

# What's New

## News Flash



September 2017

### ***GST Council extends the timelines for compliance and amends the rate of tax for some goods***

In its 21<sup>st</sup> meeting, the GST Council decided to extend the due dates for submission of regular returns and also extended the requirement to file the summary return in Form 3B up to December, 2017. In addition, the Government also decided to amend the rates of specified goods. The major decisions of the Council are mentioned below<sup>1</sup>:

#### ***Extension in due dates for submission of returns:***

The changes are mentioned below in detail:

Sr. No.	Return	Detail	Tax period	Revised due date
1	Form GSTR 1	Monthly return for outward supplies	July, 2017	10 October, 2017
2	Form GSTR 2	Monthly return for inward supplies	July, 2017	31 October, 2017
3	Form GSTR 3	Monthly return	July, 2017	10 November, 2017
4	Form GSTR 4	Quarterly return for composition dealers <sup>2</sup>	July to September, 2017	18 October, 2017 (No change)
5	Form GSTR 6	Monthly return for input service distributor	July 2017	13 October, 2017
6	Form TRAN 1	Return for claiming transition related credits		31 October, 2017

\* The due date is 3 October, 2017 for registered persons with aggregate turnover in a State more than INR 1 billion.

- The summary return in Form 3B will be required to be filed for the months of August to December, 2017
- Form TRAN 1 can be revised once, after submission.
- The timelines for submission of returns for other months will be notified separately.

#### ***Other Compliance related changes:***

- **TDS:** The registrations for the persons liable to deduct tax at source and collect tax at source will commence from 18 September, 2017. However, date from which tax has to be deducted/ collected will be notified by the Council later.
- **Composition scheme:** A registered person, who could not opt for composition scheme can opt for composition scheme till 30 September, 2017. Such person will be permitted to avail composition scheme with effect from 1 October, 2017.
- **Registration for inter-state supply:** Any person, making inter-State supply of handicraft goods upto aggregate turnover of INR 2 million (INR 1 million in special category States except J&K) will not be liable for registration, if he has a Permanent Account Number and the goods move under the cover of an e-way bill, irrespective of value of the consignment.
- **Inter-state Job-work:** A job worker making inter-State supply of job work service to a registered person can claim threshold exemption, as long as the goods move under the cover of an e-way bill, irrespective of the value of the consignment. This option will not be available for job work in relation to jewellery, goldsmiths' and silversmiths' wares covered under Chapter 71 (which do not require e-way bill).

#### ***Amendment in rate:***

- The **Compensation cess** on automobiles has been increased as under:

- Cess on mid segment cars has been increased by 2%
- Cess on large cars has been increased by 5%
- Cess on SUVs has been increased by 7%.

The increase in cess is not applicable to hybrid cars, for whom, the rate of cess remains same as before. Further, there is no change in cess for small cars and 13 seater vehicles.

- The tax rates have been proposed to be reduced on several goods, including about 30 daily use items, dried tamarind, walnut, batter for idli/ dosa, raincoat, rubber bands etc. The rate of duty credit scrips is proposed to be reduced to 5%. Khadi fabric sold through KVIC stores has been exempted.
- The definition of '**works contract**' is proposed to be amended to cover all works contracts carried out for the Government.
- For food sector, the definition of **branded** food items is proposed to be inserted, according to which (i) goods which were sold under a registered brand name as on 15 May, 2017 under the IPR laws in India or any other country; or (ii) goods sold under a mark or a name, on which the seller is entitled to maintain an actionable claim or has exclusivity would attract GST @ 5%.

#### **Other administrative actions:**

- **GSTN:** A Committee of ministers will be formed to ensure smooth transformation takes place with respect to GSTN.
- **Exports:** A committee of the officers is to be formed to identify the embedded taxes in exports and to determine how it should be excluded or refunded.

#### **PwC Comments**

- The extension of time for filing the regular returns by one month is a significantly welcome relief for all categories of taxpayers (small, medium and large), who were struggling to submit the GSTR 1 returns due to various glitches in the GSTN system and connectivity issues. Now the industry would have sufficient time to prepare the data as per the GSTN requirements for smooth filing of the returns. More importantly, GSTN would have time to resolve the glitches, as well as strengthen the system.
- The extension of timeline for submission of Form TRAN 1 and the option to revise it once was a much awaited industry expectation. However, there is a dire need to provide an offline utility to prepare and submit Form TRAN 1, considering that voluminous data has to be filled in the various tables of Form TRAN 1. It is important to note that the transition credit can be claimed only after filing of TRAN 1. Thus, if a company files TRAN 1 on 31 October, the transition credit cannot be utilised for payment of GST for the months up to September 2017.
- The GST Council has spent most time on the GSTN issues and rate fitment and there has not been much deliberation on the anti-profiteering methodology and related aspects.

<sup>1</sup> At the time of preparation of this alert, the changes were not available in public domain and the alert has been prepared on the basis of press release issued by the Government. The formal notifications, providing exact nature of changes are awaited.

<sup>2</sup> In this return, table 4 is not required to be filed for the quarter July to September, 2017.

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