

GST

NACIN as the authority for conducting the examination for GST Practitioners under rule 83 (3) of the CGST Rules, 2017

Sub rule (3) of Rule 83 provides that no person enrolled as Goods and Services Tax practitioner shall be eligible to remain enrolled unless he passes such examination conducted at such periods and by such authority as may be notified by the Government.

Therefore, in exercise of such power the Central Government *vide Notification No. 24 /2018 – Central Tax dated 28th May, 2018* has notified the National Academy of Customs, Indirect Taxes and Narcotics, Department of Revenue, Ministry of Finance, Government of India, as the authority to conduct the examination.

[Notification No. 24 /2018 – Central Tax dated 28th May, 2018]

Recipient is liable to pay tax under Reverse Charge on purchase of Priority Sector Lending Certificate

The Central Government *vide Notification No. 11/2018-Central Tax (Rate) dated 28th May, 2018* has amended the Notification No.4/2017-Central Tax (Rate), dated the 28th June, 2017 by inserting S. no. 7 which has provided that on supply of Priority Sector Lending Certificate by a registered supplier tax shall be payable by the recipient of such supply who is a registered under GST.

Priority Sector Lending is an important role given by the Reserve Bank of India (RBI) to the banks for providing a specified portion of the bank lending to few specific sectors like agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections.. This is essentially meant for an all-round development of the economy as opposed to focusing only on the financial sector.

[Notification No. 11/2018-Central Tax (Rate) dated 28th May, 2018]

Central Goods and Services tax (Fifth Amendment) Rules, 2018

The Central Government *vide Notification No. 26/2018 –GST dated 13th June, 2018* has notified following rules further to amend the Central Goods and Service Tax Rules ,2017.

Particulars	Existing provision	Revised provision
Insertion in Rule : 37 Reversal of input tax credit in the case of non-payment of consideration	-	New proviso in Rule 37 has been inserted to provide that that the value of supplies on account of any amount added in accordance with the provisions of clause (b) of sub-section (2) of section 15 shall be

		<p>deemed to have been paid for the purposes of the second proviso to sub-section (2) of section 16.</p> <p><i>Remarks: With the insertion of this proviso any amount that the supplier is liable to pay in relation to supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both shall be deemed to have been paid and no reversal of input tax credit on such amount is required to be made in case recipient fails to pay to the supplier the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice.</i></p>
<p>Substitution in proviso to sub-rule (3) of Rule : 83 Provisions relating to a goods and services tax practitioner</p>	<p>Provided that no person to whom the provisions of clause (b) of sub-rule (1) apply shall be eligible to remain enrolled unless he passes the said examination within a period of one year from the appointed date</p>	<p>Provided further that no person to whom the provisions of clause (b) of sub-rule (1) apply shall be eligible to remain enrolled unless he passes the said examination within a period of eighteen months from the appointed date.</p> <p><i>Remarks: By this amendment, a person who was enrolled as a sales tax practitioner or tax return preparer under the earlier law for a period of not less than five years shall be eligible to remain enrolled unless he passes the said examination within a period of 18 months from the appointed date. Earlier he was required to pass the said examination within a period of one year.</i></p>
<p>Substitution in sub-rule (5) of Rule: 89 Refund of input tax credit on account of</p>	<p>Maximum Refund Amount = {(Turnover of inverted rated supply of goods) x Net ITC ÷ Adjusted Total</p>	<p>Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) x Net ITC ÷ Adjusted Total Turnover} - tax</p>

<p>inverted duty structure.</p>	<p>Turnover} - tax payable on such inverted rated supply of goods</p>	<p>payable on such inverted rated supply of goods and services.</p> <p>The above change has been given a retrospective effect from 01.07.2017.</p>
<p>Substitution in clause (a) of sub- rule (3) of Rule 95: Refund of tax to certain persons.</p>	<p>Refund of tax paid by the applicant was available only if the price of supply covered under a single tax invoice exceeds Rs. 5000.</p>	<p>Now, this condition has been omitted from the said rule therefore, no condition of amount of invoice to claim refund.</p> <p>The above change has been given a retrospective effect from 01.07.2017.</p>
<p>Insertion of proviso in sub- rule (1) of Rule 97: Consumer Welfare Fund</p>	<p>-</p>	<p>All amounts of duty/central tax/integrated tax /Union territory tax/cess and income from investment along with other monies specified under C.E Act, CGST Act,2017; IGST Act,2017; UTGST Act,2017 and Compensation to States Act, 2017 shall be credited to the Fund</p> <p>“Provided that an amount equivalent to fifty per cent of the amount of cess determined under sub-section (5) of section 54 read with section 11 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017), shall be deposited in the Fund.</p>
<p>Substitution of clause (3) in Rule 133 : Order of the Authority</p>	<p>Where the Authority determines that a registered person has not passed on the benefit of the reduction in the rate of tax on the supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices, the Authority may order</p> <p>(a) reduction in prices;</p>	<p>Where the Authority determines that a registered person has not passed on the benefit of the reduction in the rate of tax on the supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices, the Authority may order-</p> <p>(a) reduction in prices;</p> <p>(b) Return to the recipient, an amount equivalent to the amount not</p>

	<p>(b) Return to the recipient, an amount equivalent to the amount not passed on by way of commensurate reduction in prices along with interest at the rate of 18%. from the date of collection of the higher amount till the date of the return of such amount or recovery of the amount including interest not returned, as the case may be; in case the eligible person does not claim return of the amount or is not identifiable, and depositing the same in the fund referred to in section 57</p> <p>(c) imposition of penalty as specified under the Act; and</p> <p>(d) cancellation of registration under the Act</p>	<p>passed on by way of commensurate reduction in prices along with interest at the rate of eighteen per cent. from the date of collection of the higher amount till the date of the return of such amount or recovery of the amount including interest not returned, as the case may be; in case the eligible person does not claim return of the amount or is not identifiable, and depositing the same in the fund referred to in section 57</p> <p>(c) The deposit of an amount equivalent to 50% of the amount determined under the above clause in the Fund constituted under section 57 and the remaining fifty per cent of the amount in the Fund constituted under section 57 of the Goods and Services Tax Act, 2017 of the concerned State, where the eligible person does not claim return of the amount or is not identifiable;</p> <p>(d) imposition of penalty as specified under the Act; and</p> <p>(e) cancellation of registration under the Act.</p> <p>Explanation: For the purpose of this sub-rule, the expression, —concerned State means the State in respect of which the Authority passes an order.</p> <p><i>Remarks: Amendment in the rule has been made to provide that the funds ordered to be paid by such authority shall be shared equally by Center & the concerned State.</i></p>
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<p>Insertion of clause (o) in sub-rule (14) of Rule 138: E-way bill.</p>	<p>-</p>	<p>A new clause (o) has been inserted to the list of specified goods on which no e-way bill is required to be generated</p> <p>Clause (o) contains “empty cylinders for packing of liquefied petroleum gas are being moved for reasons other than supply.”</p> <p><i>Remarks: Empty cylinders sent by the fabricator are not eligible for this relaxation which is only available between bolting plant and the distributor-dealer-consumer network which meets the conditions prescribed.</i></p>
<p>Insertion of sl. No 10 in instructions to Form GSTR 4 (A quarterly return to be filed by the composition suppliers)</p>	<p>-</p>	<p>Serial 4A of Table 4 which requires information about Inward supplies received from a registered supplier (other than supplies attracting reverse charge) is not required to be furnished for the tax periods July, 2017 to September, 2017, October, 2017 to December, 2017, January, 2018 to March, 2018 and April, 2018 to June, 2018.</p>
<p>Insertion in Form GST PCT-01 (Application for Enrolment as Goods and Services Tax Practitioner)</p>	<p>-</p>	<p>Enrolment sought as:</p> <p>11. Sales Tax practitioner under existing law for a period of not less than five years</p> <p>12. Tax return preparer under existing law for a period of not less than five years]</p>
<p>Form GST- RFD-01</p>	<p>-</p>	<p>Changes have been made in the said form in the Statement related to the refund of accumulated ITC due to inverted tax structure. This is to make</p>

		the form in line with the changes made in the formula for calculating Refund. Similar change has been made in RFD – 01A for online filing.
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[Notification No. 26/2018 –GST dated 13th June, 2018]

Clarifications on refund related issues

The Central Government vide *Circular no. 45/19/2018-GST dated 30th May, 2018* with a view to ensure uniformity in the implementation of the provisions of the law across the field formations has clarified certain Refund related issues which are as follows:

1. Claim for refund filed by an Input Service Distributor, composition taxpayer or a non-resident taxable person:

It is clarified that in case of a claim for refund of balance in the electronic cash ledger filed by an ISD or a composition taxpayer; and the claim for refund of balance in the electronic cash and/or credit ledger by a non-resident taxable person, the filing of the details in FORM GSTR-1 and the return in FORM GSTR-3B is not mandatory. Instead, the return in FORM GSTR-4 filed by a composition taxpayer, the details in FORM GSTR-6 filed by an ISD and the return in FORM GSTR-5 filed by a non-resident taxable person shall be sufficient for claiming the said refund.

2. Application for refund of integrated tax paid on export of services and supplies made to a Special Economic Zone developer or a Special Economic Zone unit:

It is clarified that for the tax periods commencing from 01.07.2017 to 31.03.2018, such exporters shall be allowed to file the refund application in FORM GST RFD-01A on the common portal subject to the condition that the amount of refund of integrated tax/cess claimed shall not be more than the aggregate amount of integrated tax/cess mentioned in the Table under columns 3.1(a), 3.1(b) and 3.1(c) of FORM GSTR-3B filed for the corresponding tax period.

3. Refund of unutilized input tax credit of compensation cess availed on inputs in cases where the final product is not subject to the levy of compensation cess:

- It is clarified that a registered person making zero rated supply under bond or LUT may claim refund of unutilized credit including that of compensation cess paid.

- Such registered persons may also make zero-rated supply on payment of integrated tax but they cannot utilize the credit of the compensation cess paid on coal for payment of integrated tax in view of the proviso to section 11(2) of the Cess Act, which allows the utilization of the input tax credit of cess, only for the
- **For example:** Cess is levied on coal, which is an input for the manufacture of aluminum products, whereas cess is not levied on aluminum products. Therefore in this case if aluminum is exported under bond or LUT than he may claim refund of unutilized credit including that of compensation cess paid. However if exporter has exported on payment of integrated tax than he cannot utilize the credit of the compensation cess paid on coal for payment of integrated tax in view of the proviso to section 11(2) of the Cess Act which seems to be discriminatory.

Comment: It is an interesting that unlike Cen vat Credit Rules, GST appears to permit credit of cess paid on inputs though the corresponding output is not liable to cess. Cellular Operators Association of India decision of Delhi HC (2018-TIOL-310-HC-DEL-ST) refers.

4. Whether bond or Letter of Undertaking (LUT) is required in the case of zero rated supply of exempted or non-GST goods and whether refund can be claimed by the exporter of exempted or non-GST goods:

In case of zero rated supply of exempted or non-GST goods, the requirement for furnishing a bond or LUT cannot be insisted upon. It is thus, clarified that in respect of refund claims on account of export of non-GST and exempted goods without payment of integrated tax; LUT/bond is not required. Such registered persons exporting non GST goods shall comply with the requirements prescribed under the earlier law (i.e. Central Excise Act, 1944 or the VAT law of the respective State) or under the Customs Act, 1962, if any. Further, exporter would be eligible for refund of unutilized input tax credit of central tax, state tax, union territory tax, integrated tax and compensation cess in such cases.

Comment: Non-GST products appear to be eligible for zero-rated benefit though the same Products sold domestically are barred from credit under 17(2) of CGST Act. Given this view taken by the Government, technicalities of conflict between 16(2) of IGST Act and 17(2) of CGST Act become academic

5. What is the scope of the restriction imposed by rule 96(10) of the CGST Rules, regarding non-availment of the benefit of notification Nos. 48/2017-Central Tax dated the 18.10.2017, 40/2017-Central Tax (Rate) dated 23.10.2017, 41/2017-Integrated Tax (Rate) dated 23.10.2017, 78/2017-Customs dated 13.10.2017 or 79/2017-Customs dated 13.10.2017:

The said restriction is not applicable to an exporter who has procured goods from suppliers who have not availed the benefits of the specified notifications for making their outward supplies. Further, the said restriction is also not applicable to an exporter who has procured goods from suppliers who have, in turn, received goods from registered persons availing the benefits of these notifications since the exporter did not directly procure these goods without payment of tax or at reduced rate of tax. There might be a scenario where a manufacturer might have imported capital goods by availing the benefit of Notification No. 78/2017-Customs dated 13.10.2017 or 79/2017-Customs dated 13.10.2017. Thereafter, goods manufactured from such capital goods may be supplied to an exporter. It is hereby clarified that this restriction does not apply to such inward supplies of an exporter.

[Circular no. 45/19/2018-GST dated 30th May, 2018]

Applicable GST rate on Priority sector lending certificates (PSLCs) Renewable Energy Certificates (RECs) and other similar Scrips

The Central Government vide [Circular No. 46 /20/2018 –GST dated 6th June, 2018](#) has clarified regarding the applicable rate of GST on various Scrips/ Certificates like RECs, PSLCs etc. It is hereby clarified that Renewable Energy Certificates (RECs) and Priority Sector Lending Certificates (PSLCs) and other similar documents are classifiable under heading 4907 and attract 12% GST. The duty credit Scrips, however, attract Nil GST under S. No. 122A of Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017.

Comment: Apart from clarifying the taxability of the specific cases covered, this circular also provides guidance on taxability of such entitlement scrips/certificates. Other specific cases would require a mere application of the approach provided in this circular to know the likely view of the Government on the same.

[Circular No. 46 /20/2018 –GST dated 6th June, 2018]

Clarifications of certain Issues under GST

The Central Government vide [Circular No. 48/22/2018 –GST dated 14th June, 2018](#) has provided clarifications on certain issues under GST which are as follows:

Sl. No.	Issue	Clarification
1.	Whether services of short-term accommodation, conferencing, banqueting etc. provided to a Special Economic Zone (SEZ) developer or a SEZ unit should be treated as an interstate supply (under section 7(5)(b) of the IGST Act, 2017) or an intra-State supply (under section 12(3)(c) of	As per section 7(5) (b) of the IGST Act, the supply of goods or services or both to a SEZ developer or a SEZ unit shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce. Whereas, as per section 12(3)(c) of the IGST Act, the place of supply of services by way of

	the IGST Act, 2017)?	<p>accommodation in any immovable property for organising any functions shall be the location at which the immovable property is located. Thus, in such cases, if the location of the supplier and the place of supply is in the same State/ Union territory, it would be treated as an intra-State supply.</p> <p>In the instant case, section 7(5)(b) of the IGST Act is a specific provision which states that such supplies shall be treated as inter-State supplies.</p> <p>Therefore it is clarified that services of short term accommodation, conferencing, banqueting etc., provided to a SEZ developer or a SEZ unit shall be treated as an inter-State supply.</p> <p><i>Remarks: Reference may also be had to the UAC list of services approved to have entered for authorized operations</i></p> <p>http://sezindia.nic.in/upload/uploadfiles/files/Uniformlist.pdf</p>
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2.	<p>Whether the benefit of zero rated supply can be allowed to all procurements by a SEZ developer or a SEZ unit such as event management services, hotel and accommodation services, consumables etc.?</p>	<p>As per section 16(1) of the IGST Act, “zero rated supplies” means supplies of goods or services or both to a SEZ developer or a SEZ unit.</p> <p>Whereas, section 16(3) of the IGST Act provides for refund to a registered person making zero rated supplies under bond/LUT or on payment of integrated tax, subject to such conditions, safeguards and procedure as may be prescribed.</p> <p>Further, as per the second proviso to rule 89(1) of the CGST Rules, 2017, in respect of supplies to a SEZ developer or a SEZ unit, the application for refund shall be filed by the:</p> <p>(a) supplier of goods after such goods have been admitted in full in the SEZ for authorised operations, as endorsed by the specified officer of the Zone;</p> <p>(b) supplier of services along with such evidences regarding receipt of services for authorised operations as endorsed by the specified officer of the Zone.</p> <p>A conjoint reading of the above legal provisions reveals that subject to the provisions of section 17(5) of the CGST Act, if event management services, hotel, accommodation services, consumables etc. are received by a SEZ developer or a SEZ unit for authorised operations, as endorsed by the specified officer of the Zone, the benefit of zero rated supply shall be available in such cases to the supplier.</p> <p><i>Remarks: It is not being expressly declared that these services are ‘entered’ for authorized operations which need to be examined in each case (see link in previous remarks).</i></p>
3.	Whether independent fabric processors	Notification No. 5/2017-Central Tax (Rate)

	<p>(job workers) in the textile sector supplying job work services are eligible for refund of unutilized input tax credit on account of inverted duty structure under section 54(3) of the CGST Act, 2017, even if the goods (fabrics) supplied are covered under notification No. 5/2017-Central Tax (Rate) dated 28.06.2017?</p>	<p>dated 28.06.2017 specifies the goods in respect of which refund of unutilized input tax credit (ITC) on account of inverted duty structure under section 54(3) of the CGST Act shall not be allowed. However, in case of fabric processors, the output supply is the supply of job work services and not of goods (fabrics).</p> <p>Hence, it is clarified that the fabric processors shall be eligible for refund of unutilized ITC on account of inverted duty structure under section 54(3) of the CGST Act even if the goods (fabrics) supplied to them are covered under notification No. 5/2017-Central Tax (Rate) dated 28.06.2017.</p> <p><i>Remarks: welcome clarification which has wide implications in other industries where this ratio can provide good guidance as this is laying down a principle rather than declaring a special dispensation.</i></p>
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[\[Circular No. 48/22/2018 –GST dated 14th June, 2018\]](#)

Exemption of reverse charge on supply made by unregistered persons to registered person getting expired on 30th June

Please note that exemption (10/2018-CT(R) and 11/2018-IT(R)) from payment of GST under 9(4) of CGST Act and 5(4) of IGST Act is due to expire on 30 June, 2018. Unless exemption extended, inward supplies from unregistered suppliers will need to be subject to tax on reverse charge basis.

Explanatory Notes to the Scheme of Classification of Services

CBIC has hosted explanatory notes to the Scheme of Classification of Services on the website of CBIC. The explanatory notes indicate the scope and coverage of the heading, groups and service codes of the Scheme of Classification of Services. These may be used by the assessee and the tax administration as a guiding tool for classification of services. Such explanatory notes are available at http://www.cbic.gov.in/resources/htdocs-cbec/gst/Explanatory_notes.pdf.

The Scheme of Classification of Services adopted for the purposes of GST is a modified version of the United Nations Central Product Classification.

Comment: It may be noted that UNPCP of services have not been referred anywhere in the Law. It has been recommended by the committee constituted for that purpose.

[\[http://www.cbic.gov.in\]](http://www.cbic.gov.in)

Clarification on taxability of “tenancy rights “under GST

Doubts have been raised as to whether tenancy premium shall attract GST when stamp duty and registration charges is levied on the said premium. Further, in case of transfer of tenancy rights, a part of the consideration which accrues to the outgoing tenant is liable to GST or not.

In this regard Central Government vide circular no. 44/18/2018 dated 2nd May, 2018 has provided that merely because a transaction or a supply of tenancy rights involves execution of documents which may require registration and payment of registration fee and stamp duty, would not preclude them from the scope of supply of goods and services and from the payment of GST on tenancy premium.

Further, it has been clarified that transfer of tenancy rights to a new tenant against consideration in the form of tenancy premium is taxable. However, grant of tenancy rights in a residential dwelling for use as residence dwelling against tenancy premium or periodic rent or both is exempt [Sl. No.12 of notification no. 12/2017-Central tax (rate)].

Comment: Remarkable circular for it not only addresses the taxability of tenancy premium, it lays down that there is no mutual exclusivity between GST and Stamp duty. In other words, GST

and Stamp duty can co-exist in a single transaction where GST is leviable on the supply aspect and Stamp duty on the instrument executed. Another aspect is that the circular extends the applicability of exemption of 'residential dwelling' to 'tenancy premium relating to residential dwelling'. This stretching of the analogy appears to give ground for examining possible non-taxability of an inferior transaction if the superior is exempt. For eg. Sale of land is not liable to GST but forfeiture premium for termination of agreement to sell land appears to get some support from this extended exemption in this circular. Caution is advised while applying this extension of the exemption appearing in the circular.

Two Group of Ministers Constituted to consider the issues relating to “Incentivizing digital payments in the GST regime” & “Imposition of Cess on Sugar under GST”.

Subsequent to the decisions taken in the 27th GST Council meeting, two Group of Ministers (GoMs) have been constituted.

The first GoM shall consider the issues relating to “Incentivizing digital payments in the GST regime”. Shri Sushil Kumar Modi, Deputy Chief Minister, Bihar is convenor and other members of this GoM are Shri Nitinbhai Patel, Dy. Chief Minister, Gujarat; Capt. Abhimanyu, Excise & Taxation Minister, Haryana; Dr. Amit Mitra, Finance Minister, West Bengal and Shri Manpreet Singh Badal, Finance Minister, Punjab.

The Second GoM shall consider issues relating to “Imposition of Cess on Sugar under GST”. Shri Himanta Biswa Sarma, Finance Minister of Assam is convenor and other members of this GoM are Shri Rajesh Agrawal, Finance Minister, Uttar Pradesh; Shri Sudhir Mungatiwar, Finance Minister, Maharashtra; Shri D. Jayakumar, Minister for Fisheries and Personnel & Administrative Reforms, Tamil Nadu and Dr. T.M. Thomas Isaac, Finance Minister, Kerala.

Both the GoMs shall submit their reports within a period of 15 days.

Comment: Mixing incentives into taxation system is the very bane of the erstwhile tax regime that GST sought to eliminate. And now this move seems to revisit old practices. It will be interesting to see the nature of this incentive that will be implemented and its effects on tax rate inversion and other issues. Cess has a limited life (of 5 years) under the Compensation Act. Long-term strategy to impose cess will attract cascading effects in the overall GST framework. This would also be watched attentively by trade as a new avenue is being opened up that can easily be extended to other sectors by successive Governments.

(Release ID: 179138)

No change in the GST law and taxation relating to farmers since July, 2017; Support Services to agriculture, forestry, fishing or animal husbandry are exempt from GST; Agriculturists are also exempted from taking GST Registration.

It has been reported in certain section of the Press that certain changes have been made in GST law relating to farmers, which will come into force with effect from 1st June, 2018 according to

which farmers would be required to take registration and pay GST of 18% when they lease out their land.

This news is factually incorrect and misleading. There has been No Change in the GST law and taxation relating to farmers since July, 2017, when GST was implemented. Support services to agriculture, forestry, fishing or animal husbandry are exempt from GST. Such exempted support services include renting or leasing of vacant land with or without a structure incidental to its use. Thus, renting or leasing of land by farmers for agriculture, forestry, fishing or animal husbandry on batai (share cropping) or otherwise is also exempt from GST.

Further, agriculturists are also exempted from taking GST registration. Agriculturist has been defined to mean an individual or an HUF who undertakes cultivation of land-

- by own labour
- by the labour of family
- by servants or wages payable in cash or kind or by hired labour under personal supervision or the personal supervision of any member of the family.

(Release ID: 179589)

GST revenue collection for May 2018

Rs 94,016 Crore of total gross GST revenue collected in May2018 Gross revenue collection in May is much higher than the monthly average of GST collection in the last financial year

The total gross GST revenue collected in the month of May2018 is **Rs. 94,016 crore**. The segregation of the revenue is as follows:

S. no.	Tax	Amount
1.	CGST	Rs.15,866 crore
2.	SGST	Rs.21,691 crore
3.	IGST	Rs. 49,120 crore (including Rs. 24,447 crore collected on imports)
4.	CESS	Rs. 7,339 crore (including Rs.854 crore collected on imports)

The total number of GSTR 3B Returns filed for the month of April up to 31st May, 2018 is 62.47 lakh. The total revenue earned by Central Government and the State Governments after settlement in the month of May, 2018 is Rs.28, 797 crore for CGST and Rs.34, 020 crore for the SGST.

Though current month's revenue collection is less compared to last month's revenue, still the gross revenue collection in the month of May (Rs. 94,016 crore) is much higher than the monthly average of GST collection in the last Financial Year (Rs. 89,885 crore). The April revenue figure was higher because of year end effect.

On 29.05.2018, Rs. 6696 crore has been released to the states as GST compensation for the month of March, 2018. Therefore, the total GST compensation released to the states for the FY 2017-18 (Jul, 2017 to Mar, 2018) has been Rs. 47844 crore.

[\(PIB Release ID :179687 dated 1st June, 2018\)](#)

Extension of Special Refund Fortnight till 16.6.2018

The Government has launched the second "Special Drive Refund Fortnight" from 31.5.2018 to 14.6.2018. During the first Refund Fortnight from 15th to 29th March an amount of Rs.5350 crore was sanctioned and during this fortnight over Rs 7500 crore has been sanctioned. **In view of overwhelming response from exporters and pending claims, the period of Refund fortnight is being extended by two more days' i.e up to 16th June, 2018.**

All exporters whose refunds have been held up on account of short payment are required to make the payment of IGST equal to short payment and follow the instructions of Circular No.12/2018-Customs dated 29.5.2018.

In IGST short payment cases, small exporters whose aggregate IGST refund amount for the period July, 2017 to March, 2018 is upto Rs. 10 Lakhs are required to submit self-certified copies of proof of payment of IGST to the concerned Customs office at the port of export. Others are required to submit a certificate from a Chartered Accountant including the proof of payment.

All GST refund claimants, whose claims are still pending, are being encouraged to approach their jurisdictional Tax Authority for disposal of their refund claims submitted on or before 30.04.2018. In case the jurisdiction (i.e. Centre or State) has not been defined for a particular claimant, he/she can approach either of the jurisdictional tax authorities.

All claimants may note the refund application in FORM GST RFD-01A will not be processed unless a copy of the application, along with all supporting documents, is submitted to the jurisdictional tax office. Mere online submission is not sufficient.

All IGST refund claimants may register on ICEGATE website, if not already done, to check their refund status. Customs field formations have been informed about the extension of the Refund Drive. Exporters are requested to make the best of this extended drive and avail of the opportunity to get the refunds sanctioned during this special drive. In case of any problem, exporters are advised to approach the Commissioner of Customs/Jurisdictional Tax Authorities. The Government is committed to clear all the remaining refund claims filed upto 30.04.2018 are still pending.

(Release ID: 179914)

Change of email and mobile number of the authorized signatory by taxpayers with assistance from the jurisdictional tax officer under GST system

Complaints are being received from taxpayers that the intermediaries who were authorized by them to apply for registration on their behalf had used their own email and mobile number during the process. They are now not sharing the user credentials with the taxpayer on whose behalf they had done the registration in the first place and the taxpayer is at their mercy.

With a view to address this difficulty of the taxpayer, a functionality to update email and mobile number of the authorized signatory is available in the GST System. The email and mobile number can be updated by the concerned Jurisdictional tax authority of the taxpayer as per the following procedure:

Steps to be followed:-

- Taxpayer is required to approach the concerned jurisdictional Tax Officer to get the password for the GSTIN allotted to the business.
- <https://www.gst.gov.in>,>. Allotted jurisdiction is displayed in red text>
- Taxpayer would be required to provide valid documents to the tax officer as proof of his/her identity and to validate the business details related to his GSTIN.
- Tax officer will check if the said person is added as a Stakeholder or Authorized Signatory for that GSTIN in the system.
- Tax officer will upload necessary proof on the GST Portal in support to authenticate the activity.
- Tax officer will enter the new email address and mobile phone number provided by the Taxpayer.
- After upload of document, Tax officer will reset the password for the GSTIN in the system.
- Username and Temporary password reset will be communicated to the email address as entered by the Tax Officer.
- Taxpayer need to login on GST Portal <https://www.gst.gov.in/> using the **First time login** link.
- After first time login with the Username and Temporary password that was emailed to him, system would prompt the taxpayer to change username and password. The said username and password can now be used by the taxpayer.

(Release ID: 179956)

[<http://pib.nic.in/newsite/erelease.aspx>]

CUSTOMS

Customs Audit Regulations, 2018

The Central Government vide [Notification No. 45/2018-Customs \(N.T\) dated 24th May, 2018](#) has provided following regulations for the conduct of Customs Audit:

1. Auditee to preserve and make available relevant documents:

The auditee shall preserve and on request by the proper officer make available in a timely manner, for the purposes of audit, true and correct information, records including electronic records, documents or accounts maintained in compliance of the provisions of the Act, rule or regulations, made thereunder or any other law for the time being in force, maintained for a minimum period of 5 years in relation to imported goods or export goods or dutiable goods.

Further, auditee shall render assistance to the proper officer in the discharge of their official duty and shall in no case refuse the proper officer in discharge of their official duty.

2. Selection for Audit:

The selection of auditee or the selection of import declarations or export declarations, as the case may be, for the purposes of audit shall primarily be based on risk evaluation through appropriate selectivity criteria.

3. Manner of conducting Audit:

- i. The proper officer may conduct audit either in his office or in certain cases at the premises of the auditee.
- ii. The proper officer may, where considered necessary, request the auditee to furnish documents, information or record including electronic record, as may be relevant to audit.
- iii. The proper officer shall give not less than 15 days advance notice to the auditee to conduct audit at the premises of the auditee.
- iv. The proper officer may where considered necessary, inspect the imported goods or export goods or dutiable goods at the premises of the auditee or request the auditee to produce sample, if available with him.
- v. The proper officer shall inform the auditee of the objections, if any, before preparing the audit report to provide him an opportunity to offer clarifications with supporting documents.
- vi. Where the auditee is in agreement with the audit findings, he may make voluntary payments of duty, interest or other sums due, if any, in part or in full and the proper officer shall record the same in the audit report.
- vii. Where proper officer has asked the auditee to furnish information, document, record or sample for the purposes of audit, it shall be mandatory for the proper officer to inform outcome of such audit to the auditee.
- viii. The proper officer shall complete audit in cases where it is conducted at the premises of the auditee within thirty days from the date of starting the audit. Provided that the jurisdictional commissioner of customs may extend the period of completion of audit from thirty days to sixty days, by an order in writing.

4. **Assistance of professionals:** If the proper officer, having regard to the nature and complexity of the audit, is of the opinion that the audit has to be done with the assistance of a professional like Chartered Accountant, Cost Accountant, an expert in the field of computer sciences or information technology etc, may do so, with the previous approval of the Commissioner/Commissioner of Customs.
5. **Penalty :**Any auditee, who contravenes any provision of these regulations or abets such contravention or fails to comply any provision of these regulations with which it was his duty to comply , shall be liable to a penalty which may extend to Rs. 50,000

[Notification No. 45/2018-Customs (N.T) dated 24th May, 2018]

Exports by Post Regulations, 2018 w.e.f 21st June, 2018

The Central Government vide *Notification No. 48 /2018 –Customs (N.T) dated 4th June, 2018* has provided Post Regulations, 2018 which shall apply to export of goods by any person, holding a valid Import-export Code issued by the Director General of Foreign Trade, in furtherance of business from any foreign post office notified under sub-section (e) of section 7 of the Customs Act, 1962.

As per the Regulations, in case of goods to be exported through a foreign post office, an entry shall be required to be presented to the proper officer at the foreign post office of clearance, in the prescribed form.

Comment: These regulations are another step towards creating a conducive environment for doing business especially, in case of exports by post.

[Notification No. 48 /2018 –Customs (N.T) dated 4th June, 2018]

Sanctioning of pending IGST refund claims

It has been observed that the exporters have inadvertently mis-declared IGST paid on export supplies as IGST paid on interstate domestic outward supplies while filing GSTR-3B. The exporters have also in certain cases short paid IGST vis-à-vis their liability declared in GSTR1. As a result of these mismatches in the amount of IGST paid on export goods between GSTR-1 and GSTR-3B, the transmission of records from GSTN to Customs EDI system has not happened and consequently IGST refunds could not be processed.

Therefore, In order to overcome the problem the Central Government vide *Circular No. 12/2018 dated 29th May, 2018* has proposed an interim solution subject to undertakings/ submission of CA certificates by the exporters and post refund audit scrutiny which is as under:

A. Cases where there is no short payment:

- The Customs policy wing shall send a list of exporters whose cumulative IGST amount paid against exports and interstate domestic outward supplies for the period July' 2017 to March' 2018 mentioned in GSTR-3B is greater than or equal to the cumulative IGST amount indicated in GSTR-1 for the same period to the GSTN .
- Thereafter, exporters whose refunds are processed/ sanctioned would be required to submit a certificate from Chartered Accountant before 31st October, 2018 to the Customs office at the port of export to the effect that there is no discrepancy between the IGST amount refunded on exports and the actual IGST amount paid on exports of goods for the period July' 2017 to March' 2018.
- A copy of the certificate shall also be submitted to the jurisdictional GST office (Central/ State). The concerned Customs zone shall provide the list of GSTINs who have not submitted the CA certificate to the Board by the 15th November 2018.
- Non-submission of CA certificate shall affect the future IGST refunds of the exporter.

B. Cases where there is short payment:

- In cases where there is a short payment of IGST i.e. cumulative IGST amount paid against exports and interstate domestic outward supplies together, for the period of July' 2017 to March' 2018 mentioned in GSTR-3B is less than the cumulative IGST amount indicated in GSTR-1 for the same period, the Customs policy wing would send the list of such exporters to the GSTN and all the Chief Commissioner of Customs.
- The exporters would have to make the payment of IGST equal to the short payment in GSTR 3B of subsequent months so as to ensure that the total IGST refund being claimed in the Shipping Bill/GSTR-1(Table 6A) is paid. The proof of payment shall be submitted to Assistant/Deputy Commissioner of Customs in charge of port from where the exports were made.
- Where the aggregate IGST refund amount for the said period is upto Rs. 10 lacs, the exporter shall submit proof of payment (self-certified copy of challans) of IGST payment to the concerned Customs office at the port of export. However, where the aggregate IGST refund amount for the said period is more than Rs. 10 lacs, the exporter shall submit proof of payment (self-certified copy of challans) of IGST to the concerned Customs office at the port of export along with a certificate from chartered Account that the shortfall amount has been liquidated.
- The exporters whose refunds are processed/ sanctioned as above would be required to submit another certificate from Chartered Accountant before 31st October, 2018 to the same Customs office at the port of export to the effect that there is no discrepancy between the IGST amount refunded on exports and the actual IGST amount paid on exports of goods for the period July' 2017 to March' 2018. A copy of the certificate shall also be submitted to the jurisdictional GST

office (Central/ State). The concerned Customs zone shall provide the list of GSTINs who have not submitted the CA certificate to the Board by the 15th November 2018.

- Non-submission of CA certificate shall affect the future IGST refunds of the exporter.

Post refund audit

The exporters would be subjected to a post refund audit under the GST law. The inclusion of IGST refund aspects in Audit Plan of those units may be ensured by DG (Audit). In case, departmental Audit detects excess refunds to the exporters under this procedure, the details of such detections may be communicated to the concerned GST formations for appropriate action.

Thereafter, DG (GST) shall send the list of exporters to jurisdictional GST officers (both Centre / State) informing that these exporters have taken benefit of the procedure prescribed in this circular. The jurisdictional GST formations shall also verify the payment particulars at their end.

This circular deal only with the cases where the records have not been transmitted by GSTN to Customs EDI system. Once the records are transmitted by GSTN to Customs System based upon the above mentioned procedure, the usual procedure adopted in case of sanction of IGST refunds would have to be followed.

[Circular No. 12/2018 dated 29th May, 2018]

Procedure for e-commerce exports through Post and clarification on personal imports

The Central Government vide *Circular No. 14/2018 dated 4th June, 2018* has provided that exports under e-commerce, not involving MEIS, may be done through any notified Foreign Post Office (FPO). However, exports under MEIS through Post will continue to be governed through the circular 36/2016-Customs dated 29th July, 2016 , except that the declaration form appended to thereto shall now be replaced with PBE-1, which has been prescribed under the new Regulations.

Further, the **procedure for E-commerce Export through Post** as stipulated in Circular No. 14/2018 dated 4th June 2018 is as under:

1. In the case of exports, not involving e-commerce, the PBE-II shall be filed in duplicate and shall cover only one consignor and one consignee though multiple packages between a given consignor and a given consignee can be covered in the same PBE.

2. Any exporter holding a valid Import-Export Code shall be permitted to export goods by filing a Postal Bill of Export (PBE) in the form prescribed under the “Export by Post Regulations 2018”.
3. Every PBE-I (for e-commerce exports) shall be filed in duplicate and there will be no limit on the number of postal shipments which can be effected using a single Postal Bill of Export - I. Also the exporter shall be required to attach the invoice(s) with the PBE.
4. The PBE along with goods shall be presented to the Customs at the FPO. The PBE shall be processed manually. Upon completion of processing of the PBE by Customs, the goods shall be presented to the Postal department, who will acknowledge receipt of the shipment on the PBE and affix the tracking number of each shipment on the same. Upon affixation of the tracking number by postal authorities, the PBE shall be brought back to the Proper Officer for grant of “Let Export Order”.
5. The Postal Authorities will furnish the proof of export of the goods i.e. copy of relevant CN / CP forms, as applicable to different categories of postal mails, to the Customs at the FPO. Essentially, the document must contain the tracking nos. of the parcel along with dispatch identifier. A corresponding entry relating to proof of export will be made in noting register. Only after receipt of such proof of export, should details in ICAN be uploaded.

Further, In order to ensure transparency and visibility, CB’s are required to on board any third-party web application before commencing operations at the FPO and Web-application shall have the required functionalities.

It is also clarified that Customs will not be onboarding the web application for conducting any regulatory process. All customs procedures will remain in manual mode, till introduction of EDI at FPOs. The application will be essentially used between the exporter and customs broker to facilitate communication, enable shipment visibility and printing of PBE or any such other value-added services for B2B use.

In the case of natural persons (i.e. other than firms & companies) exporting parcels, there is no change in procedure being followed hitherto. It is clarified that they will not be required to file any PBE.

Comment: This circular clarifies any doubts about export by e-com and other operations. Compliance with Customs procedures continues to be monitored through Customs officer at the Post Office or through Customs Broker duly licensed under Customs Broker Regulations, 2013 being involved. No new or special dispensation is being allowed through this circular except to allay fears about exports by e-com/post office.

[Circular No. 14/2018 dated 4th June, 2018]

Refund of IGST on export of goods- Extension of date in SB005 alternate mechanism cases and clarification in other cases

As exporters are facing difficulties in getting refunds due to SB005 errors (occurs when there is a mismatch between GSTIN entity mentioned in the Shipping bill and the one filing GSTR-1/GSTR-3B). Therefore, in this respect, the Central Government vide [Circular No. 15/2018 dated 6th June, 2018](#) has provided a correction facility in cases where although GSTIN of both the entities are different but PAN is same. This happens mostly in cases where an entity filing Shipping bill is a registered office and the entity which has paid the IGST is a manufacturing unit/other office or vice versa.

However, in all such cases, entity claiming refund (one which has filed the Shipping bill) will give an undertaking to the effect that its other office (one which has paid IGST) shall not claim any refund or any benefit of the amount of IGST so paid. The undertaking shall be signed by authorized persons of both the entities. This undertaking has to be submitted to the Customs officer at the port of export.

Further, DG Systems have developed the correction tool, on lines of one developed for SB005, for sanction of refund in cases where PAN provided in Shipping Bill is same as PAN of GSTR 1 which would facilitate processing of IGST refund claims stuck due to SB003 error in the manner similar to SB005 error

Comment: This is a welcome move to address concerns of exporters who have faced difficulty in submitting refund claims. Now, project exporters and other such exporters can ensure their applications do not face these hurdles.

[Circular No. 15/2018 dated 6th June, 2018]

Procedure for E- commerce exports through Post and Clarification regarding personal imports

In order to facilitate exporters engaged in fulfilling multiple low- value- small- shipment orders the Central Government vide [Circular No. 18/2018 –Customs dated 13th June, 2018](#) has permitted that PBE-11 may be used for this purpose.

[Circular No. 18/2018 –Customs dated 13th June, 2018]