

## 3 YEARS OF JOURNEY - GST

TEAM TRD

GST was rolled on 1<sup>st</sup> July 2017 and in this 2 year several changes have taken place time to time through notifications and circulars for proper structuring of GST. Let us discuss few remarkable changes in GST in last 3 years

### PRE GST COUNCIL MEETINGS

Total 18 GST Council meetings were conducted before rolling out of GST from 22<sup>nd</sup> September 2016 to 30<sup>th</sup> June 2017 to prepare the framework of GST Rules and Provisions

#### 1<sup>st</sup> GST Council Meeting

- It was decided that GST would be implemented from 1<sup>st</sup> April 2017
- Thresholds limit for exemption was settled at Rs. 20 Lakhs and Rs. 10 Lakhs for special category states and this decision would be reviewed after 5 years (during which compensation for any loss of revenue is guaranteed) and a decision regarding any modification to the exemption threshold would be taken thereafter.
- Thresholds limit for Composition scheme was decided at Rs. 50 lakhs. It was also decided that manufacturers and service providers would not fall under Composition scheme as the value addition in these segments was quite high.
- It was also decided that in order to compensate the States for any loss of revenue due to implementation of GST, the revenue collected by the State in the base year needed to be projected at a specified growth rate with respect to a base year. In this connection it was agreed that
  - ✓ 2015-16 would be taken as the base year for compensation
  - ✓ Revenue to be compensated shall consist of all taxes (including cesses) levied by the States and which are now proposed to be subsumed in GST
  - ✓ Compensation may be released quarterly against the figures given by the Central Accounting authority tentatively and final adjustment can be done after getting audited accounts of the year

However, decision regarding projected growth rate was pending

#### 2<sup>nd</sup> GST Council Meeting

- GST draft rules for registration, rules for payment, returns, invoice, refunds and total six issues had been finalized
- It was decided that all the exempted entities under indirect tax would have to pay tax in the new GST regime.

#### 3<sup>rd</sup> GST Council Meeting

- The formula for calculating the projected growth rate for GST compensation was fixed at the rate of 14%.
- It was decided that ITC reversals would be included in the definition of 'revenue subsumed' for the base year 2015-16 for the calculation of compensation to the States for any loss of revenue owing to the implementation of GST for five years.

#### 4<sup>th</sup> GST Council Meeting

- Mainly GST Rates were decided as follows-
  - ✓ **5%** -generally cover the goods which were under combined tax rate of Central Excise and V AT (including cascading on account of these two taxes) between 3% and less than 9%. Such goods are normally consumed by the vulnerable sections of the society or have high impact on inflation.

- ✓ **12%**- generally cover the goods which were under combined tax rate of Central Excise and VAT (including cascading on account of these two taxes) between 9% and less than 15%.
- ✓ **18%**- generally cover the goods which were under combined tax rate of Central Excise and VAT between 15% and less than 21 % (including cascading on account of these two taxes) .
- ✓ **28%**- generally cover the goods which were under combined tax rate of Central Excise and VAT equal to or more than 21 % (including cascading on account of these two taxes).
- ✓ Supply of services would generally be taxed at the rate of 18%

5<sup>th</sup> GST Council Meeting

Provisions of the Draft Model GST was discussed

6<sup>th</sup> GST Council Meeting

The model GST laws regarding CGST and SGST in detail was discussed. The council had pronounced till 99 sections out of 197 sections.

7<sup>th</sup> GST Council Meeting

The draft model bills on State and centre GST legislation was passed

8<sup>th</sup> GST Council Meeting

It was decided that the cess would be levied on a list of items mentioned by GST council and at the end of five years of GST the cess would be added to GST rates to divide it between the Centre and the states.

9<sup>th</sup> GST Council Meeting

- It was decided that the territorial water within the twelve nautical miles would be treated as the territory of the Union of India , but the power to collect the State tax in the territorial waters shall be delegated by the Central Government to the States.
- Decision regarding dual control issues was finalized and the council decided that
  - ✓ Assesses with the turnover of below Rs. 1.5 Crore - 90% of the taxpayers shall vest with the State tax administration and 10% with the Central tax administration.
  - ✓ Assesses with the turnover of more than 1.5 Crore - all administrative control shall be divided equally in the ratio of 50% each for the Central and the State tax administration;
  - ✓ Any IGST disputes would be in consideration of the Centre

10<sup>th</sup> GST Council Meeting

Compensation law was approved

11<sup>th</sup> GST Council Meeting

- The proposal to create Electronic Way Bills System Module as part of the GST System through GSTN was approved
- The Council approved the draft IGST Law & finalized the important CGST and SGST bills
- It was declared that hotels with a turnover below Rs. 50 lakh would pay the lowest tax of 5%.Hotels providing accommodation and restaurant service would normally have an annual turnover of more than Rs. 50 lakh and would thus pay GST at the normal rate.

12<sup>th</sup> GST Council Meeting

- The Council approved the draft IGST Law with few changes , SGST Law , UTGST Law
- The council fixed 15% cess rate for certain demerit items

13<sup>th</sup> GST Council Meeting

- The Council approved the laws & provisions Input Tax Credit; Valuation; Transitional Provisions; Registration; Return; Payment; Refund; and Invoice and Debit/Credit Note

14<sup>th</sup> GST Council Meeting

- The Council approved rate of interest for the delayed payment of tax by the taxpayer and the delayed refund by the Government to the tax payee , rate of TCS by Electronic Commerce Operators (e-operators)
- GST rates on various goods and GST compensation cess rate got approval.

15<sup>th</sup> GST Council Meeting

- The Final Decision was taken that GST would be implemented with effect from 1st July 2017
- The Council approved the GST Rules and the related Forms on (i) Return; (ii) Transition Provisions and (iii) Goods and Services Tax Practitioner Forms , rates of GST on supply of various goods , broad principles of the draft Anti-profiteering Rules.
- The council also agreed to exempt the supply of 'electricity' from the levy of GST

16<sup>th</sup> GST Council Meeting

- The Council approved the GST Rules on Accounts and Records
- The Council increased the threshold limit of annual turnover from Rs. 50 lakh to Rs. 75 lakh for composite taxpayers and decided the list of manufacturers who would be ineligible for Composition scheme.
- The Council also approved tax rate on insulin formulations of all types @ 5% , on bamboo furniture @ 18% , children's picture, drawing or coloring books would be exempted from GST , and exemption from IGST on certain imports namely-bilateral commitments between India and Pakistan/Bangladesh for regulation of bus services; technical exemption for temporary import/re-import
- The council also decided tax rates on various services i.e services provided to Government, job work services , sponsorship service , admission to cinema theatres etc.

17<sup>th</sup> GST Council Meeting

- The Council approved laws and provisions of Advance Ruling , Appeals and Revision, Assessment and Audit and and ease the terrific anti-profiteering clause
- The limit of turnover for special category states under composition scheme was decided Rs. 50 lakh
- It was also decided that Manufacturers of Ice cream and other edible ice, whether or not containing cocoa (21 05 00 00) , Pan masala (2 1 06 90 20), Tobacco and manufactured tobacco substitutes (24) would not be eligible for Composition Scheme
- The council approved GST rate on Hotel Rooms as follows-
  - ✓ GST Rate on hotel rooms where tariff is Rs. 2,500 and above but less than Rs. 7,500 per day shall be 18%
  - ✓ GST Rate on hotel rooms where tariff is Rs. 7,500 and above shall be 28%
  - ✓ GST Rate on supply of food/drinks in air-conditioned restaurant in 5-star or above rated Hotel shall be 18%
- The council also decided GST rate on Lottery as follows
  - ✓ Lottery run by State Governments - 12% of face value of lottery ticket (Face value to be inclusive of GST)
  - ✓ Lottery authorized by State Governments - 28% of face value of lottery ticket (Face Value to be inclusive of GST)
  - ✓ Tax can be levied by the State Governments on the first point of sale by the State Government to the lottery distributor or the sole selling agent appointed by the State Government on reverse charge basis and to exempt agents/stockists below the distributor.

18<sup>th</sup> GST Council Meeting

- This meeting was held on 30th June 2017, just a day before the GST roll out
- The GST rate on fertilizers was reduced from pre-decided 12% to 5% and the tax rate on exclusive parts of tractors was reduced to 18% from 28%.

- It was also decided that IGST would be levied at the time of importation and the value addition due to high sea sales shall be part of the value on which IGST is collected when goods sold on high sea sales basis are imported the first time

**POST GST COUNCIL MEETINGS** – Till now 22 GST Council meetings have been conducted after rolling out of GST

**19<sup>th</sup> GST Council Meeting**

- It was the first meeting after implementation of GST
- The council decided to raise the cess on cigarettes to 31% in a certain category

**20<sup>th</sup> GST Council Meeting**

- The Council approved the payment process of Tax Deduction at Source under GST
- The Council approved the E-Way Bill Rules along with Forms and decided that E-Way Bill Rule would be implemented from 1st October 2017
- Rate of GST for job work was revised at 5% and GST rate on Works Contract services provided to the Government, local authority or government authority was revised at 12% and also GST rates for certain services were revised

**21<sup>th</sup> GST Council Meeting**

- The council revised the rates of various items such as Walnuts , Dhoop batti , Corduroy fabrics , Worked corals etc.
- The council increased the rate of the Compensation Cess on certain specified motor vehicles
- Admission to FIFA U-17 Football World Cup- 2017 events would be exempted from GST

**22<sup>nd</sup> GST Council Meeting**

- The council revised the rates of various items such as Mangoes sliced dried, Namkeens other than those put up in unit container etc.
- The council also decided the specific goods which would be exempted from IGST if those are imported.
- GST rate on Job work services has been revised to give relief to small units
- The services provided by a GTA to an unregistered person (under GST law) including unregistered casual taxable person other than the recipients liable to pay tax on GTA services under reverse charge shall be exempted from GST.
- Few other rates were revised also
- The businesses with turnover up to Rs. 1.5 Crore are allowed to file quarterly returns
- The threshold limit for the composition scheme to Rs. 1 crore from Rs. 75 lakh in turnover has been done
- The reverse charge mechanism system has been suspended as the liability to pay tax resides with the buyer instead of the seller
- E-way bill has been postponed until 1st April 2018
- TCS and TDS applicability postponed until 31st March 2018
- No GST on advances received by SMEs
- No GST registration for interstate service providers up to 20 Lakh

**23<sup>rd</sup> GST Council Meeting**

- Further GST rates was revised on various goods and services
- The businesses with turnover up to Rs. 1.5 Crore are allowed to file GSTR 1 quarterly
- The threshold limit for the composition scheme to Rs. 1 crore from Rs. 75 lakh in turnover has been done
- The tax rates for traders and manufactures was decided at 1% on taxable goods
- Composition tax payers was allowed to make supply upto a limit of Rs 5 lakh for all services except for the Job Work services

24th GST Council Meeting

- It was decided that e-way bill would be mandatory from 1st February 2018
- Refund of provisionally accepted input tax credit was approved

25th GST Council Meeting

- The amount of late fee for non furnishing FORM GSTR-1 , FORM GSTR-5 , FORM GSTR-5A , FORM GSTR-6 was decided
- Rate revision on certain items was done also

26th GST Council Meeting

- Further Introduction of Reverse charge mechanism was deferred for 3 months
- 6 months extended for exporters in tax exemption. Exporters who are enjoying the benefits from export promotion scheme will continue to get exemptions on imports by October 1. By then an e-wallet scheme is expected to be launched to make the process easier

27th GST Council Meeting

- It was decided that supply of warehoused goods before their clearance from the warehouse could not be subjected to levy of Integrated Tax and the same would be collected only when the warehoused goods are cleared for home consumption from the Custom bonded warehouse.
- The council notified the dates for implementation of intra-State e-way bill system
- Discussion regarding New GST Return took place

28th GST Council Meeting

- Further GST rates was revised on various goods and services
- Scope of input tax credit is being widened in respect of few services and goods
- Upper limit of turnover for opting for composition scheme was raised from Rs. 1 crore to Rs. 1.5 crore.
- Composition dealers was allowed to supply services (other than restaurant services), for upto a value not exceeding 10% of turnover in the preceding financial year, or Rs. 5 lakhs, whichever is higher.
- Amount of pre-deposit payable for filing of appeal before the Appellate Authority and the Appellate Tribunal to be capped at Rs. 25 Crores and Rs. 50 Crores, respectively.
- Textile industry would get refunds back from ITC paid
- The threshold exemption limit for registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand was increased to Rs. 20 Lakhs from Rs. 10 Lakhs.
- Suspension of RCM provision was extended further for 1 year

29th GST Council Meeting

- 20 % cashback on online B2C transactions via BHIM, RuPay and UPI was provided to encourage cashless transaction
- Discussion to address issues and concerns of Micro, Small & Medium Enterprises (MSME) in GST regime took place

30th GST Council Meeting

- There was a discussion on the 1% tax on commodities Pan India.

31st GST Council Meeting

- Further GST rates was revised on various goods and services
- New Simple GSTR sahaj and sugam would be available from 01.04.2019 on optional basis and from 01.07.2019 it shall be mandatory.
- If return is not filed for 2 consecutive tax period , E-way bill generation will be locked.
- HSN code is required to furnish only in case where value of a particular purchase comprises 10% or more of total value of inward supply.
- Annual Return Filling date was extended till 30.06.2019

- There will be single e-cash ledger for each GST separately.

#### 32nd GST Council Meeting

- A composition scheme would be made available for suppliers rendering either independent services or providing a mixed supply of goods & services with a turnover of up to Rs 50 lakhs p.a Tax rate - 6% (3% CGST + 3% SGST)
- The taxpayers under Composition Scheme would have to file one annual return but payment of taxes would remain quarterly.
- GST Council approved levy of 1% calamity cess on intra State supply of goods and services within the State of Kerala for a period of 2 years.
- The threshold limit for compulsory GST registration and payment of GST for goods has been increased from Rs. 20 lakhs to Rs. 40 lakhs and for North States it has been increased from Rs. 10 lakhs to Rs. 20 lakhs

#### 33rd GST Council Meeting

- Rates and provisions regarding availment of ITC on Real Estate were recommended
- GST rate on lottery was revised also

#### 34th GST Council Meeting

- Few more decisions regarding Real Estate was taken

#### 35th GST Council Meeting

- GST New Return prototype was recommended with their effective date of implementation
- Date of filling GST Annual Return was extended further
- Blocking of E-Way Bills on non-filing GSTR-3B/ GSTR-4 for two consecutive tax periods was extended from 21.06.2019 to 21.08.2019
- E-invoicing would be rolled out from January 2020

#### 36th GST Council Meeting

- GST Rate reduced on Electric Vehicles (EV) and Chargers or Charging Stations for Electric Vehicles
- E-buses (seating capacity exceeds 12 passengers) hired by all the local authorities would be exempted from GST.

#### 37th GST Council Meeting

- GST Rate on various Goods and Services was revised further
- Small Regular Tax Payers having Turnover of sale or/and Services in preceding FY upto Rs.2 Crore are not required to upload Annual Return in form no. GSTR-9 for the FY-2017-2018 and FY-2018-2019 as to give them relief
- Small Composition Tax Payers having Turnover of sale or/and Services in preceding FY upto Rs.2 Crore are not required to upload Annual Return in form no. GSTR-9A for the FY-2017-2018 and FY2018-2019 as it is abolished.
- Implementation of New GST returns Prototype in form no. GST Ret -1-Normal-Monthly, GST-Ret-1-Normal-Quarterly, Sahaj and Sugam has been extended further (Would be implemented April-2020.)

#### 38th GST Council Meeting

- Extension in Due Date of GST Returns for FY 2017-18
- The amount of ITC availed on a provisional basis was restricted to 10% (earlier it was 20%), where invoices or debit notes are not reflected in GSTR-2A.
- Formation of Grievance Redressal Committees (GRC) at Zonal/State level with both CGST and SGST officers and including representatives of trade and industry and other GST stakeholders (GST practitioners and GSTN etc) to address grievances of specific/ general nature of taxpayers at the Zonal/ State level.

- GST rate revised for Long term lease of industrial/ financial infrastructure plots , State run and State authorized lottery , woven and non-woven bags and sacks of polythene or polypropylene strips or the like , whether or not laminated, of a kind used for packing of goods including FIBC (HSN Code 3923/6305)

39th GST Council Meeting

- GST rate revised for Mobile Phones and specified parts , Handmade Matches , Other than Handmade Matches and Maintenance, Repair and Overhaul (MRO) services in respect of aircraft
- Relaxation to MSMEs was announced through making exempted from filing of GSTR 9C for F.Y 2018-19
- Extension in due date for implementation of E-invoicing and QR Code
- Certain class of registered persons (insurance company, banking company, financial institution, non-banking financial institution, GTA, passenger transportation service etc.) was announced as exempted category from issuing e-invoices or capturing dynamic QR code
- A new facility called ‘Know Your Supplier’ was announced to enable every registered person to have some basic information about the suppliers with whom they conduct or propose to conduct business.
- Extension of the time to finalize e-Wallet scheme up to 31.03.2021
- Deferment of New Return Prototype

40th GST Council Meeting

Various relaxations have been announced such as waiver or reduction of late fee and Interest for filling GSTR 3B , One time Extension in period for seeking revocation of cancellation of registration to mitigate the challenges faced by Industry due to COVID 19

From 22nd September 2016 to 12th June 2020, within these 3 years 40 GST Council Meetings have been conducted time to time to frame GST Rules, Provisions , Laws. Date of return submission has been extended time to time so that taxpayers can cope up with this new Indirect Tax Regime. Even the small taxpayers have been given relief in filling Annual Return. GST rate has been revised also time to time according to Economic Scenario. We are optimistic that GST will boost our Indian Economy in near future.