
Government removes requirement of payment of GST on advances received for supply of goods and allows manual filing of refund applications

November 16, 2017

In brief

The CBEC has issued notification nos. 55-66/2017-Central Tax, Circular no. 16/16/2017-GST, 17/17/2017-GST and order no. 9-10/2017-GST, all dated 15 November, 2017. While majority of the amendments give effect to the changes announced in the 23rd GST Council meeting, there are a few other significant relaxations, which were not specifically mentioned in the press note issued post the GST Council meeting. Further, in some cases, there are a few minor changes between the press release and the final notifications issued.

In detail

The key amendments are detailed below:

Payment of GST on advances received for supply of goods

The GST law provides for payment of GST at the time of receipt of advance towards supply of goods or services. Initially, notification no. 40/2017-Central Tax dated 13 October, 2017 was issued to remove the requirement of payment of GST on advance receipts towards supply of goods, for persons having turnover of less than INR 15 million in a year. *Vide* Notification no. 66/2017-Central Tax dated 15 November, 2017, this relaxation has been extended to all persons, except persons opting to pay GST under

composition scheme. It should be noted that this relaxation is applicable only on the advances received post 15 November, 2017 for supply of goods. Post this notification, the time of supply for goods would be the date of issue of invoice by the supplier (or the due date, by when the invoice needs to be issued). This would apply even in case of a change in rate of tax.

Manual submission of refund applications

Notification no. 55/2017-Central Tax dated 15 November, 2017 has made amendments in GST Rules. One of the most important changes is introduction of rule 97A, which permits submission of refund applications manually in Form GST RFD 01A. This procedure is

applicable for refund of IGST paid on supplies made to SEZ or exports of services as well as refund of unutilised input tax credits on inputs or input services used in making zero-rated sales. The procedure for process of refund claim has also been listed in detail in circular no. 17/17/2017-GST dated 15 November, 2017. The procedure has largely remained the same as provided earlier. The circular mentions that the provisional refund should be granted in seven days from the date of issue of acknowledgement (which is required to be issued within fifteen days of filing of the complete application) and the final refund order should be issued within sixty days of the date of receipt of the complete application form.

Changes in due dates for submission of returns:

Return	Period	Description of Return	Due date as per the press release	Final due dates as per the notification	Notification number
GSTR 5	July-October, 2017	Return for non-resident taxable persons	11 December, 2017 for July, 2017. No due date prescribed for other months.	11 December, 2017 for all the months from July, 2017 to October, 2017	60/2017-Central Tax
GSTR 5A	July-October, 2017	Return for person providing OIDAR service from outside India to a unregistered person in India	15 December, 2017 for July, 2017. No due date prescribed for other months.	15 December, 2017 for all the months from July, 2017 to October, 2017	61/2017-Central Tax
Tran 1 (Original as well as revised)		Return for transition credits	31 December, 2017	27 December, 2017	Order no. 9-10/2017-GST

PwC Comments

- The relaxation granted from payment of GST on advances received for supply of goods is a great relief to the industry. This requirement was not only resulting in additional compliance and record keeping requirements but was also a cash flow issue since credit of such GST is available to the recipient only on receipt of goods/ services. However, this relaxation has not been

extended to advances for supply of services, which also has similar challenges.

However, the requirement to issue an advance receipt voucher at the time of receipt of advance remains.

- The facility of submission of manual refund claims is another taxpayer friendly measure for expeditious processing of the refund claims of taxes paid/ input tax credits. This will be a boost,

mainly to exporters, who are awaiting refunds of tax paid on exports or input tax refunds for the past few months.

However, it is important that the refunds are sanctioned quickly without much delay to redress the cash flow issue of the exporters.

Let's talk

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

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