

GOODS & SERVICES TAX / IDT UPDATE – 55

GST

Substitution in description of service and tax rates

Central Government vide *Notification No.13/2018-Central Tax (Rate) dated 26th July, 2018* and *Notification No. 14/2018-Integrated Tax (Rate) dated 26th July, 2018* has substituted the rates and description of the service specified in *Notification No.11/2017 -Central Tax (Rate) dated the 28th June, 2017* and *Notification No. 8/2017- Integrated Tax (Rate), dated the 28th June, 2017* respectively by the following description of service:

S No. (1)	Description of service (2)	CGST and UTGST /SGST in % (3)	IGST in % (4)	Remarks
7	<p>(i) Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or drink, where such supply or service is for cash, deferred payment or other valuable consideration, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied, other than those located in the premises of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of any unit of accommodation of Rs. 7500 and above per unit per day or equivalent</p> <p>Explanation 1:- This item includes such supply at a canteen, mess, cafeteria or dining space of an institution such as a school, college, hospital, industrial unit, office, by such institution or by any other person based on a contractual arrangement with such institution for such supply, provided that such supply is not event based or occasional.</p> <p>Explanation 2:- This item excludes the supplies covered under item 7 (v).</p> <p>Explanation 3:- “declared tariff” includes charges</p>	2.5	5	<p><i>The contents of the Circular No. 28/02/2018 dated 8th January, 2018 as amended wide Corrigendum dated 18th January, 2018 have been incorporated in Sl. No. 7(i)</i></p>

for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air conditioner, refrigerators or any other amenities, but without excluding any discount offered on the published charges for such unit.			
<p>(ia) Supply, of goods, being food or any other article for human consumption or any drink, by the Indian Railways or Indian Railways Catering and Tourism Corporation Ltd. or their licensees, whether in trains or at platforms.</p> <p>Provided that credit of input tax charged on goods and services used in supplying the service has not been taken.</p>	2.5	5	<p><i>The content of order no. 02/2018-CT dated 31st March, 2018 have been incorporated in Sl. No 7(ia).</i></p>
(v) Supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, at Exhibition Halls, Events, Conferences, Marriage Halls and other outdoor or indoor functions that are event based and occasional in nature.	9	18	
<p>Accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of a unit of accommodation as specified in items :</p> <p>(ii) Above Rs. 1000 but less than Rs. 2500 ,</p> <p>(vi)) Above Rs. 2500 but less than Rs. 7500 and</p> <p>(viii) Equal to and above Rs. 7500</p> <p>For the words “declared tariff” wherever they occur, the words “value of supply” shall be substituted;</p> <p><i>Remarks: Hotel industry has been given major relief by providing that the rate of tax on accommodation service shall be based on transaction value instead of declared tariff.</i></p>			

9	<p>“(vi) Multimodal transportation of goods. Explanation.-</p> <p>(a) “multimodal transportation” means carriage of goods, by at least two different modes of transport from the place of acceptance of goods to the place of delivery of goods by a multimodal transporter;</p> <p>(b) “mode of transport” means carriage of goods by road, air, rail, inland waterways or sea;</p> <p>(c) “multimodal transporter” means a person who,-</p> <p>(A) enters into a contract under which he undertakes to perform multimodal transportation against freight; and</p> <p>(B) acts as principal, and not as an agent either of the consignor, or consignee or of the carrier participating in the multimodal transportation and who assumes responsibility for the performance of the said contract.</p>	6	12	<p><i>There may be certain situations where two different modes of transport from the place of acceptance of goods to the place of delivery of goods by a multimodal transporter are involved. In such cases it becomes difficult to identify the rate of tax applicable on the service provided by the transporter of goods who undertakes to perform multimodal transportation against freight therefore a separate rate of tax has been provided for such contracts.</i></p>
	(vii) Goods transport services other than (i), (ii), (iii), (iv), (v) and (vi) above.	9	18	
22	<p>(i) Supply consisting only of e-book.</p> <p>Explanation.- For the purposes of this notification, “ebooks” means an electronic version of a printed book (falling under tariff item 4901 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975)) supplied online which can be read on a computer or a hand held device.</p>	2.5	5	<p><i>It is a green initiative; GST on supply of e-books has been reduced from 18 to 5%.</i></p>
	(ii) Telecommunications, broadcasting and information supply services other than (i) above.	9	18	

[Notification No.13/2018-Central Tax (Rate) dated 26th July, 2018; Notification No. 14/2018-Integrated Tax (Rate) dated 26th July, 2018]

Amendment in the Notification No. 12/2017

The Central Government vide *Notification no. 14/2018- Central Tax (Rate) dated 26th July, 2018* ; *Notification No. 15/2018- Integrated Tax (Rate) dated 26th July, 2018* has amended *Notification no. 12/2017 Central Tax dated 28th June, 2017* and *Notification No.9/2017- Integrated Tax (Rate)*, dated the 28th June, 2017 respectively. Following insertions / amendments have been made in the notification:

1. **Omission in serial no. 4:** The words “Central Government, State Government, Union territory, local authority or” shall be omitted. Therefore, Service provided only by governmental authority in relation to any function entrusted to a municipality under article 243 W of the Constitution shall continue to be exempt from tax.
2. **Omission in serial no. 5:** The words “Central Government, State Government, Union territory, local authority or” shall be omitted. Therefore, Service provided only by governmental authority in relation to any function entrusted to a Panchayat under article 243G of the Constitution shall continue to be exempt from tax.
3. **Substitution in serial no. 14 :** For the words “declared tariff”, the words “value of supply” shall be substituted. Therefore service of hotels etc. will be exempt only if the value of supply is below Rs. 1000 earlier declared tariff of a unit of accommodation was considered for this purpose.
4. **Substitution in serial no. 19A :** For the figures “2018”, the figures “2019” shall be substituted. Therefore exemption of tax on services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India has been extended upto 30th September, 2019.
5. **Substitution in serial no. 19B :** For the figures “2018”, the figures “2019” shall be substituted. Therefore exemption of tax on Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India has been extended upto 30th September, 2019.
6. **Insertion in Serial no. 36 A:** After figures “36”, the word and figures “or 40” shall be inserted. Therefore, Services by way of reinsurance of the insurance scheme for which total premium is paid by the Central Government, State Government, Union territory shall also be exempt from tax.

Further, following Serial no’s has been inserted to provide exemption from tax leviable on various services as explained below:

1. **Serial no. 9D :** It provides exemption from tax leviable on services by an old age home run by Central Government, State Government or by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) to its residents (aged 60 years or more) against consideration upto Rs. 25000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.
2. **Serial no. 10A :** It provides exemption from tax leviable on services supplied by

electricity distribution utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network upto the tube well of the farmer or agriculturalist for agricultural use.

3. **Serial no. 24 A:** It provides exemption from tax leviable on services by way of warehousing of minor forest produce.
4. **Serial no. 31 A:** It provides exemption from tax leviable on services by Coal Mines Provident Fund Organisation to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948).
5. **Serial no. 31 B:** It provides exemption from tax leviable on services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee.
6. **Serial no. 34 A:** It provides exemption from tax leviable on Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings(PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the financial institutions.
7. **Serial no. 47A :** It provides exemption from tax leviable on Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators.
8. **Serial no. 55A :** It provides exemption from tax leviable on Services by way of artificial insemination of livestock (other than horses).`
9. **Serial no. 65 B :** It provides exemption from tax leviable on services supplied by a State Government to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders.
10. **Serial no. 77A :** It provides exemption from tax leviable on Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in,
 - (i) Activities relating to the welfare of industrial or agricultural labour or farmers; or
 - (ii) Promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee upto an amount of one thousand rupees (Rs 1000/-) per member per year.

Insertion of Clause (iv) in the Explanation: For removal of doubts, it is clarified that the Central and State Educational Boards shall be treated as Educational Institution for the limited purpose of providing services by way of conduct of examination to the students.

[Notification no. 14/2018- Central Tax (Rate) dated 26th July, 2018, Notification No. 15/2018-

Integrated Tax (Rate) dated 26th July,2018]

Services of direct selling agents (DSA's) to banks and NBFC'S are liable to tax under reverse charge

The Central Government vide *Notification No. 15/2018- Central Tax (Rate) dated 26th July, 2018 ; Notification No. 16/2018- Integrated Tax (Rate) dated 26th July, 2018* amended *Notification no. 13/2017- Central Tax (Rate) dated 28th June, 2017* and *Notification No.10/2017- Integrated Tax (Rate), dated the 28th June, 2017* respectively to provide that tax on the services supplied by individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm to bank or non-banking financial company(NBFCs) shall be paid on reverse charge basis by a banking company or a non-banking financial company, located in the taxable territory.

Also, an explanation has been inserted in the said notification which provides the meaning of renting of immovable property as allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property.”

[Notification No. 15/2018- Central Tax (Rate) dated 26th July, 2018; Notification No. 16/2018- Integrated Tax (Rate) dated 26th July, 2018]

Services in relation to a function entrusted to a Panchayat by Union territory - neither a supply of goods nor a supply of service

Earlier , The Central Government vide *Notification No. 14/2017-Central Tax (Rate) dated 28th June, 2017* has provided that Services by way of any activity in relation to a function entrusted to a Panchayat under article 243G of the Constitution by the Central Government or State Government or any local authority in which they are engaged as public authority, shall be treated neither as a supply of goods nor a supply of service,

Now, vide *Notification No. 16/2018-Central Tax (Rate) dated 26th July, 2018; Notification No. 17/2018- Integrated Tax (Rate) dated 26th July,2018* it has been provided that such services even when provided by Union territory shall also be not treated as supply of goods or service.

Also, activity in relation to a function entrusted to a Panchayat even under article 243W of the Constitution shall also be considered for treating it neither as a supply of goods nor a supply of service.

[Notification No. 16/2018-Central Tax (Rate) dated 26th July, 2018; Notification No. 17/2018- Integrated Tax (Rate) dated 26th July,2018]

ITC accumulated on supplies received on or after the 1st day of August, 2018 shall be available

Earlier , *Notification No.5/2017-Central Tax (Rate) dated 28th June, 2017* has notified the goods in respect of which no refund of unutilised input tax credit 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

Now, The Central Government vide *Notification No. 20/2018-Central Tax (Rate) dated 26th July, 2018*; *Notification No. 21/2018- Integrated Tax (Rate) dated 26th July,2018* has amended the above notification to provide that the input tax credit accumulated on supplies received on or after the 1st day of August, 2018, in respect of certain notified goods shall be available. However, the accumulated ITC lying unutilized in Credit ledger balance for and upto the month of July, 2018, shall lapse.

[Notification No. 20/2018-Central Tax (Rate) dated 26th July, 2018; Notification No. 21/2018-Integrated Tax (Rate) dated 26th July,2018]

Extension in time limit for furnishing the return by an ISD

The Central Government vide *Notification No. 30/2018 – Central Tax dated 30th July, 2018* has notified that the time limit for furnishing the return by an Input Service Distributor in Form GSTR-6 for the month of July,2017 to August, 2018 has been extended to 30th September, 2018.

Prior to this notification due date of filing the return by ISD for the months of July, 2017 to June, 2018 was 31st day of July, 2018.

[Notification No. 30/2018 – Central Tax dated 30th July, 2018]

Applicability of GST on ambulance services provided to government by private service providers

Services provided by Government and PSPs by way of transportation of patients in an ambulance is exempt from GST vide Sl. No. 74 of Notification no. 12/2017 –CT dated 28th June, 2017.

In case a service provided by PSP to patients on behalf of government than it involves two legs of activities, one by Government for the public and second by PSP for the Government. In order to clarify the applicability of GST in the second leg of activity, Central Government has issued *Circular no. 51/25/2018- GST dated 31st July,2018* which has clarified that the services provided by private service providers to the State Government by way of transportation of patients on behalf of the State Government against consideration in the form of fee or otherwise charged from the State Government is exempt under :

- a) Sl. No. 3 of notification no. 12/2017- Central Tax (Rate) dated 28.06.2017 if it is a pure service and not a composite supply involving supply of any goods , and
- b) Sl. No. 3A of notification no. 12/2017 – Central Tax (Rate dated 28.06.2017 if it is a composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply.

[Circular no. 51/25/2018- GST dated 31st July,2018]

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