

# GOODS & SERVICES TAX UPDATE – 1

## CENTRAL GOODS & SERVICES TAX (CGST)

### Some sections of CGST Act, 2017 to come into effect from 22.06.2017

Central Government vide [Notification No. 01/2017-Central Tax, dt. 19-06-2017](#) has provided 22<sup>nd</sup> June 2017 on which the following sections of CGST Act, 2017 will come into force:

Section No.	Description
1	Short title, extent and commencement
2	Definitions
3	Officers under this Act
4	Appointment of officers
5	Powers of officers
10	Composition levy
22	Persons liable for registration
23	Persons not liable for registration
24	Compulsory registration in certain cases
25	Procedure for registration
26	Deemed registration
27	Special provisions relating to casual taxable person and non-resident taxable person
28	Amendment of registration
29	Cancellation of registration
30	Revocation of cancellation of registration
139	Migration of existing taxpayers
146	Common Portal
164	Power of Government to make rules

[\[Notification No. 01/2017-Central Tax, dt. 19-06-2017\]](#)

*Comment: To enable smooth transition and preparedness for GST w.e.f 1<sup>st</sup> July 2017.*

### Jurisdiction of Central Tax Officers

Central Government vide [Notification No. 02/2017-Central Tax, dt. 19-06-2017](#) has in exercise of the powers conferred under section 3 read with section 5 of the Central Goods and Services Tax Act, 2017 and section 3 of the Integrated Goods and Services Tax Act, 2017 appointed various Central Tax Officers and vested them with all the powers under both the said Acts and the rules made thereunder with respect to the jurisdiction specified. The detailed breakup of designation and respective jurisdiction are available on [www.cbec.gov.in](http://www.cbec.gov.in).

[\[Notification No. 02/2017-Central Tax, dt. 19-06-2017\]](#)

### CGST Rules, 2017 on Composition & Registration notified

By exercising the powers conferred by Section 164 of the CGST Act, 2017, Central Government vide [Notification No. 03/2017-Central Tax, dt. 19-06-2017](#) has notified Central Goods and Services Tax Rules, 2017 w.e.f 22<sup>nd</sup> June 2017. The Central Goods and Services Tax Rules, 2017 include:

Chapter No.	Description
I	<a href="#">Effective Date and Definitions</a>
II	<a href="#">Composition Rules</a>
III	<a href="#">Registration Rules</a>

The Rules and the formats provided therein are final to the effect and required to be adhered for Composition Levy and Registration purposes.

[\[Notification No. 03/2017-Central Tax, dt. 19-06-2017\]](#)

*Comment: By notifying the final Composition Rules and Registration Rules well in advance the government is ensuring to plug the interpretive queries. With Registration Sections and Rules in place migration from existing regime to the GST regime would be less cumbersome and pro-assessee.*

### Goods & Services Tax Electronic portal notified

Central Government vide [Notification No. 04/2017-Central Tax, dt. 19-06-2017](#) has w.e.f 22<sup>nd</sup> June 2017 notified [www.gst.gov.in](http://www.gst.gov.in) as the Common Goods and Services Tax Electronic Portal for facilitating registration, payment of tax, furnishing of returns, computation and settlement of integrated tax and electronic way bill both under the CGST Act, 2017 as well as the IGST Act, 2017. This website i.e. [www.gst.gov.in](http://www.gst.gov.in) would be managed by the Goods and Services Tax Network, a company incorporated under the provisions of section 8 of the Companies Act, 2013.

[\[Notification No. 04/2017-Central Tax, dt. 19-06-2017\]](#)

*Comment: The GST portal needs to be in place prior to GST implementation as registration, payment, refunds, returns etc. are to be managed through the common portal itself to do away with manual processes under existing regime.*

### Persons making taxable supplies liable to tax under reverse charge exempt from taking Registration

Central Government vide [Notification No. 05/2017-Central Tax, dt. 19-06-2017](#) has w.e.f 22<sup>nd</sup> June 2017 amended section 23 of CGST Act, 2017 to include the persons who are only engaged in making supplies of taxable goods or services or both, the total tax on which is liable to be paid on reverse charge basis by the recipient of such goods or services or both under section 9(3) of the CGST Act, 2017 in the category of persons exempted from obtaining registration under the aforesaid Act.

[\[Notification No. 05/2017-Central Tax, dt. 19-06-2017\]](#)

*Comment: As the tax is required to be paid by the recipient of taxable goods or services or both, it is*

logical to exempt the supplier of such goods or services or both from getting registered under the CGST Act, 2017.

### **Additional modes of Verification of electronic documents notified**

Rule 26(1) of the CGST Rules, 2017 to be effective from 22nd June 2017 provides that all applications, including reply, if any, to the notices, returns including the details of outward and inward supplies, appeals or any other document required to be submitted under the provisions of these rules shall be so submitted electronically with digital signature certificate or through e-signature as specified under the provisions of the Information Technology Act, 2000 or verified by any other mode of signature or verification as notified by the Board in this behalf.

In this regard, Central Government vide [Notification No. 06/2017-Central Tax, dt. 19-06-2017](#) has w.e.f 22<sup>nd</sup> June 2017 provided the following additional modes of verification, for the purpose of the Rule 26: -

- i. Aadhaar based Electronic Verification Code (EVC);
- ii. Bank account based One Time Password (OTP):

It is important to note that where the mode of authentication of any document is through any of the aforesaid modes, such verification will be done within 2 days of furnishing the documents.

[\[Notification No. 06/2017-Central Tax, dt. 19-06-2017\]](#)

## **INTEGRATED GOODS & SERVICES TAX (IGST)**

### **Some sections of IGST Act, 2017 to come into effect from 22.06.2017**

Central Government vide [Notification No. 01/2017-Integrated Tax, dt. 19-06-2017](#) has provided 22<sup>nd</sup> June 2017 as the date on which the following sections of IGST Act, 2017 will come into force:

<b>Section No.</b>	<b>Description</b>
<b>1</b>	Short title, extent and commencement
<b>2</b>	Definitions
<b>3</b>	Appointment of officers
<b>14</b>	Special provision for payment of tax by a supplier of online information and database access or retrieval services
<b>20</b>	Application of provisions of Central Goods and Services Tax Act
<b>22</b>	Power to make rules

[\[Notification No. 01/2017-Integrated Tax, dt. 19-06-2017\]](#)

**Registration in case of online information and database access or retrieval services provided or agreed to be provided by a person located in non-taxable territory and received by a non-taxable online recipient.**

Central Government vide [Notification No. 02/2017-Integrated Tax, dt. 19-06-2017](#) has w.e.f 22<sup>nd</sup> June 2017 notified the Principal Commissioner of Central Tax, Bengaluru West and all the officers subordinate to him as the officers empowered to grant registration in case of online information and database access or retrieval services provided or agreed to be provided by a person located in non-taxable territory and received by a non-taxable online recipient.

[\[Notification No. 02/2017-Integrated Tax, dt. 19-06-2017\]](#)

Source: [www.cbec.gov.in](http://www.cbec.gov.in)

**17<sup>th</sup> GST COUNCIL MEETING**

At the 17<sup>th</sup> meeting of GST Council held on 18<sup>th</sup> June 2017 the following important decisions were taken:

- a) It was categorically decided to implement GST from 1st July 2017. There will be a special launch of GST on the mid-night of 30th June and 1st July 2017.
- b) Relaxation in Return filing time-lines for first 2 months: A summary return (single page) form in GSTR-3B will required to be filed on self-declaration basis for first 2 month i.e. July and August by 20th day of next month. i.e. for the month of July, a summary return needs to be filed by 20th August after paying appropriate taxes, and for the month of August, the same needs to be filed by 20th September.  
However, GSTR-1 with invoice level details needs to be filed for the month of July by 5th September, and for the month of August by 20th September. GSTR-2 and GSTR-3 for these 2 months will be filed thereafter. It means matching for 1st two months of July & August will take place only after 5th/20th September respectively.
- c) In the previous GST Council meeting, the threshold for the composition scheme was raised to Rs. 75 lakh from the earlier decided level of Rs. 50 lakh for other states. The threshold limit for the composition scheme for special category states has also been decided. Barring Uttarakhand, which has opted for a Rs. 75 lakh threshold for the composition scheme, the Rs. 50 lakh threshold will continue for all other special category states except for Jammu & Kashmir.
- d) 3 products have been added in negative list of Composition Scheme, which means for manufacture of following 3 products composition scheme will not be available.
  - Ice cream
  - Pan masala
  - Tobacco
- e) Anti-profiteering Rules, Advance Ruling Rules, Appeals and Revision Rules and Assessment and Audit Rules were approved.
- f) Till such time an E-way bill system is developed and approved by the Council, the Government may, by notification, specify the documents that the person in charge of a conveyance carrying any consignment of goods shall carry while the goods are in movement or in transit storage.

- g) New Registration in GST will commence from 25th June 2017.
- h) Relaxation in tax rate for hotels with tariff between 5000-7499: Reduced tax rate of 18% will apply on the hotels with tariff between Rs. 5000 to Rs. 7499. Restaurants in these hotels will also be taxable at 18% which were earlier proposed to be taxed @28%.
- i) State-run lotteries will be taxed at 12% and State authorised (Private) lotteries will be taxed at 18%.
- j) IGST rate of 5% on Ship with full ITC will be applicable.

The next meeting of council is scheduled on 30<sup>th</sup> June 2017.

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