

# GOODS & SERVICES TAX UPDATE – 4

## CENTRAL GOODS & SERVICES TAX (CGST) - Rate

### CGST Rate Schedule of Goods notified with effect from 01.07.2017

Central Government vide [Notification No. 01/2017-Central Tax \(Rate\), dt. 28-06-2017](#) has w.e.f 1<sup>st</sup> July 2017 notified CGST rates for intra-State supplies of goods categorized into six schedules as follows:

Schedule	Rate of CGST
I	2.5%
II	6%
III	9%
IV	14%
V	1.5%
VI	0.125%

Further, the following has also been notified vide different notifications:

S. No.	Particulars	Notification No.
1.	Schedule of goods whose intra-state taxable supplies are <b>exempt</b> from the whole of the central tax leviable thereon under section 9 of the Central Good and Services Tax Act, 2017	<a href="#">Notification No. 02/2017-Central Tax (Rate), dt. 28-06-2017</a>
2.	Goods in respect of which <b>no refund of unutilized input tax credit</b> shall be allowed, where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on the output supplies of such goods (other than nil rated or fully exempt supplies) u/s 54(3).	<a href="#">Notification No. 05/2017-Central Tax (Rate), dt. 28-06-2017</a>

[\[Notification No. 01/2017-Central Tax \(Rate\), dt. 28-06-2017, Notification No. 02/2017-Central Tax \(Rate\), dt. 28-06-2017, Notification No. 04/2017-Central Tax \(Rate\), dt. 28-06-2017 & Notification No. 05/2017-Central Tax \(Rate\), dt. 28-06-2017\]](#)

### CGST Exemption limit for Reverse Charge transactions notified

Section 9(4) of the CGST Act 2017 provides that central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

Thus in order to provide marginal relief to Registered Taxable person, Central Government vide [Notification No. 08/2017-Central Tax \(Rate\), dt. 28-06-2017](#) has w.e.f 1<sup>st</sup> July 2017 exempted supplies of goods or service or both received by a registered person from any or all such unregistered supplier(s) if the aggregate value of such supplies

does not exceed Rs. 5000 **in a day**.

[\[Notification No. 08/2017-Central Tax \(Rate\), dt. 28-06-2017\]](#)

### Supplies to a TDS deductor by an unregistered supplier exempt

Section 51 of the CGST Act, 2017 requires a department or establishment of the Central Government or State Government, local authority, Governmental agencies or such persons or category of persons as may be notified by the Government on the recommendations of the Council to deduct TDS @ 1% from the payment made or credited to the supplier of taxable goods or services or both, where the total value of such supply, under a contract, exceeds Rs. 2,50,000.

Further section 9(4) of the CGST Act, 2017 requires a registered person to pay taxes under reverse charge upon purchases made from unregistered suppliers. In this regard, Central Government vide [Notification No. 09/2017-Central Tax \(Rate\), dt. 28-06-2017](#) has w.e.f 1<sup>st</sup> July 2017 has exempted intra-State supplies of goods or services or both received by a deductor under section 51 from an unregistered supplier. This is subject to the condition that TDS deductor is not liable to be registered otherwise then by way of Compulsory registration under CGST Act, 2017.

[\[Notification No. 09/2017-Central Tax \(Rate\), dt. 28-06-2017\]](#)

### Exemption to dealers operating under Margin Scheme

Central Government vide [Notification No. 10/2017-Central Tax \(Rate\), dt. 28-06-2017](#) has exempted intra-State supplies of second hand goods received by a registered person (who deals in buying and selling of second hand goods and pays the central tax on the value of outward supply of such secondhand goods) from an unregistered supplier from the whole of the central tax leviable thereon under reverse charge mechanism.

In other words, the dealers operating under Margin Scheme making purchases from unregistered dealers are exempted from payment of tax under reverse charge.

[\[Notification No. 10/2017-Central Tax \(Rate\), dt. 28-06-2017\]](#)

### CGST Rate Schedule of Services notified with effect from 01.07.2017

Central Government vide [Notification No. 11/2017-Central Tax \(Rate\), dt. 28-06-2017](#) has w.e.f 1<sup>st</sup> July 2017 notified CGST rates for intra-State supplies of services subject to specified conditions.

Further, the following has also been notified vide different notifications subject to specified conditions:

<b>S. No.</b>	<b>Particulars</b>	<b>Notification No.</b>
1.	Schedule of services whose intra-state taxable supplies are <b>exempt</b> from the whole of the central tax leviable	<a href="#">Notification No. 12/2017-Central Tax (Rate), dt. 28-06-</a>

	thereon under section 9 of the Central Good and Services Tax Act, 2017	<a href="#">2017</a>
2.	<b>No refund of unutilized input tax credit</b> shall be allowed u/s 54(3) in respect of services Relating to construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.	<a href="#">Notification No. 15/2017-Central Tax (Rate),dt. 28-06-2017</a>

[\[Notification No. 11/2017-Central Tax \(Rate\), dt. 28-06-2017, Notification No. 12/2017-Central Tax \(Rate\), dt. 28-06-2017 & Notification No. 15/2017-Central Tax \(Rate\),dt. 28-06-2017\]](#)

**Goods or services on which tax will be payable under reverse charge mechanism under CGST Act**

Central Government vide [Notification No. 04/2017-Central Tax \(Rate\), dt. 28-06-2017](#) has w.e.f 1<sup>st</sup> July 2017 provided that CGST on needs to be paid on the reverse charge basis **completely (100%)** by the recipient of such goods. The detailed list of such goods is as follows:

<b>S. No.</b>	<b>Description of supply of goods</b>	<b>Supplier of goods</b>	<b>Recipient of supply</b>
<b>i.</b>	Cashew nuts, not shelled or peeled	Agriculturist	Any registered person
<b>ii.</b>	Bidi wrapper leaves (tendu)	Agriculturist	Any registered person
<b>iii.</b>	Tobacco leaves	Agriculturist	Any registered person
<b>iv.</b>	Silk yarn	Any person who manufactures silk yarn from raw silk or silk worm cocoons for supply of silk yarn	Any registered person
<b>v.</b>	Supply of lottery	State Government, Union Territory or any local authority	Lottery distributor or selling agent

Central Government vide [Notification No. 13/2017-Central Tax\(Rate\), dt. 28-06-2017](#) has w.e.f 1<sup>st</sup> July 2017 provided the category of services on which CGST needs to be paid on the reverse charge basis **completely (100%)** by the recipient of such services. The detailed list of such services is as follows:

<b>S. No.</b>	<b>Supplier of service</b>	<b>Category of Supply of Services</b>	<b>Recipient of Service</b>
<b>vi.</b>	Goods Transport Agency (GTA)	Supply of Services by a goods transport agency (GTA) in respect of transportation of goods by road to- (a) any factory registered under or governed by the Factories Act, 1948 or (b) any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India;	(a) any factory registered under or governed by the Factories Act, 1948 or (b) any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India; or (c) any co-operative society

		<p>or</p> <p>(c) any co-operative society established by or under any law; or</p> <p>(d) any person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act; or</p> <p>(e) any body corporate established, by or under any law; or</p> <p>(f) any partnership firm whether registered or not under any law including association of persons; or</p> <p>(g) any casual taxable person.</p>	<p>established by or under any law; or</p> <p>(d) any person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act; or</p> <p>(e) any body corporate established, by or under any law; or</p> <p>(f) any partnership firm whether registered or not under any law including association of persons; or</p> <p>(g) any casual taxable person</p> <p><b><i>located in the taxable territory</i></b></p>
<b>vii.</b>	An individual advocate including a senior advocate or firm of advocates	Services supplied by an individual advocate including a senior advocate by way of representational services before any court, tribunal or authority, directly or indirectly, to any business entity located in the taxable territory, including where contract for provision of such service has been entered through another advocate or a firm of advocates, or by a firm of advocates, by way of legal services, to a business entity.	Any business entity located in the taxable territory.
<b>viii.</b>	An arbitral tribunal	Services supplied by an arbitral tribunal to a business entity	Any business entity located in the taxable territory
<b>ix.</b>	Any person	Services provided by way of sponsorship to any body corporate or partnership firm	Any body corporate or partnership firm located in the taxable territory
<b>x.</b>	Central Government, State Government, Union territory or local authority	Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding, - (1) renting of immovable property, and (2) services specified below- (i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers	Any business entity located in the taxable territory
<b>xi.</b>	A director of a company or a body corporate	Services supplied by a director of a company or a body corporate to the said company or the body corporate	The company or a body corporate located in the taxable territory
<b>xii.</b>	An insurance agent	Services supplied by an insurance agent to any person carrying on insurance business	Any person carrying on insurance business, located in the taxable territory
<b>xiii.</b>	A recovery agent	Services supplied by a recovery agent to a banking company or a financial institution or a nonbanking financial company	A banking company or a financial institution or a non-banking financial company, located in the taxable

			territory
xiv.	Author or music composer, photographer, artist, or the like	Supply of services by an author, music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary, dramatic, musical or artistic works to a publisher, music company, producer or the like	Publisher, music company, producer or the like, located in the taxable territory

[\[Notification No. 13/2017-Central Tax\(Rate\), dt. 28-06-2017\]](#)

### Categories of services on which tax will be payable by Electronic Commerce Operator

Central Government vide [Notification No. 17/2017-Central Tax \(Rate\), dt. 28-06-2017](#) has notified the following category of services for which CGST needs to be paid by the electronic commerce operator –

- (i) services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motorcycle;
- (ii) services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration under sub-section (1) of section 22 of the said Central Goods and Services Tax Act.

[\[Notification No. 17/2017-Central Tax \(Rate\), dt. 28-06-2017\]](#)

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

### Disclaimer

*Information published in the update are taken from publicly available sources and believed to be accurate. The Indirect Taxes Committee of ICAI takes no responsibility of accuracy and reliability of information published in the newsletter. No part of this update may be reproduced, stored in a retrieval system, or transmitted in any form or by any means – electronic, mechanical, photocopying, recording, or otherwise without the permission of Indirect Taxes Committee of ICAI.*

### ICAI Feedback

*The GST Update is an endeavour of the Indirect Taxes Committee to apprise the readers about the amendments made in various central indirect tax laws vide significant notifications, circulars etc. We welcome your feedback on the Update and its contents. Please email at [itdc@icai.in](mailto:itdc@icai.in) for feedback.*

You can also write to:

Secretary

Indirect Taxes Committee

The Institute of Chartered Accountants of India

*ICAI Bhawan A-29, Sector -62,  
NOIDA (U.P.) India  
Website: [www.idtc.icai.org](http://www.idtc.icai.org)*