

# GOODS AND SERVICES TAX

Monthly Highlights of News, Legislative Reforms, Statutory Changes and Judicial Pronouncements Related to GST

December 2018  
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## Highlights of the 31st GST Council Meeting

The 31st GST Council Meeting held at New Delhi on 22nd December, 2018 has reduced the rates of 23 goods and few services. It was in line with the long-term objective to gradually reduce the scope of the 28 percent category and merge the 18 percent and 12 per cent categories into a single rate of 15 per cent. Besides reduction in rates, the Council also took several important decisions and issued clarifications which are briefly outlined below.

### Totally exempt

- Food/drinks provided by educational institutions
- Degrees/Diplomas awarded by IIMs

### Rates reduced

**28% to 18%:** Monitors, TVs up to screen size 32 inches, Re-traded/used pneumatic tyres of rubber, Power banks, Digital cameras, Video cameras, Videogame consoles, Cinema tickets over Rs.100

**18% to 12%:** Cinema tickets less than Rs.100, Third party insurance premium, Business class air travel of pilgrims by non-scheduled/charter, Cork roughly squared or debagged, Articles of natural cork, Agglomerated cork

Source: PTI, 22/12/2018

**28%/18% to 5%:** Parts, accessories of carriages for disabled persons, Economy class air travel of pilgrims by non-scheduled/charter.

**12% to 5% :** Natural cork, Walking Stick, Fly ash Blocks

**12%/5% to Nil:** Music books, Brand-ed tinned vegetables and preserved vegetables

### Centralised Appellate Authority

- A Centralised Appellate Authority for Advance Rulings to be created to deal with cases of conflicting decisions by two or more State Appellate Authorities on the same issue (Need Amendment in CGST Act).

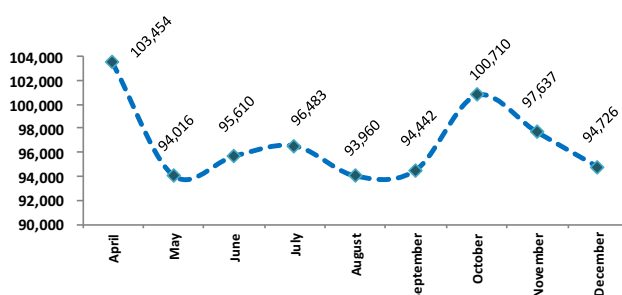
### Relief for Assesses

- Date of filing Annual Returns for 2017-18 extended to June 30, 2019
- A single cash ledger as against 20 ledgers
- New return filing system on a trial basis from April 1, 2019 and on mandatory basis from July 1, 2019
- Easy refund disbursement
- Interest to be charged only on the net tax liability of the tax payer (Need Amendment in CGST Act)
- Banks liable to pay GST on the entire value of services charge/fee levied on customers

## NEWS

### Are these collections sufficient?

Monthwise GST collection in 2017-18 (Rs. in Cr)



The revenue from GST dropped to Rs. 94,726 crore in December, 2018, lowest in the last three months. Of this, CGST is Rs.16,442 crore, SGST collection is Rs.22,459 crore, IGST collection is Rs.47,936 crore and Cess is Rs. 7,888 crore. The total revenue earned by central and state governments after regular settlement is Rs. 43,851 crore for CGST and Rs. 46,252 crore for SGST. The government has been collected Rs. 8,71,038 crore from April, 2017 to December, 2018 with a monthly average of Rs. 96782, which is lower than the target. The amount so far collected and the growth rate is not sufficient compared with the collection estimated in the Union Budget 2018-19.

### GST evasion worth Rs 12,000 crore detected between April-November, 2018

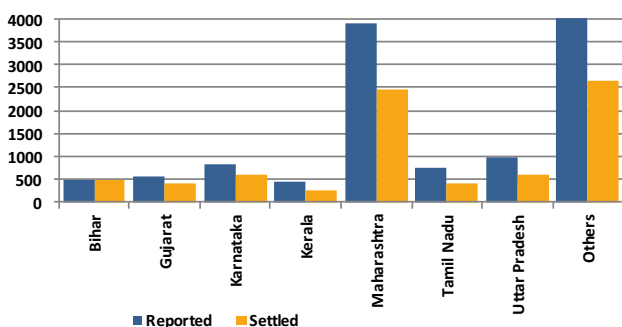
During the current fiscal (between April to November, 2018)

3196 cases involving an amount of Rs.12766.85 crore have been identified. An amount of Rs. 7909.96 crore has been recovered during the above period. The state wise details of detection of GST evasion cases and recovery are as under:

**Details of evasion reported in major States/UTs**

Sl.No.	State/UTs	No.of Cases	Amount (Cr.)
1	Andhra Pradesh	38	359.01
2	Bihar	182	490.01
3	Chhattisgarh	36	180.18
4	Gujarat	303	548.16
5	Haryana	210	757.19
6	Jharkhand	145	494.6
7	Karnataka	127	844.17
8	Kerala	54	447.03
9	Madhya Pradesh	252	499.16
10	Maharashtra	418	3898.72
11	Odisha	80	237.78
12	Rajasthan	207	427.76
13	Tamil Nadu	148	757.34
14	Telangana	103	244.25
15	Uttar Pradesh	233	998.62
16	West Bengal	225	336.36
17	Delhi	144	741.52
18	Others	291	504.99
	<b>Total</b>	<b>3196</b>	<b>12766.85</b>

Recovery status (April - Nov, 2018) (Rs. in Cr)



Source: Lok Sabha Unstarred Question. No. 733, answered on 14/12/2018

**GST on Lotteries**

When GST was conceptualised, actionable claims in the form of betting, gambling and lottery were kept within the tax ambit by means of specific inclusions. Therefore, lottery is taxable in GST. One of the reasons lottery and other games were a heavily contested subject in the earlier regimes, was because a high rate of tax dissuades participation in a legal manner. Players do not stop playing altogether due to a high tax rate. Instead, they go underground, leading to other undesirable developments. When GST was introduced, the industry expected that the applicable rates would be around 12-15 per cent, in line with GST rates in other countries. Instead, India introduced a two-tier rate structure for lottery. For state-run lotteries, the rate of tax was 12 per cent, while private lotteries attracted 28 per cent. But the high rate of tax and other taxes/fees imposed by Income Tax and States, make it difficult to run private lotteries in the country. Hence,

the Finance Minister Arun Jaitely, at the 31st GST council meeting, proposed to unify the rates at 28 per cent for both private and State run lotteries. Kerala Finance Minister Dr. Thomas Isaac, strongly opposed this move as it will destroy the industry and profit of around Rs.2000 crore to the state exchequer per year. This issue is likely to come up at the 32nd GST council meeting scheduled on 10th January, 2019 for detailed discussion.

**STATUTORY CHANGES**

**Seeks to amend Notification No. 2/2017 – Central Tax dated 19.06.2017.**

The central tax officer specified in column (3) of Table I and the officers subordinate to him shall exercise powers under sections 73, 74, 75 and 76 of CGST Act for the territorial jurisdiction of central tax officer mentioned in column (2) of table I.

Source: Notification No.79/2018 –CT, 31/12/2018

**Extended the due date for furnishing ITC-04 till 31.03.2019.**

The late fees are waived off on GSTR-4 being filed for period from July, 2017 to September, 2018 between 22nd December 2018 to 31st March 2019.

Source: Notification No.78/2018–CT, 31/12/2018

**Late fee waived for GSTR-4 for the period July, 2017 to September, 2018.**

The late fees has waived off on GSTR-4 being filed for period from July, 2017 to September, 2018 between 22nd December 2018 to 31st March 2019.

Source: Notification No.77/2018–CT, 31/12/2018

**Late fee waived for GSTR-1 for the period July, 2017 to September, 2018 in specified cases.**

Reduced late fees of Rs 50 per day of delay (Rs 20 for NIL return) is applicable for those who filed the GSTR-3B beyond the due date stipulated for months July 2017 to September 2018 before 22nd December 2018. The Late fees are waived off on GSTR-3B being filed for period from July, 2017 to September, 2018 between 22nd December 2018 to 31st March 2019.

Source: Notification No.76/2018–CT, 31/12/2018

**Late fee waived for GSTR-1 for the period July 2017 to September 2018 in specified cases.**

Late fee is waived off on GSTR-1 being filed for period from July, 2017 to September, 2018 between 22nd December 2018 to 31st March 2019.

Source: Notification No.75/2018–CT, 31/12/2018

**Exempted supplies made by Govt. Departments and PSUs to other Govt. Departments and vice-versa from TDS.**

The supply of goods or services in between the persons notified as deductors of TDS like Government, departments, PSUs, Local authority, Boards established by Government is exempt from TDS provision with effect from 1st October 2018.

Source: Notification No.73/2018–CT, 31/12/2018

**Extended the time limit for furnishing the details of outward supplies in GSTR-1 for the newly migrated taxpayers.**

Newly migrated taxpayers with turnover over Rs. 1.5 crore who are yet to file GSTR-1(monthly) for the months July 2017

to February 2019, get an extension till 31st March 2019.

Source: Notification No.72/2018-CT, 31/12/2018

- Extended the time limit for furnishing the details of outward supplies in GSTR-1 for the newly migrated taxpayers.

Newly migrated taxpayers with turnover below or equal to Rs. 1.5 crore who opted but are yet to file GSTR-1 (quarterly) for the quarters beginning from July 2017 to December 2018, get an extension till 31st March 2019.

Source: Notification No.71/2018-CT, 31/12/2018

- Extend the time limit for furnishing the return in GSTR-3B for the newly migrated taxpayers.

Newly migrated taxpayers get extended time to file GSTR-3B for months of July, 2017 to February, 2019 till 31st March 2019; Newly migrated taxpayers must be referred to Notification 31/2018 dated 6th August 2018 that gave time for some taxpayers to complete GST registration by 30th September 2018 (now extended to 28th February 2018 vide Notification 67/2018), if they had applied by 31st December 2017 but could not complete submission of REG-26 to obtain GSTIN; Notification 34/2018 notified the due dates of GSTR-3B for months from July 2018 to March 2019.

Source: Notification No.70/2018-CT, 31/12/2018

- Extended the time limit for furnishing the return in GSTR-3B for the newly migrated taxpayers.

Newly migrated taxpayers get extended time to file GSTR-3B for months of July, 2017 to February 2019 till 31st March 2019 (earlier 31st Dec 2018); Procedure for Newly migrated taxpayers must be referred to in Notification 31/2018 dated 6th August 2018 that gave time for some taxpayers to complete GST registration by 30th September 2018 (now extended to 28th February 2018 vide Notification 67/2018), if they had applied by 31st December 2017 but could not complete submission of REG-26 to obtain GSTIN.

Source: Notification No.69/2018-CT, 31/12/2018

- Extended the time limit for furnishing the return in GSTR-3B for the newly migrated taxpayers.

Newly migrated taxpayers get extended time to file GSTR-3B for months of July, 2017 to February, 2019 till 31st March 2019 (earlier 31st December 2018); procedure for newly migrated taxpayers must be referred to in Notification 31/2018 dated 6th August 2018 that gave time for some taxpayers to complete GST registration by 30th September 2018 (now extended to 28th February 2018 vide Notification 67/2018), if they had applied by 31st December 2017 but could not complete submission of REG-26 to obtain GSTIN.

Source: Notification No.68/2018-CT, 31/12/2018

- Extended the time period for availing the special procedure for completing migration of taxpayers

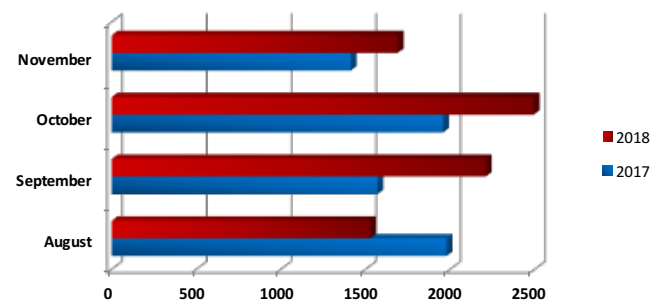
Further time period is provided to migrated taxpayers to complete GST registration to obtain GSTIN. Earlier due date of 31st August 2018 for submission of provisional ID details to jurisdictional nodal officer is now extended to 31st January 2019 and earlier due date of 30th September 2018 for completing the filing of REG-01 and submitting details through email is now 28th February 2019.

Source: Notification No.67/2018-CT, 31/12/2018

## KERALA

- Kerala's GST collection: far from target

Comparison of GST collection (Rs. in Cr)



Kerala's GST revenue during November, 2018 was Rs. 1690 crore as against Rs. 2493 crore during October, 2018. The State is unable to achieve consistent growth in the collection of GST in the current fiscal year also. However the collection shows an improvement when compared to the previous year. The total GST collected between August and March in 2017-18 was Rs. 14302 crore. But this year so far (April-November) Rs. 15831 crore has been collected.

Source: Kerala GST department

- Present status of Kerala's demand for calamity cess

Kerala's request for imposing cess to meet flood rehabilitation has been discussed at the 30th GST council meeting held on 28th September, 2018. The Council constituted a Group of Ministers (GoM) to examine modalities for revenue mobilisation for natural calamities. Shri Sushil Kumar Modi, Hon'ble Deputy Chief Minister of Bihar is the Convener and Finance Ministers of States of Assam, Kerala, Maharashtra, Odisha, Punjab and Uttarakhand are Members of this committee. As per discussion and deliberation of GoM on 15/10/2018, a set of questionnaire has been prepared and sent to all States seeking views/suggestions on this issue. Most of the States are favorable to Kerala's demand, even though some states have not sent their views formally. However, the issue is listed in the agenda for the next GST meeting scheduled on 10th January, 2019 at New Delhi.

## PARLIAMENT

- QUESTION: (SHRI JYOTIRADITYA SCINDIA & SHRI KAMAL NATH)

Will the Minister of Finance be pleased to state:-

(a) Whether a former Governor of Reserve Bank of India (RBI) and several renowned economists have recently stated that ban on high value currency notes in 2016 and rollout of the Goods and Services Tax (GST) in July 2017 have caused 'really hard blows' to the economy of the country;

(b) If so, the reaction of the Government thereto;

(c) Whether the Government proposes to specify the advantages accrued due to demonetisation and GST; and if so, the details thereof;

ANSWER: MINISTER OF FINANCE (SHRI ARUN JAITLEY)

(a) to (c): The Government does not comment on the views and opinions of former RBI Governors and Economists on demonetization and GST expressed before the Media/private agency etc. The Government has from time to time, stated advantages to the Indian economy which accrued due to demonetisation and introduction of Goods and Services Tax. Economic Survey/Reports and official statements issued from time to time may be referred to this respect. To record a

few major advantages :-

(i) After the structural reform of GST had been introduced in a record time the growth bounced back vigorously. GDP grew at 6.3%, 7.0%, 7.7%, 8.2% growth (at constant 2011-12 prices) in the four quarters following introduction of GST.

(ii) During the period from November 2016 to March 2017, the Income-tax Department (ITD) conducted searches on around 900 groups, wherein, assets worth over Rs. 900 crore were seized and undisclosed income of over Rs. 7,900 crore was admitted.

(iii) Robust growth rate of 18% for F.Y. 2017-18 in net direct tax collections which is highest in last seven financial years is indicative of the positive impact of demonetization on the level of tax compliance in the country.

(iv) In 2017-18, Personal Income-tax (PIT) Advance Tax collections increased by 23.4% and PIT Self-Assessment Tax by 29.2% over those for 2016-17, corroborating the premise that demonetization and the subsequent use of bank deposit data by the Income-tax Department had a major impact on voluntary tax payments by the non-corporate/ individual taxpayers.

(v) A growth rate of 25% has been achieved in the number of Income Tax Returns (ITRs) filed with the Income-tax Department during FY 2017-18. It has been the highest rate achieved in last five years.

(vi) A clear upswing in the new tax filers after F.Y. 2015-16 has been observed which can be attributed to higher level of compliance due to transfer of cash into the formal channels as a result of demonetization. The total number of ITRs e-filed upto 31/08/2018 was 5.42 crore as against 3.17 crore upto 31/8/2017, marking an increase of 70.86%. The introduction of the Goods and Services Tax (GST) has provided a significant opportunity to improve growth momentum by reducing barriers to trade, business and related economic activities.

(vii) The subsuming of major Central and State taxes in GST, complete and comprehensive setoff of inputs goods and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

(viii) GST has increase the threshold for GST registration for

small businesses. Those units having aggregate annual turnover more than Rs. 20 lakhs (10 lakhs in case of North Eastern States) have be registered under GST. Unlike multiple registrations under different tax regimes earlier, a single registration is needed under GST in one State. An additional benefit under Composition scheme has also been provided for businesses with aggregate annual turnover up to Rs 1 crore.

(ix) With a uniform levy of GST on goods and services across the country, subsuming a plethora of indirect taxes levied earlier, manufacturers/traders/service providers at each step of the value chain can avail input tax credit of the tax paid on their inward supplies. This incentivizes them to obtain a tax invoice for their procurement, thereby enhancing GST compliance on the part of the sellers.

Source: Lok Sabha Starred Question No. 62, answered on 14/12/2018

## NEW FUNCTIONALITY ON GST PORTAL

- **Assessment & Adjudication- Cross empowerment of Tax Officials, within a State/ UT:** The CBIC officials can now do assessment of a taxpayer assigned to a State and vice versa, within the jurisdiction of a State/UT.
- **Refund- Filing of Monthly Refund applications by Quarterly Return filers:** The restriction for applying refund on quarterly basis for quarterly return filers is removed, so that these tax payers would also be able to file refund application on monthly basis.
- **Prosecution & Compounding:** Tax official can (outside the system) file a complaint with the First Class Judicial Magistrate/ Court for prosecution against a taxpayer. They will be notified about initiation of prosecution on his dashboard and via Email/ SMS.
- **GST Practitioner can prepare an appeal in GST APL-01, on behalf of taxpayer:** Tax payers can now select a GST Practitioner, to prepare an appeal in Form GST APL-01, to be filed by them.
- **Advance Ruling- Appeal against the Advance Ruling given the Authority:** Once an advance ruling is issued by the authority and if the applicant or the taxpayer is aggrieved by such an advance ruling, they can file appeal before the appellate authority.

Source: NACIN Weekly updates

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