

# *The Government reaffirms the introduction of GST from 01 July and finalises pending rules*

June 18, 2017

## ***In brief***

After the end of the seventeenth meeting of the GST Council, the Government has categorically reiterated the introduction of GST from 01 July.

Considering the preparedness of the Industry, the GST Council has relaxed the return filing timelines for the first two months after the introduction of GST. The GST Council also finalised five sets of rules (except e-way bills) and the rate of tax on lottery, in addition to amending the rate of tax for the hospitality industry. The decision on the E way bills has been deferred and in the interim period, the States are allowed to follow the existing way bills provisions. The new registrations under GST would start from 25 June. The Government also clarified that the provisional GST Number allotted to the taxpayers would be the final GST Number and this would not change.

## ***In detail***

Some of the key developments arising out of the council meeting are as follows:

### ***Relaxation in due dates for filing initial returns:***

- The return in form GSTR 1 for reporting of invoice wise details of outward supplies for the month of July and August will now be required to be filed by 05 September and 20 September respectively. The facility for reporting invoice wise details of outward supplies will be available from 15 July onwards.
- The return in form GSTR 2 for reporting invoice wise details of inward supplies will be required to be filed

for the months of July and August by 10 September and 25 September respectively.

- The due date for submission of monthly return in form GSTR 3 for these months has not yet been declared.
- An additional monthly return in form 3B has been prescribed for the months of July and August and this return will contain the details of outward and inward supplies in the summary form. This return has to be filed by the taxpayer without requirement of any cross matching with the supplier's invoices and the invoice wise data is not

required to be furnished in this return. The taxpayer will be required to pay tax on the basis of details submitted in form 3B. This return has to be filed for July and August months by 20 August and 20 September respectively.

### ***Approval of the rules:***

- The GST council has finalised the following five sets of rules<sup>1</sup>:
  - Advance ruling,
  - Appeals and revisions,
  - Assessments and audits,
  - Anti-profiteering, and
  - Fund Settlement.
- Due to divergent views between the members of

<sup>1</sup> The rules were not available in public domain at the time of preparation of this alert.

Council, the decision on the E way bills has been deferred. In the interim period, the States are allowed to follow the existing way bill system as per the respective provisions in the State VAT laws.

- While the anti-profiteering rules and the fund settlement rules have been finalised by the GST Council, the draft rules were not provided for public comments before finalisation.

#### ***GST Rates:***

- GST rates on lottery are fixed as follows:
  - On State-run lottery – 12%
  - On Government authorised private lottery – 28%
- Revision in rate of tax for hotels:
  - The lower limit for applying the 28% rate of tax on accommodation in hotels etc is increased to INR 7500/- from INR 5000/-.
  - The rate of tax on food served in restaurants in such hotels is reduced from

the proposed 28% to 18%, keeping the tax rates at par with other air-conditioned restaurants.

#### ***Other decisions:***

- Credit of IGST paid on import of vessels would be allowed against output GST liability.
- As per the media briefing, anti-profiteering monitoring body to set up in July which will continue for two years. There will be two committees, a steering committee and an anti-profiteering committee. The steering committee will identify the cases and will refer them to the anti-profiteering committee for taking action.

The next meeting of GST Council is scheduled to be held on 30 June, to coincide with the official launch ceremony of GST on the evening of 30 June, 2017 at Delhi.

#### ***The takeaways***

##### ***PwC Comments:***

The Government has categorically laid to rest any hopes for the deferment of GST beyond 01 July.

Relaxation for initial return filing

requirements is quite welcome and gives extra time to GSTN as well as the industry to be ready. While the deferment of e-way bills is welcome, allowing States to continue the existing waybills system is a concern and it needs to be seen whether the check-posts at State borders will continue to function. There is no specific commitment on the timeline within which these rules will be finalised.

Clarity is still awaited on few issues such as the treatment of transactions between J&K and other states and supplies made from excise free zones. With 12 days to go, the task is now cut out for industry as well as the Government. Industry needs to plan its preparedness and immediately work on critical aspects which are “must to do” before 01 July and have clear timelines for other aspects which can be addressed post 01 July.

#### ***Let's talk***

For a deeper discussion of how this issue might affect your business, please contact your local PwC advisor

## ***Our Offices***

### ***Ahmedabad***

1701, 17th Floor, Shapath V,  
Opp. Karnavati Club,  
S G Highway,  
Ahmedabad – 380051  
Gujarat  
+91-79 3091 7000

### ***Hyderabad***

Plot no. 77/A, 8-2-624/A/1, 4th  
Floor, Road No. 10, Banjara Hills,  
Hyderabad – 500034  
Telangana  
+91-40 44246000

### ***Gurgaon***

Building No. 10, Tower - C  
17th & 18th Floor,  
DLF Cyber City,  
Gurgaon – 122002  
Haryana  
+91-124 330 6000

### ***Bengaluru***

6th Floor  
Millenia Tower 'D'  
1 & 2, Murphy Road, Ulsoor,  
Bengaluru – 560 008  
Karnataka  
+91-80 4079 7000

### ***Kolkata***

56 & 57, Block DN.  
Ground Floor, A- Wing  
Sector - V, Salt Lake  
Kolkata – 700 091  
West Bengal  
+91-033 2357 9101/  
4400 1111

### ***Pune***

7th Floor, Tower A - Wing 1,  
Business Bay, Airport Road,  
Yerwada, Pune – 411 006  
Maharashtra  
+91-20 4100 4444

### ***Chennai***

8th Floor  
Prestige Palladium Bayan  
129-140 Greaves Road  
Chennai – 600 006  
Tamil Nadu  
+91 44 4228 5000

### ***Mumbai***

PwC House  
Plot No. 18A,  
Guru Nanak Road (Station Road),  
Bandra (West), Mumbai – 400 050  
Maharashtra  
+91-22 6689 1000

### ***For more information***

Contact us at  
[pwctrs.knowledgemanagement@in.pwc.com](mailto:pwctrs.knowledgemanagement@in.pwc.com)

## ***About PwC***

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 223,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com).

In India, PwC has offices in these cities: Ahmedabad, Bengaluru, Chennai, Delhi NCR (Gurgaon), Hyderabad, Kolkata, Mumbai and Pune. For more information about PwC India's service offerings, visit [www.pwc.com/in](http://www.pwc.com/in)

PwC refers to the PwC International network and/or one or more of its member firms, each of which is a separate, independent and distinct legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

©2017 PwC. All rights reserved

## ***Follow us on:***



For private circulation only

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PwCPL, its members, employees and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it. Without prior permission of PwCPL, this publication may not be quoted in whole or in part or otherwise referred to in any documents.

© 2017 PricewaterhouseCoopers Private Limited. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Private Limited (a limited liability company in India having Corporate Identity Number or CIN : U74140WB1983PTC036093), which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity.