and Medium Enterprises), Khadi and Village Industries Commission (KVIC), National Small Industries Corporation (NSIC), Coir Board, National Institute for Micro, Small and Medium Enterprises (NI-MSME), Mahatma Gandhi Institute for Rural Industrialization (MGIRI) opened GST Cells in their respective offices to provide requisite support to MSMEs with respect to GST issues. More than 20000 persons have been trained in the various nuances of GST through workshops by M/o MSME and all its field organizations.

- ❑ A special issue of Laghu Udyog Samachar was brought out fully dedicated to GST related issues. It is available online at [http://dcmsme.gov.in/Laghu\\_Udyog\\_Samachar.html](http://dcmsme.gov.in/Laghu_Udyog_Samachar.html)
- ❑ A GST specific window has already been opened within the Internet Grievance Redressal System (IGMS) of the Ministry of Micro, Small and Medium Enterprises, an entry for which is also available at the abovementioned GST-MSME Link <http://igms.msme.gov.in/Mymsme/grievance/COM>.
- ❑ Ministry set up a 24x7 helpline in NSIC to attend to queries.
- ❑ Ministry also conducted a wider consultation workshop with all associations in which, the sector expert pertaining to MSME of the GST Council made a presentation and clarified the queries and concerns in FICCI Auditorium on 13.07.2017.



## CHAPTER 05

### Impact of GST on MSME

The exceptional growth of Small and medium enterprises (SME) has been strictly features in the economic development of the country since independence. It has contributed to the overall growth of the GDP as well as in term of employment generation and export in the global economy. In India, the SME sector has acquired a prominent place in the socio-economic development of the country during the past 50 years. The damaging factors as experienced by the SMEs have been cited as low capital base, difficulties in accessing technology, credit constraint, low access to business services, constraint of quality of human resources, low market awareness, low lobbying capacity and infrastructural constraints. In the present scenario of globalization, SMEs are considered engine for economic growth all over the world. After markets globalization, SMEs are facing constraints to sustain in the market. The purpose of this document is to examine various issues in context of Indian economic condition as SMEs account for about 95% of the industrial units, 40% of the industrial production, and 36% of the total exports and provides direct employment to 18 million persons in about 3.2 million registered SME units in the country. The scope of the paper examines the growth of SMEs in global era and its performance in economy. It identifies contribution of SMEs in GDP growth.

**Goods and Service Tax (GST)** combines both the current Central and State Taxes in the country into a solitary tax, thereby eliminating the dual taxation system and enabling a joint nationwide market.

The **implementation** of this tax allows the government to have an improved hold on the taxpayers, which, in turn, improves the complete tax scheme and has several other **benefits**.

This MSME sector of the market has been deliberated as the chief development driver of the Indian economy for years. SMEs





have emerged as the principal employment-creating segment in India and have delivered stable growth through various sectors of our developing nation. The **impact of GST on MSME** has been tremendous.

For Micro, Small, and Medium Enterprises (MSME), the business proprietors and producers are required to pay various different taxes as per the laws and so, fulfilling all the tax-related documentations has them running to different departments. Without GST, these entrepreneurs faced harassment from the various departments they had to report to file their taxes.

### **Point wise Impact of GST on SMEs**

#### **❑ Low Rates Taxes**

With the application of GST, industries having a turnover between Rs.10 and 50 lakh have to pay levies at lower rates, thereby, getting an enormous relief from tax burdens.

#### **❑ Reduction in Logistics Cost and Time**

GST enactment reduced time and money required for Interstate movement as their duties got eliminated. Also, this diminishes costs of retaining large stocks due to ease in free movement of goods.

#### **❑ Creating a Uniform Platform**

GST levies taxes on stock transmissions and neutralizes the impact of contributed taxes through the input credit too, thus, removing all tax differentiation and bringing small and medium businesses to par with large-scale industries.

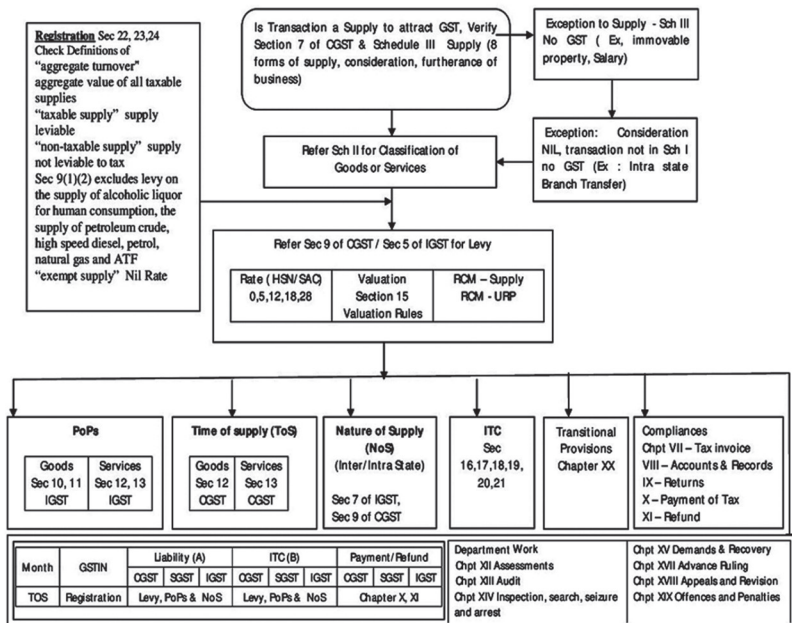
#### **❑ Increased Reach to Customers**

Presently, the Central Sales Tax (CST) on sales between states restricts small and medium businesses to reach their potential customers across India, which surges the acquisition charge of products for the consumers. The implementation of GST has prevented that.

# CHAPTER 06

## GST Flowchart

### GST Overview





## CHAPTER 07

# Compliance Benefits for MSMEs under GST

As a trade facilitation measure under GST, following benefits have been extended to **Micro, Small and Medium enterprises** under GST:

### A. Registration

- (i) A UNIT involved in intra – State taxable supply of goods or services or both, if its aggregate turnover in a financial year does not exceed prescribed amount of threshold exemption limit i.e. Rs. 20 lakhs (Rs. 10 lakhs in case of the special category states of Nagaland, Manipur, Mizoram and Tripura), then there is no need to get registered under GST.
- (ii) **Persons involved in inter – State taxable supply of services not goods**, if the aggregate turnover of a service provider, in a financial year of a unit does not exceed prescribed amount of threshold exemption limit i.e. Rs. 20 lakhs (Rs. 10 lakhs in case of the special category states of Nagaland, Manipur, Mizoram and Tripura), there is no need to get GST number.

For inter-state suppliers of goods, registration under GST is a compulsory, even if their aggregate turnover in a financial year does not exceed the threshold limit Composition levy scheme.

\* In the 32<sup>nd</sup> GST Council Meeting held in Delhi on 10<sup>th</sup> January, 2019, it has been decided to Increase in GST registration limit from Rs 20 lakhs up to Rs 40 lakhs for suppliers of goods. However, nothing has been Notified till date vide Notification under GST. Kindly follow the link to check the notifications on GST: <http://www.cbic.gov.in/htdocs-cbec/gst/index>

- (iii) Composition levy scheme in GST is an alternative method of levy of tax designed for micro, small and medium taxpayers whose turnover is upto the prescribed limit of Rs. One crore (*The main threshold for composition scheme was*



*recommended for an increase to Rs. 1.5 crore, from 1 crore. But this is yet to be notified).* It is very simple, hassle free compliance scheme for small taxpayers. It is a voluntary and optional scheme. A person opting to pay tax under composition levy scheme can neither take input tax credit nor it can collect any tax from the recipient.

## **B. Tax invoice in GST**

GST act provides for issuance of tax invoice within prescribed period (i.e. before removal of goods for supply in case of supply of goods and upto a maximum of 30 days from the date of provision of service, in case of supply of services) showing the prescribed particulars. However, there is no specific format prescribed as such for a tax invoice.

In case of supply of goods, the tax invoice has to be prepared in triplicate (original for buyer, duplicate for transporter and triplicate for supplier); whereas in case of service, the invoice has to be prepared in duplicate (original for buyer and duplicate for supplier).

Special invoice provisions for MSME Sector

The HSN code required to be mentioned in tax invoice has been done away for taxpayers upto annual turnover of upto Rs. 1.5 crores. Further, taxpayers having annual turnover between Rs. 1.5 Crore to Rs. 5 crores may mention first two digits of HSN code in their invoices and taxpayers having annual turnover above Rs. 5 crores need to mention full 4 digit HSN code in their invoices.

## **C. Exemption from compulsory audit for MSME**

In GST regime, every registered person whose turnover during a financial year exceeds the prescribed limit is required to get his accounts audited by a chartered accountant or a cost accountant. As a trade facilitation measure, government has notified that registered persons having annual turnover upto Rs. two crores are exempted from getting their accounts audited by a chartered accountant or a cost accountant.

## **D. Returns in GST**

GST Act has provided the manner and time of furnishing of



the details of outward supplies by a registered person, other than certain categories of registered person and manner and time of communication of these details to the corresponding recipients. The act also has provided for manner and time period for rectification of errors or omission and payment of tax and interest, if any.

a) Existing system of return filing process

All eligible registered persons need to furnish electronically, in FORM GSTR-1, the details of outward supplies of goods or services or both effected during a tax period on or before the tenth day of succeeding month.

Similarly, all eligible registered persons are required to furnish electronically, in FORM GSTR-3B, a summary return of liabilities, input tax credit and payment of tax pertaining to the month on or before the twentieth day of succeeding month.

A person opting to pay tax under composition levy scheme is required to furnish electronically, in FORM GSTR-4, a quarterly return, of turnover in the State or Union Territory, inward supplies of goods or services or both, tax payable and tax paid within eighteen days after the end of such quarter.

b) Special return filing provisions for MSME Sector:

As a trade facilitation measure, the government has notified that all eligible registered person having annual turnover upto Rs. 1.5 crores may opt for filing of quarterly return, in FORM GSTR-1 (i.e. the details of outward supplies of goods or services or both effected during the quarter)

c) Proposed system of simplified GST return filing process:

GST Council has recently approved the new return formats and associated changes in law. The major change is the option of filing quarterly return with monthly payment of tax in a simplified return format by the small tax payers. The salient features of proposed GST return filing process are given below:

(1) **Monthly Return and due-date:** All taxpayers excluding



a few exceptions like small taxpayers, composition dealer, Input Service Distributor (ISD), Non-resident registered person, persons liable to deduct tax at source under section 51 of CGST Act, 2017, persons liable to collect tax at source under section 52 of CGST Act, 2017, shall file one monthly return. Return filing dates shall be staggered based on the turnover of the taxpayer. The due date for filing of return by a large taxpayer shall be 20th of the next month.

- (2) **Nil return:** Taxpayers who have no purchases, no output tax liability and no input tax credit to avail in any quarter of the financial year shall file one NIL return for the entire quarter. Facility for filing quarterly return shall also be available through an SMS.

**Small taxpayers:** Taxpayers who have a turnover up to Rs. 5 Cr. in the last financial year shall be considered small. These small taxpayers shall have facility to file quarterly return with monthly payment of taxes on self-declaration basis. However, the facility would be optional and small taxpayer can also file monthly return like a large taxpayer.

## E. E-WAY Bill in GST:

GST Electronic Way Bill i.e. E-Way Bill (EWB) has been implemented in India from 1st April 2018 for inter-state movement of goods and from 16th June 2018, all 36 States / Union Territories have made EWB applicable for Intra-State movement of goods.

Salient features of GST E-Way Bill System-

- 1) EWB is a document required for movement of goods from one place to another. The movement may be either (i) from supplier to recipient and vice versa; or (ii) from manufacturer to job worker and vice versa; or (iii) between two premises of same businessman; or (iv) for any other purpose.
- 2) EWB is to be generated by every registered person causing movement of goods of consignment value (inclusive of GST) exceeding Rs. 50,000/-. For consignments even below Rs. 50,000/-, EWB is mandatory in case of inter-state movement of (i) goods being sent for job work; and (ii) handicraft goods..



- 3) There can be four situations for movement of goods:
- (i) Registered supplier to registered recipient: EWB may be generated by either of them depending on terms of delivery i.e. the person causing movement of goods is responsible for EWB generation.
  - (ii) Registered supplier to unregistered recipient: EWB to be generated mandatorily by registered supplier.
  - (iii) Unregistered supplier to registered recipient: In such supplies, the movement of goods is deemed to have been caused by registered recipient and he is required to generate EWB
  - (iv) Unregistered supplier to unregistered recipient: In such transactions, though EWB is not mandatory, it can be generated by either of them on voluntary basis.
- (4) Normally EWB is not required for exempted goods. In addition, there are few items for which EWB is not required as detailed in Annexure to rule 138(14) of the CGST Rules.
- (5) No distance exemption clause in EWB provisions. Any direct movement of goods between supplier and recipient warrants EWB, irrespective of distance. However, for Intra-State movement of goods from supplier's premises to transporter and from transporter's premises to recipient, part B is not mandatory, if the said distance is below 50 km.
- (6) Validity period: For non ODC cargo, the validity is one day for every 100 km. or part thereof. However, in case of ODC cargo, one day is given for every 20 km. or part thereof. Validity starts from the time of part B updation (i.e. vehicle number entry) and first day lasts till 12 midnight of next day.
- (7) No changes can be done in part A (i.e. consignment details) of EWB once generated. However, part B (i.e. vehicle details) can be updated any number of times within validity period. However, in case of wrong details fed, EWB can be cancelled by generator within 24 hours provided it has not been verified in transit.
- (8) EWB can be cancelled by generator within 24 hours; whereas it can be rejected by recipient within 72 hours or



the time of delivery of the goods, whichever is earlier. If recipient does not reject EWB within 72 hours, it would be treated as deemed accepted by him.

- (9) EWB can be generated online on <https://www.ewaybillgst.gov.in>. In addition to web, EWB can be generated by SMS, Android App, APIs, bulk utility, etc.

### **F. Measures taken for the MSME sector under GST:**

Various decisions have been taken by the GST Council in its various meetings for the benefit of the MSME sector. The details of such major decisions are as below:

- i. Goods predominantly manufactured and/or used in the unorganised MSME sector have been kept at lower rates or are exempted. For instance, electrical switches and wires, pipeline, plastic products, etc. are largely produced by MSMEs and they earlier did not pay Central Excise duty and therefore tax rate on these have been brought down from 28% to 18%. Similarly, rates of GST on jute and coir like hand bags, ropes etc, which are mainly made in the cottage sector, have been reduced from 12 to 5%. Rate on Fishing hooks largely used by the fisherman – the industry being largely labour intensive with insignificant ITC have been reduced from 12 to 5%.
- ii. Upper limit of turnover for opting for composition scheme to be raised from Rs. 1 crore to Rs. 1.5 crore.
- iii. Composition dealers to be allowed to supply services, for upto a value not exceeding 10% of turnover in the preceding financial year, or Rs. 5 lakhs, whichever is higher. This will make a large number of MSMEs eligible for the composition scheme.
- iv. Levy of GST on reverse charge mechanism on receipt of supplies from unregistered suppliers, to be applicable to only specified goods in case of certain notified classes of registered persons, on the recommendations of the GST Council
- v. Filing of NIL returns to be simplified with one step
- vi. Service providers making inter-State supplies whose





aggregate annual turnover does not exceed Rs. 20 lakhs have been exempted from the requirement of registration under GST vide notification No.08/2017-Integrated Tax, dated 14.09.2017

- vii. Extending the Advance Authorization (AA) / Export Promotion Capital Goods (EPCG) / 100% Export Oriented Units (EOU) schemes to sourcing inputs etc. from abroad as well as domestically. Holders of AA / EPCG and EOUs are not required to pay IGST, Cess etc. on imports. Further, domestic supplies to holders of AA / EPCG and EOUs are treated as deemed exports under section 147 of CGST/SGST Act and refund of tax paid on such supplies is given to either the supplier or the recipient vide notification No.48/2017-Central Tax dated 18.10.2017.
- viii. Supply of taxable goods by a registered supplier to a registered recipient for exports shall attract a total GST rate of 0.1% thereby reducing working capital blockage for exporters. This provision has been made effective vide notification No. 40/2017-Central Tax (Rate) dated 23.10.2017 and notification no. 41/2017-Integrated Tax (Rate) dated 23.10.2017.
- ix. Registered persons making supply of goods are required to make payment of tax at the time of the issuance of invoice and not at the time when advances are received. This has been implemented vide issuance of notification No. 66/2017 – Central Tax dated 15th November, 2017
- x. The GST Council, in its 23rd meeting held on 10.11.2017, decided that taxpayers having annual turnover of up to Rs.1.5 crore in the previous year would have the option to file quarterly returns. This has been implemented vide issuance of **notification No. 57/2017 – Central Tax 15th November, 2017.**
- xi. The GST Council, in its 23rd meeting held on 10.11.2017, reduced the amount of late fee payable for delayed filing of return in FORM GSTR-3B from Rs 200 per day for delayed filing. Vide notification no. 66/2017– Central Tax 15th November, 2017, a taxpayer whose tax liability for the month is 'Nil', is liable to pay late fee of Rs.20/- per day (Rs.10/- per day each under CGST & SGST Acts) subject to maximum of



Rs.5000/- each under Act from October, 2017 onwards. In all other cases, the amount of late fee payable for delayed filing of return in FORM GSTR-3B by other taxpayers has been reduced to Rs. 50/- per day (Rs. 25/- per day each under CGST & SGST Acts) subject to maximum Rs.5000/- each under Act from October, 2017.

- xii. The uniform rate of tax @1% (0.5% under the CGST Act and 0.5% under the respective SGST Act) is payable under the composition scheme for manufacturers and traders with effect from 01st January, 2018. This has been implemented vide issuance of **notification No.1/2018- Central Tax dated 1st January, 2018** For restaurant services, the rate continues to be 0 per cent.
- xiii. A person eligible for composition scheme also supplying exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, would not become ineligible for the composition scheme. Further, for computing the aggregate turnover for eligibility for the scheme, the turnover of exempted services, including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, supplied by a taxpayer will not be included. This has been implemented vide issuance of **Order No. 01/2017-Central Tax dated 13.10.2017**.
- xiv. The GST Council, in its 25th meeting held on 18.01.2018, reduced the amount of late fee payable late fee by any registered person for failure to furnish FORM GSTR-1 (supply details) to fifty rupees per day and twenty rupees per day for NIL filers.
- xv. The GST Council, in its 25th meeting held on 18.01.2018, allowed taxable persons who have obtained voluntary registration to apply for cancellation of registration even before the expiry of one year from the effective date of registration.
- xvi. The GST Council meeting in its 28th meeting held on 21st July, 2018 recommended certain amendments to be carried out in the CGST Act, 2017 and the IGST Act, 2017, which are trade friendly measures slated to benefit the MSME sector.

The details of major amendments which are beneficial to the MSME sector are as below:

- a) the upper limit of turnover for opting for composition scheme would be increased from Rs. 1 crore to Rs. 1.5 crore. Further, composition dealers would be allowed to supply services, for upto a value not exceeding 10% of turnover in the preceding financial year or Rs. 5 lakhs, whichever is higher.
- b) provisions of reverse charge mechanism under sub-section (4) of section 9 of the CGST Act, 2017 and sub-section (4) of section 5 of the IGST Act, 2017 and sub-section (4) of section 7 of the Union territory Goods and Services Tax Act, 2017 (UTGST Act, 2017) have been amended for empowering the Government to notify a class of persons who would be liable to pay tax under reverse charge with respect to specified categories of goods or services or both. As of now, the said provisions have been suspended for the CGST Act, IGST Act and the UTGST Act till 30.09.2019 vide **notification No. 22/2018-Central Tax (Rate) dated 06.08.2018, 23/2018-Integrated Tax (Rate) dated 06.08.2018 and 22/2018-Union Territory Tax (Rate) dated 06.08.2018 respectively.**
- c) option for quarterly filing of returns under GST would be introduced for taxpayers having annual turnover upto Rs 5 crores in the previous financial year. Further, provisions in law would be amended to introduce a new and simple return filing system. The new formats have been put in the public domain for stakeholder consultation. The proposed new return filing system also envisages SMS based filing of a nil return and a single page return per tax period for certain taxpayers.
- d) threshold exemption limit for registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand is to be increased to Rs. 20 lakhs from Rs. 10 lakhs.
- e) allowing taxpayers to opt for multiple registrations for different places of business within the same State or Union territory.



- f) mandatory registration would be required only for those e-commerce operators who are required to collect tax at source under section 52 of the CGST Act, 2017.
- g) temporary suspension of registration would be allowed while proceedings of cancellation of registration are underway
- h) registered persons would be allowed to issue consolidated credit/debit notes in respect of multiple invoices issued in a Financial Year
- i) amount of pre-deposit payable for filing of appeal under the CGST Act, 2017 before the Appellate Authority and the Appellate Tribunal to be capped at Rs. 25 crores and Rs. 50 crores, respectively.
- j) Commissioner to be empowered to extend the time limit for return of inputs and capital sent on job work, upto a period of one year and two years, respectively.
- k) supply of services to qualify as exports, even if payment is received in Indian Rupees, where permitted by the RBI
- l) place of supply in case of job work of any treatment or process done on goods temporarily imported into India and then exported without putting them to any other use in India, to be outside India.
- m) scope of input tax credit is being widened, and it would now be made available in respect of the following:
  - i) most of the activities or transactions specified in Schedule III;
  - ii) motor vehicles for transportation of persons having seating capacity of more than thirteen (including driver), vessels and aircraft;
  - iii) services of general insurance, repair and maintenance in respect of motor vehicles, vessels and aircraft on which credit is available; and



- iv) goods or services which are obligatory for an employer to provide to its employees, under any law for the time being in force.

The recommended amendments have been introduced and passed by the Lok Sabha on 09.08.2018. The same received the assent of the hon'ble President of India and were enacted on 30.08.2018. These amendments will be made effective when all States pass the SGST Act amendments in their respective SGST Acts.

In its 29th meeting held on 04.08.2018, it was decided by the GST Council to form a Group of Ministers (GoM) for MSMEs which would identify the measures to be taken to provide a conducive environment for the growth of MSMEs after examining the recommendations of the Law Committee, the Fitment Committee and the IT Committee on the representations and suggestions relating to the MSME sector received from various stakeholders.



## CHAPTER 08

# List of Decisions taken by GST Council in 31<sup>st</sup> & 32<sup>nd</sup> GST Council Meetings

### Press Release

#### Recommendations made during 31<sup>st</sup> Meeting of the GST Council

December 22, 2018

The GST Council in its 31<sup>st</sup> meeting held at New Delhi made the following policy recommendations:

1. There would be a single cash ledger for each tax head. The modalities for implementation would be finalised in consultation with GSTN and the Accounting authorities.
2. A scheme of single authority for disbursement of the refund amount sanctioned by either the Centre or the State tax authorities would be implemented on pilot basis. The modalities for the same shall be finalized shortly.
3. The new return filing system shall be introduced on a trial basis from 01.04.2019 and on mandatory basis from 01.07.2019.
4. The due date for furnishing the annual returns in **FORM GSTR-9**, **FORM GSTR-9A** and reconciliation statement in **FORM GSTR-9C** for the Financial Year 2017 – 2018 shall be further extended till 30.06.2019.
5. The following clarificatory changes, *inter-alia*, shall be carried out in the formats/instructions according to which the annual return / reconciliation statement is to be submitted by the taxpayers:
  - i. Amendment of headings in the forms to specify that the return in **FORM GSTR-9** & **FORM GSTR-9A** would be in respect of supplies etc. 'made during the year' and not 'as declared in returns filed during the year';
  - ii. All returns in **FORM GSTR-1** & **FORM GSTR-3B** have to be



- filed before filing of **FORM GSTR-9&FORM GSTR-9C**;
- iii. All returns in **FORM GSTR-4** have to be filed before filing of **FORM GSTR- 9A**;
  - iv. HSN code may be declared only for those inward supplies whose value independently accounts for 10% or more of the total value of inward supplies;
  - v. Additional payments, if any, required to be paid can be done through **FORM GST DRC-03** only in cash;
  - vi. ITC cannot be availed through **FORM GSTR-9 &FORM GSTR-9C**;
  - vii. All invoices pertaining to previous FY (irrespective of month in which such invoice is reported in **FORM GSTR-1**) would be auto-populated in Table 8A of **FORM GSTR-9**;
  - viii. Value of “non-GST supply” shall also include the value of “no supply” and may be reported in Table 5D, 5E and 5F of **FORM GSTR-9**;
  - ix. Verification by taxpayer who is uploading reconciliation statement would be included in **FORM GSTR-9C**.
6. The due date for furnishing **FORM GSTR-8** by e-commerce operators for the months of October, November and December, 2018 shall be extended till 31.01.2019.
  7. The due date for submitting **FORM GST ITC-04** for the period July 2017 to December 2018 shall be extended till 31.03.2019.
  8. ITC in relation to invoices issued by the supplier during FY 2017-18 may be availed by the recipient till the due date for furnishing of **FORM GSTR-3B** for the month of March, 2019, subject to specified conditions.
  9. All the supporting documents/invoices in relation to a claim for refund in **FORM GST RFD-01A** shall be uploaded electronically on the common portal at the time of filing of the refund application itself, thereby obviating the need for a taxpayer to physically visit a tax office for submission of a refund application. GSTN will enable this functionality on the



common portal shortly.

10. The following types of refunds shall also be made available through **FORM GST RFD- 01A**:

- i. Refund on account of Assessment/Provisional Assessment/Appeal/Any Other Order;
- ii. Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice-versa;
- iii. Excess payment of Tax; and
- iv. Any other refund.

In case of applications for refund in **FORM GST RFD-01A** (except those relating to refund of excess balance in the cash ledger) which are generated on the common portal before the roll out of the functionality described in point (10) above, and which have not been submitted in the jurisdictional tax office within 60 days of the generation of ARN, the claimants shall be sent communications on their registered email ids containing information on where to submit the said refund applications. If the applications are not submitted within 15 days of the date of the email, the said refund applications shall be summarily rejected, and the debited amount, if any, shall be re-credited to the electronic credit ledger of the claimant.

11. One more window for completion of migration process is being allowed. The due date for the taxpayers who did not file the complete **FORM GST REG-26** but received only a Provisional ID (PID) till 31.12.2017 for furnishing the requisite details to the jurisdictional nodal officer shall be extended till 31.01.2019. Also, the due date for furnishing **FORM GSTR-3B** and **FORM GSTR-1** for the period July, 2017 to February, 2019/ quarters July, 2017 to December, 2018 by such taxpayers shall be extended till 31.03.2019.

12. Late fee shall be completely waived for all taxpayers in case **FORM GSTR-1, FORM GSTR-3B & FORM GSTR-4** for the months / quarters July, 2017 to September, 2018, are furnished after 22.12.2018 but on or before 31.03.2019.





13. Taxpayers who have not filed the returns for two consecutive tax periods shall be restricted from generating e-way bills. This provision shall be made effective once GSTN/NIC make available the required functionality.
14. Clarifications shall be issued on certain refund related matters like refund of ITC accumulated on account of inverted duty structure, disbursement of refunds within the stipulated time, time allowed for availment of ITC on invoices, refund of accumulated ITC of compensation cess etc.
15. Changes made by CGST (Amendment) Act, 2018, IGST (Amendment) Act, 2018, UTGST (Amendment) Act, 2018 and GST (Compensation to States) Amendment Act, 2018 and the corresponding changes in SGST Acts has been notified w.e.f. 01.02.2019.

## Changes in GST Rate

### I. GST rate reduction on goods which were attracting GST rate of 28%:

#### A. 28% to 18%

- ☐ Pulleys, transmission shafts and cranks, gear boxes etc., falling under HS Code 8483
- ☐ Monitors and TVs of upto screen size of 32 inches
- ☐ Re-treaded or used pneumatic tyres of rubber;
- ☐ Power banks of lithium ion batteries. Lithium ion batteries are already at 18%. This will bring parity in GST rate of power bank and lithium ion battery.
- ☐ Digital cameras and video camera recorders
- ☐ Video game consoles and other games and sports requisites falling under HS code 9504.

#### B. 28% to 5%

- ☐ Parts and accessories for the carriages for disabled persons

### II. GST rate reduction on other goods,

#### A. 18% to 12%



☐ Cork roughly squared or debagged

☐ Articles of natural cork

☐ Agglomerated cork

**B. 18% to 5%**

☐ Marble rubble

**C. 12% to 5%**

☐ Natural cork

☐ Walking Stick

☐ Fly ash Blocks

**D. 12% to Nil:**

☐ Music Books

**E. 5% to Nil**

☐ Vegetables, (uncooked or cooked by steaming or boiling in water), frozen, branded and put in a unit container

☐ Vegetable provisionally preserved (for example by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption.

**III. GST on solar power generating plant and other renewable energy plants**

☐ GST rate of 5% rate has been prescribed on renewable energy devices & parts for their manufacture (bio gas plant/solar power based devices, solar power generating system (SGPS) etc) [falling under chapter 84, 85 or 94 of the Tariff]. Other goods or services used in these plants attract applicable GST.

☐ Certain disputes have arisen regarding GST rates where specified goods attracting 5% GST are supplied along with services of construction etc and other goods for solar power plant.



- ❑ To resolve the dispute the Council has recommended that in all such cases, the 70% of the gross value shall be deemed as the value of supply of said goods attracting 5% rate and the remaining portion (30%) of the aggregate value of such EPC contract shall be deemed as the value of supply of taxable service attracting standard GST rate

**Reduction in GST rates/exemptions on services:**

- ❑ GST rate on cinema tickets above Rs. 100 shall be reduced from 28% to 18% and on cinema tickets upto Rs. 100 from 18% to 12%.
- ❑ GST rate on third party insurance premium of goods carrying vehicles shall be reduced from 18% to 12%
- ❑ Services supplied by banks to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY) shall be exempted.

Air travel of pilgrims by non-scheduled/charter operations, for religious pilgrimage facilitated by the Government of India under bilateral arrangements shall attract the same rate of GST as applicable to similar flights in Economy class (i.e. 5% with ITC of input services).



## Press Release

### **Recommendations made during 32<sup>nd</sup> Meeting of the GST Council held on 10th January, 2019**

January 10, 2019

The GST Council in its 32<sup>nd</sup> meeting held at New Delhi gave approval for the following:

Changes made by CGST (Amendment) Act, 2018, IGST (Amendment) Act, 2018, UTGST (Amendment) Act, 2018 and GST (Compensation to States) Amendment Act, 2018 along with amendments in CGST Rules, notifications and Circulars issued earlier and the corresponding changes in SGST Acts would be notified w.e.f. 01.02.2019.

The last date for passing the examination for GST Practitioners to be extended till 31.12.2019 for those GST Practitioners who have enrolled under rule 83(1)(b) i.e. who were sales tax practitioner or tax return preparer under the existing law for a period of not less than five years.



## CHAPTER 09

### List of Relevant GST Notifications for MSME Sector

**Notification no2/2017 dt 28.06.2017 –CGST Rate (rule 138(14)) –**

Information to be furnished prior to commencement of movement of goods and generation of e-way bill

Rule 138(14) - E-way Bill is not required to be generated –

- a) where the goods being transported are specified in Annexure;
- b) where the goods are being transported by a non-motorised conveyance;
- c) where the goods are being transported from the port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs; and
- d) in respect of movement of goods within such areas as are notified under clause (d) of sub-rule (14) of rule 138 of the Goods and Services Tax Rules of the concerned State.

List of goods contained in Annexure –

- ☐ Live asses, mules and hinnies
- ☐ Live bovine animals
- ☐ Live poultry, that is to say, fowls of the species *Gallus domesticus*, ducks, geese, turkeys and guinea fowls
- ☐ Meat of sheep or goats, fresh, chilled or frozen [other than frozen and put up in unit container]
- ☐ Meat of horses, asses, mules or hinnies, fresh, chilled or frozen [other than frozen and put up in unit container]



- ☐ Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal, other than put up in unit
- ☐ Fish seeds, prawn / shrimp seeds whether or not processed, cured or in frozen state [other than goods falling under Chapter 3 and attracting 2.5%]
- ☐ Live fish.
- ☐ Fresh milk and pasteurised milk, including separated milk, milk and cream, not concentrated nor containing added sugar or other sweetening matter, excluding Ultra High Temperature (UHT) milk
- ☐ Human hair, unworked, whether or not washed or scoured; waste of human hair
- ☐ Potatoes, fresh or chilled.
- ☐ Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled.
- ☐ Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled.

There are many more items on this list, Please follow the link to get the entire list <https://docs.ewaybillgst.gov.in/documents/EWBRules.pdf>

### **Notification no 08/2017 – Integrated Tax dt. 14.09.2017 -**

With this Notification, Central Government has granted exemption to the persons making inter –State Supplies of handicraft goods provided that the aggregate value of such supplies, to be computed on all India basis, does not exceed an amount of twenty lakh rupees in a financial year, ten lakhs for Special category states.

For the purposes of this notification, the expression “handicraft goods” means the products mentioned in column (2) of the Table below and the Harmonized System of Nomenclature (HSN) code mentioned in the corresponding entry in column (3) of the said Table, when made by the craftsmen predominantly by hand even though some machinery may also be used in the

process:

SI No.	Products	HSN Code
1	Leather articles (including bags, purses, saddlery, harness, garments)	4201, 4202, 4203
2	Carved wood products (including boxes, inlay work, cases, casks)	4415, 4416
3	Carved wood products (including table and kitchenware)	4419
4	Carved wood products	4420
5	Wood turning and lacquer ware	4421
6	Bamboo products [decorative and utility items]	46
7	Grass, leaf and reed and fibre products, mats, pouches, wallets	4601, 4602
8	Paper mache articles	4823
9	Textile (handloom products)	including 50, 58, 62, 63
10	Textiles hand printing	50, 52, 54
11	Zari thread	5605
12	Carpet, rugs and durries	57
13	Textiles hand embroidery	58
14	Theatre costumes	61, 62, 63
15	Coir products (including mats, mattresses)	5705, 9404
16	Leather footwear	6403, 6405
17	Carved stone products (including statues, statuettes, figures of animals, writing sets, ashtray, candle stand)	6802
18	Stones inlay work	68
19	Pottery and clay products, including terracotta	6901, 6909, 6911, 6912, 6913, 6914
20	Metal table and kitchen ware (copper, brass ware)	7418
21	Metal statues, images/statues vases, urns and crosses of the type used for decoration of metals of chapters 73 and 74	8306
22	Metal bidriware	8306



SI No.	Products	HSN Code
23	Musical instruments	92
24	Horn and bone products	96
25	Conch shell crafts	96
26	Bamboo furniture, cane/Rattan furniture	
27	Dolls and toys	9503
28	Folk paintings, madhubani, patchitra, Rajasthan miniatures	97

**Notification no. 32/2017 - Central Tax, dt. 15.09. 2017 -**

GST Seeks to granting exemption to a casual taxable person making taxable supplies of handicraft goods from the requirement to obtain registration.

The Central Government, on the recommendations of the Council, hereby specifies the casual taxable persons making taxable supplies of handicraft goods as the category of persons exempted from obtaining registration under the aforesaid Act.

Provided that the aggregate value of such supplies, to be computed on all India basis, does not exceed an amount of twenty lakh rupees in a financial year, ten lakhs for Special category states.

The casual taxable persons mentioned in the preceding paragraph shall obtain a Permanent Account Number and generate an e-way bill in accordance with the provisions of rule 138 of the Central Goods and Services Tax Rules, 2017.

**Notification No. 38/2017 - Central Tax Rate, dt. 13.10.2017 -**

Amendment in Section 9 (4) of CGST Act – Reverse Charge Mechanism in case of intra-State supplies of goods or services or both received by a registered person from any supplier, who is not registered, from the whole of the central tax exceeds five thousand rupees in a day.

This particular provision has been omitted and shall not be applicable. (Notification no 56/2018 Central Tax date on 23rd October, 2018, GST)

**Notification No. 57/2017 – Central Tax, dt. 15.11.2017 -**

Quarterly furnishing of FORM GSTR-1 for those taxpayers with aggregate turnover of upto Rs.1.5 crore in the preceding financial year or the current financial year