



वर्ष 47 अंक 8
31 अगस्त 2017

मेवाड़ चेम्बर पत्रिका

(मेवाड़ चेम्बर ऑफ कामर्स एण्ड इण्डस्ट्री का मासिक पत्र)

उदयपुर, चित्तौड़गढ़, डूंगरपुर, बाँसवाड़ा, प्रतापगढ़
राजसमन्द एवं भीलवाड़ा का सम्भागीय चेम्बर

GST Special - IV



जीएसटी में विसंगतियों के निराकरण के लिए माननीय सांसद श्री सुभाष बहेड़िया को ज्ञापन देते हुए ।

मेवाड़ चेम्बर ऑफ कामर्स एण्ड इण्डस्ट्री

मेवाड़ चेम्बर भवन, नागौरी गार्डन, भीलवाड़ा (राज.) 311 001 फोन : 01482-220908, 238948

E-mail : mcci@mccibhilwara.com Visit us : mccibhilwara.com

मेवाड़ चेम्बर के चित्तौड़गढ़ चेप्टर एवं सीए ब्रांच ऑफ चित्तौड़गढ़ की ओर से दिनांक 26.08.2017 को कृषि एवं खाद्य उत्पादों पर आधारित सेमीनार



मेवाड़ चेम्बर ऑफ कॉमर्स एण्ड इण्डस्ट्री के उपाध्यक्ष श्री एन एन जिन्दल द्वारा अतिथियों का स्वागत।



चित्तौड़गढ़ चेप्टर के सचिव श्री राकेश मंत्री द्वारा अतिथियों का स्वागत।



चित्तौड़गढ़ चेप्टर के अध्यक्ष श्री अर्जुन मुन्दड़ा सेमीनार को सम्बोधित करते हुए।



सेमीनार में मंचासीन अतिथिगण।



सेमीनार में उपस्थित सदस्यगण एवं उद्यमी।

MEWAR CHAMBER OF COMMERCE & INDUSTRY

Mewar Chamber Bhawan, Nagori Garden Bhilwara 311 001 (Raj.) Ph. 01482-220908 Fax : 01482-238948

E-mail : mcci@mccibhilwara.com

Website : www.mccibhilwara.com

OFFICE BEARERS

	OFFICE	MOBILE
President Mr. Dinesh Nolakha dinesh@nitinspinners.com	01482-286111	98281-48111
Sr. Vice President Mr. J. K. Bagrodia jkbagrodia1@gmail.com	01482-242435	94141-10754
Vice Presidents Mr. N. N. Jindal jindalmarblepl@gmail.com	01472-240148	94147-34834
Mr. R. P. Dashora rajendra.dashora@vedanta.co.in	01483-229011	73404-33333
Mr. Rajender Gaur rajender.gaur@jindalsaw.com	01482-246188	77270-09276
Hony. Secretary General Mr. R.K. Jain mcci@mccibhilwara.com	220908, 238948	94141-10844
Hony. Joint Secretary Mr. K.K. Modi kamal_modtex@yahoo.co.in	01482-247502	98290-46497
Hony. Treasurer Mr. V. K. Mansingka mansingka@yahoo.com	01482-253300	94141-12123
Executive Officer Mr. M.K.Jain mcci@mccibhilwara.com	01482-220908	94141-10807

AFFILIATION

AT THE INTERNATIONAL LEVEL

International Chamber of Commerce, Paris (France)

AT THE NATIONAL LEVEL

Federation of Indian Chamber of Commerce & Industry, (FICCI) New Delhi

Indian Council of Arbitration, New Delhi

National Institute for Entrepreneurship and Small Business Development (NIESBUD), New Delhi.

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TIME OF SUPPLY UNDER GST

Introduction

The time of supply is the date on which the charging event has occurred. The phrase “the date on which supplier receives the payment” or “the date of receipt of payment” means the date on which payment is entered in his books of accounts or the date on which the payment is credited to his bank account, whichever is earlier.

Time of issue of invoice for supply

In case of supply of goods an invoice is need to be issued before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods. In other case it needs to be issued before or at the time of delivery of goods or while making goods available to the recipient.

In case of services it needs to be issued before or after the provision of service but not later than thirty days from the date of provision of service.

Time of supply of goods

Earliest of the following dates will be considered as time of supply:-

- Date of issue of invoice by the supplier. If the invoice is not issued, then the last date on which the supplier is legally bound to issue the invoice with respect to the supply.
- Date on which the supplier receives the payment

Time of supply of services

Earliest of the following dates will be considered as time of supply: -

Date of issue of invoice by the supplier or the date of receipt of payment, whichever is earlier.

- Date of provision of service or the date of receipt of payment, whichever is earlier.
- Date on which the recipient shows the receipt of service in his books of account, in case the aforesaid two provisions do not apply.

Time of supply of goods when tax is to be paid on reverse charge basis

Earliest of the following dates will be considered as time of supply:-

- Date of receipt of goods
- Date on which the payment is entered in the books of accounts of the recipient or the date on which the payment is debited in his bank account, whichever is earlier
- Date immediately following 30 days from the date of issue of invoice or any other legal document in lieu of invoice by the supplier

However, if it is not possible to determine the time of supply in aforesaid manner, then the time of supply is the date of entry of the transaction in the books of accounts of the recipient of supply.

Time of supply of services when tax is to be paid on reverse charge basis

Earliest of the following dates will be considered as time of supply:-

- Date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier
- Date immediately following 60 days from the date of issue of invoice or any other legal document in lieu of invoice by the supplier

However, if it is not possible to determine the time of supply in aforesaid manner, then the time of supply is the date of entry of the transaction in the books of accounts of the recipient of supply.

In case of supply of services by Associated Enterprises located outside India the time of supply is the date of entry in the books of account of the recipient or the date of payment, whichever is earlier.

Time of supply in case of supply of vouchers

A voucher is an instrument where there is an obligation to accept it as consideration for a supply of goods or services or both.

Time of supply of goods when tax is to be paid on reverse charge basis

Earliest of the following dates will be considered as time of supply:-

- Date of receipt of goods
- Date on which the payment is entered in the books of accounts of the recipient or the date on which the payment is debited

in his bank account, whichever is earlier

- Date immediately following 30 days from the date of issue of invoice or any other legal document in lieu of invoice by the supplier

However, if it is not possible to determine the time of supply in aforesaid manner, then the time of supply is the date of entry of the transaction in the books of accounts of the recipient of supply.

Time of supply of services when tax is to be paid on reverse charge basis

Earliest of the following dates will be considered as time of supply:-

- Date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier
- Date immediately following 60 days from the date of issue of invoice or any other legal document in lieu of invoice by the supplier

However, if it is not possible to determine the time of supply in aforesaid manner, then the time of supply is the date of entry of the transaction in the books of accounts of the recipient of supply.

In case of supply of services by Associated Enterprises located outside India the time of supply is the date of entry in the books of account of the recipient or the date of payment, whichever is earlier.

Time of supply in case of supply of vouchers

A voucher is an instrument where there is an obligation to accept it as consideration for a supply of goods Or services or both.

Time of supply in the case of single purpose voucher i.e. case where supply is identifiable at the time of issuance of voucher is the date of issue of voucher. However, in all other cases of supply of vouchers, the time of supply.

In case it is not possible to determine the time of supply under aforesaid provisions, the time of supply is:

- Due date of filing of return, in case where periodical return has to be filed.
- Date of payment of tax in all other cases.

Time of supply in case of addition in the value of supply by way of interest, late fees or penalty

In case of any addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration then the time of supply shall be the date on which the supplier receives such addition in value.

Change in Rate of Tax in respect of supply of goods or services

The normal time of supply rules changes if there is a change in the rate of supply of goods or services. In this case time of supply is determined in the following manner :

A.) Supply is completed before the change in rate of tax :-

Invoice issued before the date of change in tax rate	Payment received before the date of change in tax rate	Time of supply	Applicable rate of tax
No	No	Earliest of the date of invoice or payment	New rate of tax
Yes	No	Date of issue of invoice	Old tax rate
No	Yes	Date of receipt of payment	Old tax rate

B.) Supply is completed after the change in rate of tax :-

Invoice issued before the date of change in tax rate	Payment received before the date of change in tax rate	Time of supply	Applicable rate of tax
Yes	Yes	Earliest of the date of invoice or payment	Old rate of tax
Yes	No	Date of receipt of invoice	New rate of tax
No	Yes	Date of issue of payment	New rate of tax

Date of receipt of payment in case of change in rate of tax

In normal case the date of receipt of payment is the date of credit in bank account of the receiver of the payment or the date on which the payment is entered into his books. In cases of change in rate of tax, the date of receipt of payment is the date of credit in the bank account if such credit is after four working days from the date of change in rate of tax.

10 STEP APPROACH TO GST COMPLIANCE

The taxation of GST can be sequentially observed in following 10 steps.

1. Is It a Supply?
2. Is it a Good or Services?
3. Is it a Nontaxable or Exempted Supply?
5. Is the supply by a Taxable Person?
6. What is the place of supply?
7. What is the Time of supply?
8. Value of Supply
9. Rate of Taxes
10. Eligible ITC
11. Tax Payable=(Out Put Tax- Eligible ITC)

1.1 IS it A Supply

1. Supply is having a very wide grammatical meaning. It means making available any thing. While in GST we need to follow only such transactions of goods, services or BOTH which are covered by section 7 of the CGST ACT.
2. however Supply as per section 7 of the CGST or SGST act bring outs to cover almost all activities in Goods, Services or Both as supply provided
 1. i. made or agreed to be made
 2. ii. for a consideration by A person
 3. iii. in the course or furtherance of business,
2. Service (Goods) Imported may or may not be in the course or furtherance of business with a consideration.
3. 4 specific activities mentioned in schedule -1 where consideration is not necessary.
4. There are few items in schedule –III which are not supply (Negative list)
5. There are activities mentioned in Schedule- II which are deemed either as goods or services. The same items have been specifically included in the definition of Supply
6. Anything beyond the scope of supply cannot be brought to tax under GST. However sub section (1) and sub-section (2) of Section 9 of CGST Act have specifically exclude 5 petroleum products and alcoholic liquor for human consumption were made outside the ambit of GST.

7. 2. Is it a Good or Services?

1. In the GST we are having an idea of one tax and probably we apprehended there may not be requirement of differentiating goods and services; however fact remains is that in every steps of tax compliances we need to differentiate the goods and services separately.
2. Further as per section 8 of the CGST Act, where in case of composite supply the rate of principal supply would be applicable to full value of composite supply. Composite supply as per section 2 of CGST is when two or more goods or services are present in a bundle. Hence to define the composite supply as goods or services the nature of principal supply might have been followed.
3. The Goods and services are having different HSN Code and SAC code. Both were having different tax rates and hence for classification the goods and services to be classified as separate individual items.
4. Point of taxation in case of Goods in contrast to point of taxation of services is completely different and differentiation is required.
5. Issuance of Invoice in case of Goods in contrast services is completely different and differentiation is required.

6. Location of Supplier of Goods and location of recipient of goods were not defined under IGST Act. However location of Supplier of Services and location of Recipients of Services were defined under IGST Act.
7. Place of supply of goods in contrast to Place of Supply of Services were completely differently administered. The place of supply of Goods mostly depends upon the physical movement and location of goods; where as in case of place of supply of services the general principle followed is the registered principal to principal. However place of supply of services in case of immovable property the location of property becomes place of supply.
8. Section 10 of CGST Act talks about composition Scheme and it is available to persons dealing in Goods only except one specific service.
9. Sub section 3 of section 9 covers specific goods or services where the taxes to be paid by the recipient. Section 24 mandates registration of every person who are liable to pay taxes under Reverse charge mechanism. Hence specific differentiations of Goods and services needed to be done to evaluate the registration requirement of an recipient.
10. Is it a **Non taxable** or **Exempted Supply**?:- tax cannot be levied when the activity even though is a supply but either is non-taxable , or under negative list or a exempted supply. The definition of these three are specifically given and departed from traditional understanding
 1. Nontaxable supply has been defined as supply which is not leviable. The example could be anything out of preview of Supply as defined under section 7 and five petroleum products and liquor for human consumption specially excluded either permanently or for the time being as the case may be.
 2. Negative list items have been given in Schedule –III which is in similar line of Section 66D of the erstwhile Finance Act, however a very few items were mentioned in the schedule which are not taxable.
 3. Exempted supply has been defined under CGST Act to include all type of supply of goods or services or Both
 1. i. attracting Nil rate
 2. ii. wholly exempt from tax under section 11 of CGST Act or section 6 of the IGST act
 3. iii. Nontaxable supply
8. Hence once an activity is covered as not taxable it also a exempted supply and the output tax would be nil. however, if any of such Goods or services were exported it would regard as ZERO RATED and even though the output tax is NIL the ITC would be allowed as the credit or to be refunded.
9. Is the supply **by a Taxable Person**? Any tax Statute always comes out of provisions for the recovery mechanism and taxable person is the point where the levied taxes are to be collected and administered.
 1. Section 9 of the CGST Act being the charging section brings responsibility to pay the taxes by the taxable person. Further sub section 3 and sub section 4 of section 9 have come out provisions and circumstances where taxes to be paid by the recipients and all the provisions of tax administration would apply mutadis-mutandi. Further sub-section 5 of section 9 also enumerates specific services where the E-commerce operator would pay tax who is neither a supplier or nor a recipient.
 2. Section 2 defines that taxable person is who is either a registered person or liable to be registered.
 3. Section 22 and section 24 defines when a person liable to be registered. Section 22 gives a blanket minimum exemption limit for registration where as section 24 enumerates a compulsory registration in case of specific conditions
 4. Section 23 also specifies specific instances where registration is not required.
 5. Where a person is not registered and also not liable to be registered, he cannot be regarded as a taxable person and hence cannot be Brought under GST law to pay taxes.
 6. However, there are specific cases where different responsibility has been cast to register under GST to comply certain provisions however the same were not related to output tax liability. The examples are
 1. i. Tax Deduction Account number
 2. ii. Tax Collection Account number
 3. iii. Unique Identification number
 4. iv. Unique enrollment number
 5. What is the **place of supply**? :- Place of supply is nothing but the back bone of GST mechanism. The principle of “Destination based consumption tax”, is fulfilled by the principles of Place of supply. Place of supply not only

specify the transactions as intra state or interstate, it also specifies which state or which union territory. Place of supply is the mechanism to differentiate the destination of the tax among the 31 states and 5 union territories as per GST law and constitutional amendments. (Constitutional amendment have suitable defines that for the purpose of GST, the union territories of Delhi and Pondicherry were regarded as state).

1. Whenever a supplier or a taxable person liable to pay taxes for the supply of goods, services or both, the first requirement is to define the place of supply such goods, services or both.
2. The location of the recipients may be required to evaluate the correct place of supply. However, for a place of supply, the location of supplier or location of the recipient is not required per se.
3. Were the location of the recipients and the place of supply in different states the credit may not be available to the recipient. However to evaluate the correct place of supply and to denote correct state or union territory code in the invoice as well as the return of GST is the prime responsibility cast on the taxable person.
4. It is pertinent to mentioned here that evaluating a wrong place of supply does not amount to any kind of evasion or less payment of taxes as in any way the amount of taxes were same. But the correct evaluation of Place of supply is warranted for the purpose of transferring the tax revenue to the appropriate state or union territory.
5. What is the Time of supply? :- Time of supply is the point of time when the tax becomes payable. In the case of GST, the law has been taken color from the provisions of Finance act and the rule made there under. However, the point of taxation for goods have under goes a change from erstwhile VAT to current GST regime. The taxation on the advance amount on sale would be looking in to specifically.
6. The value of Supply: - the value of supply has been in general a transaction Value, however, Valuation Rules have been notified in the absence of transaction value. The interest, penalty for delayed payment now have to be regarded as value for GST and accordingly taxes to believe.
7. The rate of Taxes: the rate of taxes as per HSN wise and SAC wise to be found out and to be applied. However in the case of mix supply of different goods or services the higher rate amount all the items to be applied. Similarly, in case of composite supply, the rate of taxes applicable to the principal supply would be applied to the complete value of supply
8. Eligible ITC:- though ITC is being allowed in gross, there are certain cases of blocked credit. Further, in the case of supply of taxable as well as exempted goods or services or both, the ITC need to be reversed partially.
 1. A registered person will be eligible to claim Input Tax Credit (ITC) on the fulfillment of the following conditions:
 1. i. Possession of a tax invoice or debit note or document evidencing payment
 2. ii. Receipt of goods and/or services
 3. iii. goods delivered by the supplier to another person in the direction of registered person against a document of transfer of title of goods
 4. iv. Furnishing of a return
10. Where goods are received in lots or installments ITC will be allowed to be availed when the last lot or installment is received.
11. Failure to the supplier towards the supply of goods and/or services within 180 days from the date of invoice, ITC already claimed will be added to output tax liability and interest to pay on such tax involved. On payment to the supplier, ITC will be again allowed to be claimed
12. No ITC will be allowed if depreciation has been claimed on tax component of a capital good
13. Items on which credit is not allowed
 1. i. Motor vehicles and conveyances (with some exceptions)
 2. ii. food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery
 3. iii. Sale of membership in a club, health, fitness center.
 4. iv. rent-a-cab, health insurance, and life insurance (except few)
 5. v. Travel benefits extended to employees on vacation such as leave or home travel concession.

6. vi. Works contract service for construction of an immovable property (except plant & machinery or for providing further supply of works contract service)
 7. vii. Goods and/or services for construction of an immovable property whether to be used for personal or business use.
 8. viii. Goods and/or services where tax have been paid under composition scheme
 9. ix. Goods and/or services used for personal use.
 10. x. Goods or services or both received by a non-resident taxable person except for any of the goods imported by him.
 11. xi. Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples
14. ITC will not be available in the case of any tax paid due to no payment or short tax payment, excessive refund or ITC utilized or availed by the reason of fraud or willful misstatements or suppression of facts or confiscation and seizure of goods.
15. It is the duty of the taxable persons to avail the credit as per law
16. Tax Payable= (Out Put Tax- Eligible ITC):- final tax liability would be calculated by subtracting the Eligible ITC from Output taxes. Taxes for IGST, CGST, and SGST would be paid separately.

VALUATION UNDER GST

INTRODUCTION

Valuations under the GST law refers to 'value of taxable supply'. Determination of Value of taxable supply is of utmost importance for determining the 'value' of the goods on which tax has to be calculated and tax liability thereon on each transaction

As per GST law the Value of a supply of goods and/or service shall be: “Transaction Value (TV) that is the price actually paid or payable for the said supply of goods and/or services”

Where:

- The supplier and the recipient of the supply are not related.
- The price is the sole consideration for the supply.

Transaction Value

In case of transactions where the supplier and the recipient are not related and the price is the sole consideration, the price actually paid or payable will be treated as taxable value or the transaction value under GST law.

In most of the cases of regular normal trade, the invoice value will be the taxable value.

Compulsory Inclusions

Any taxes, fees, charges levied under any law other than GST law, expenses incurred by the recipient on behalf of the supplier, incidental expenses like commission & packing incurred by the supplier, interest or late fees or penalty for delayed payment and direct subsidies (except government subsidies) are required to be added to the price (if not already added) to arrive at the taxable value.

Exclusion of discounts

Under GST the discount which is recorded in the invoice has been allowed to be excluded for determining the taxable value. In the following two cases the discount provided after supply can also be excluded from the taxable value.

- Discount is established in terms of a pre supply agreement between the supplier & the recipient and such discount is linked to relevant invoices.
- Input tax credit attributable to the discounts is reversed by the recipient.

Taxable value when consideration is not solely in money

In case where the consideration is not solely in money, the following values have to be taken sequentially to determine the taxable value:-

- i. Open Market Value of such supply
- ii. Total money value of the supply i.e. monetary consideration plus money value of the non- monetary consideration
- iii. Value of supply of like kind and quality

- iv. Value of supply based on cost i.e. cost of supply plus 10% mark-up
- v. Value of supply determined by using reasonable means consistent with principles & general provisions of GST law. (Best Judgment method)

Value of supply between distinct and related persons (excluding Agents)

A person who is under influence of another person is called a related person like members of the same family or subsidiaries of a group company etc.

In case of related person cases following values have to be taken sequentially to determine the taxable value:

- Open Market Value.
- Value of supply of like kind and quality.
- Value of supply based on cost i.e. cost of supply plus 10% mark-up.
- Value of supply determined by using reasonable means consistent with principles & general provisions of GST law (Best Judgment method).

However, if the recipient is eligible for full input tax credit, the invoice value will be accepted as taxable value.

Value of supply of goods made or received through an agent

- a) Open market value of goods being supplied, or, at the option of the supplier, 90% of the price charged for the supply of goods of like kind and quality by the recipient to his unrelated customer.
- b) In case value cannot be determined under (a) then following values have to be taken sequentially to determine the taxable value: -
 - I. Value of supply based on cost i.e. cost of supply plus 10% mark-up.
 - II. Value of supply determined by using reasonable means consistent with principles & general provisions of GST law (Best Judgment method).

Value of supply of services in case of a Pure Agent

The expenditure and costs incurred by the supplier as a pure agent of the recipient of supply of service, has to be excluded from the value of supply.

Determination of Value of service of purchase or sale of foreign currency including money changing

Option 1

- Transaction where one of the currencies exchanged is Indian Rupees:

Taxable value is difference between buying rate or selling rate of currency and RBI reference rate for that currency at the time of exchange multiplied by total units of foreign currency.

However if RBI reference rate for a currency is not available then taxable value is 1% of the gross amount of Indian Rupees. provided/received by the person changing the money.

- Transaction where neither of the currencies exchanged is Indian Rupees:

Taxable value will be 1% of the lesser of the two amounts the person changing the money would have received by converting (at RBI reference rate) any of the two currencies in Indian Rupees.

Option-2

The person supplying the service may also exercise the following option to ascertain the taxable value:-

- One percent of the gross amount of currency exchanged for an amount up to one lakh rupees, subject to minimum amount of two hundred and fifty rupees
- One thousand rupees and half of a percent of the gross amount of currency exchanged for an amount exceeding one lakh rupees and up to ten lakh rupees
- Five thousand rupees and one tenth of a percent of the gross amount of currency exchanged for an amount exceeding ten lakhs rupees subject to a maximum amount of sixty thousand rupees.

Service of booking of tickets for air travel by an air travel agent

Taxable value is 5% of basic fare in case of domestic travel and 10% of basic fare in case of international travel.

Determination of value of service in relation to life insurance business

Taxable value varies with nature of insurance policy. The details are as follows:

- In case of dual benefits of risk coverage and investment – Taxable value is gross premium charged less amount allocated

for investments

- ❑ In case where allocation for investments and savings is not intimated to the policy holder – taxable value is ten percent of the single premium charged from the policy holder
- ❑ Other cases- Twenty five percent of premium charged from the policy holder in the first year and twelve and a half percent of premium charged for subsequent years

However, where insurance policy has benefit of risk coverage only, then taxable value is entire premium charged from the policy holder.

value of redeemable vouchers/ stamps/ coupons/tokens

The value of redeemable vouchers/stamps/coupons shall be equal to the money value of the goods or services or both redeemable against such token, voucher, coupon, or stamp.

Rate of exchange of currency, other than Indian rupees, for determination of value

The rate of exchange for determination of value of taxable goods or services or both shall be the applicable RBI reference rate for that currency on the date of time of supply.

Determination of value of second hand goods

The taxable value of supply of second hand goods shall be the difference between the purchase price and the selling price, provided no input tax credit has been availed on purchase of such goods.

Persons who purchase second hand goods after payment of tax to supplier of such goods will be governed by this valuation rule only when they do not avail input tax credit on such input supply. If input tax credit is availed, then such supply will be governed by normal GST valuation.

Value of supply of goods repossessed from a defaulting borrower

If the defaulting borrower is not a registered person, the purchase value will be purchase price in the hands of such borrower reduced by five percentage points for every quarter or part thereof, between the date of purchase and the date of disposal by the person making such repossession.

However, if the defaulting borrower is registered, the repossessing lender agency will discharge GST at the supply value without any reduction from actual/notional purchase value.

Value of supply inclusive of Integrated tax, Central tax, State tax, Union territory tax

Where the value of supply is inclusive of GST, the tax amount shall be determined in the following manner,

Tax amount = (Value inclusive of taxes x GST tax rate in%)/(100+sum of GST tax rates in %)

For example:

If the value inclusive of tax is Rs. 1000/- and applicable GST tax rate is 28% then, Tax amount = (1000x28)/(100+28)= 2800/128=Rs. 218.75/-

कृषि एवं खाद्य उत्पादों पर आधारित सेमीनार

मेवाड चेम्बर ऑफ कॉमर्स एण्ड इण्डस्ट्री के चि तौडगढ चेप्टर एवं सीए ब्रांच ऑफ चि तौडगढ ने उमंग 2017 की कडी में षि एवं खाद्य आधारित उद्योगों पर चर्चा की। षि एवं खाद्य उत्पादों के उद्योग एवं व्यवसाय क्या-क्या लगाये जा सकते हैं किस तरह अनुदान मिल सकता है केन्द्रीय सरकार द्वारा क्या क्या योजनाए उपलब्ध है कि विस्तृत जानकारी दिल्ली के श्री वी पद्मानंद, निदेशक ग्राण्ट थोरटन इण्डिया ने दी। उन्होने बताया की अधिकतर ईकाइयों में 35 प्रतिशत तक का अनुदान दिया जाता है।

सेमीनार में मुख्य अतिथि नगर परिषद उपसभापति श्री भरत जागेटिया, जिलाध्यक्ष भाजपा श्री रतनलाल गाडरी, षि विभाग के रिसर्च अधिकारी श्री रमेश आमेटा का मेवाड चेम्बर चि तौडगढ चेप्टर के अध्यक्ष एवं सीए ब्रांच के चेयरमेन श्री अर्जुन मुन्दडा, सचिव श्री राकेश मंत्री एवं मेवाड चेम्बर ऑफ कॉमर्स एण्ड इण्डस्ट्री के उपाध्यक्ष श्री नित्यानन्द जिन्दल ने स्वागत किया।

इस अवसर पर श्री मुन्दडा ने कहाहि चित्तौडगढ के आसपास में षि उत्पाद का काफी तादात में उत्पादन होता है जैसे- सरसों, गेहूँ, मक्का, सोयाबीन, मुगंफली, मिल्क प्रोसेसिंग, आंवला, अमरूद, मसाले इत्यादि। अतः चित्तौडगढ वासी इन उत्पादों को परिष्कृत कर कई तरह के उद्योग लगा सकते हैं इनका व्यवसायीकरण किया जा सकता है जिससे चित्तौडगढ मार्बल स्टोन, ग्रेनाईट, सीमेन्ट के अतिरिक्त अन्य उत्पादों में भी सशक्तीकरण हो सकेगा एवं रोजगार भी सृजित होंगे।

इससे पूर्व दोपहर 12 बजे से 2 बजे वक्ता सीए श्री सुनील राठी ने सदस्यों के साथ टेक्स ऑडिट रिपोर्ट पर विशेष चर्चा की एवं सांय 5 बजे बैंगलोर से आये क्लियर टेक्स कम्पनी के सदस्य श्री अमन बाहेती ने जीएसटी सॉफ्टवेयर की तकनीकों को बारीकी से समझाया।

ALL YOU SHOULD KNOW WHILE FILING FORM GST TRAN-1

The main objective of transitional provisions is to provide a safe cushion for existing taxpayers to adapt the new legislation without any shock. In the same lines, filing of GST TRAN forms is the second stage for persons under GST in the month of August, 2017. It is important to claim the benefits of ITC and save working capital needs of the persons.

There is lot of confusion among industry and trade on understanding of the transitional provisions as well as filing requirement of form GST TRAN, therefore this article is written to provide conceptual clarity on objective of transitional form and how to file this form along with data requirement and calculation mechanics for detailed field wise submission in this form.

The GST tax portal is likely to offer from 21st August, 2017 forms to claim credit on sales made or services rendered before the rollout of GST, which the taxpayers have to file by August 28. Although, due date for filing of GSTR-3B has been extended upto 25th August 2017 for the persons who do not want to avail the transitional credits while paying their tax liabilities. But due date for filing of the GSTR-3B for those persons who do want to claim transitional credits is 28th August 2017 but they have to pay GST liability on or before 25th August, 2017. Now, question comes that how to determine the GST liability before filing of GST TRAN form. In this respect, GST liability shall be determined as follows:

Tax payable = (Output tax liability + Tax payable under reverse charge) – (Transitional credit + input tax credit availed for the month of July, 2017).

Under GST regime, two types of TRAN forms have been prescribed, description and due dates are as follows

S.No.	Description	Form Type	Due Date
1.	Tax or duty credit carried forward under any existing law or on goods held in stock on the appointed day	FORM GST TRAN-1	Upto 30.09.2017 (within ninety days of the appointed day)
2.	Tax or duty credit on goods held in stock on the appointed day where taxpaying documents not available	FORM GST TRAN-1	Upto 30.09.2017 (within ninety days of the appointed day)
3.	Declaration to be made under clause (c) of sub-section (11) of section 142, i.e., composite supply case under earlier taxation regime	FORM GST TRAN-1	Upto 30.09.2017 (within ninety days of the appointed day)
4.	Declaration of stock held by a principal and job-worker	FORM GST TRAN-1	Upto 30.09.2017 (within ninety days of the appointed day)
5.	Details of goods sent on approval basis	FORM GST TRAN-1	Upto 30.09.2017 (within ninety days of the appointed day)

Before understanding of the transitional provisions and this form minutely in its field wise requirement, first take a look at few important points in this regard:

1. TRAN form needs to be filed by the persons who do want to claim transitional credit.
2. It needs to be filed online only at the common portal i.e. www.gst.gov.in.
3. TRAN forms as discussed above, shall be required to file with in time specified in the law.

Having understood the description and time limits, we shall now understand the form in detail with field-wise reporting requirement along with how data/ information must be identified, computed and assimilated by the business to ensure error free filing of this form. Detailed analysis of TRAN-1 is as follows:

Field No. 4 : Whether all the returns required under existing law for the period of six months immediately preceding the appointed date have been furnished:- Yes/No

The benefit of carry forward of credits shall be available to those persons who has filed all the returns required under existing law for the period of six months immediately preceding the appointed date have been furnished. Under Service tax, last date for filing of service tax return for the period April to June, 2017 was 15th August, 2017 and for the period January to March, 2017 was 25th April, 2017.

Field No. 5: Amount of tax credit carried forward in the return filed under existing laws

a. Amount of Cenvat credit carried forward to electronic credit ledger as central tax (Section 140(1) and Section 140(4)(a))

Sr. No.	Registration No. under existing law (Central Excise and Service Tax)	Tax period to which the last return filed under the existing law pertains	Date of filing of the return specified in Column no. 3	Balance cenvat credit carried forward in the said last return	Cenvat Credit admissible as ITC of central tax in accordance with transitional provisions
1	2	3	4	5	6
	Total				

- This table has to be filed by all persons registered under GST (except composition dealers under GST laws.)
- This Part is to be filed in respect of only those taxes for which the dealer is registered under existing laws. (eg. VAT/Excise/Service Tax etc.)
- Section 140(1): A registered person shall be entitled to take, in his electronic credit ledger, the amount of CENVAT credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law.
- Section 140(4) (a) : A registered person, who was engaged in the manufacture of taxable as well as exempted goods under the Central Excise Act, 1944 or provision of taxable as well as exempted services under Chapter V of the Finance Act, 1994, but which are liable to tax under this Act, shall be entitled to take, in his electronic credit ledger the amount of CENVAT credit carried forward in a return furnished under the existing law by him.

b. Details of statutory forms received for which credit is being carried forward

Period: 1st Apr 2015 to 30th June 2017

TIN of Issuer	Name of Issuer	Sr. No. of Form	Amount	Applicable VAT Rate
C-Form				
Total				
F-Form				
Total				
H/I-Form				
Total				

- If goods were supplied under CST Act, details of claims and CST forms (C, F, H, I, E-I/E-II) shall be submitted within 90 days. Serial numbers of C and F forms and certificates in forms E, H F or I should be submitted in support of the claim.

c. Amount of tax credit carried forward to electronic credit ledger as State/UT Tax (For all registrations on the same PAN and in the same State)

Registration No. in existing law	Balance of ITC of VAT and [Entry Tax] in last return	C Forms		F Forms		ITC reversal relatable to [(3) and] (5)	H/I Forms		Transition ITC 2- (4+6-7+9)
		Turnover for which forms Pending	Difference tax payable on (3)	Turnover for which forms Pending	Tax payable on (5)		Turnover for which forms Pending	Tax payable on (7)	

- ❑ If the taxable person was engaged in inter-state sale, the credit as is attributable to any claim related to section 3, 5(3), 6, 6A or 8(8) of the CST Act, 1956 which is not substantiated in the manner, and within the three months after end of the period (quarterly for form C) to which it relates, specified in Rule 12 of the CST (Registration and Turnover) Rules, 1957 shall not be eligible to be credited to the electronic credit ledger. [Second proviso to section 140(1) of the SGST Act, 2017]
- ❑ When the said claims are substantiated, the amount will be refunded to the taxable person. [Third proviso to section 140(1) of the SGST Act, 2017]
- ❑ These tables are relevant in case where registered person has purchased inputs on payment of VAT for the purpose of making inter-state sales and VAT credit is claimed in his return. According to second and third proviso, VAT credit to the extent of inter-state supplies which are not substantiated cannot be carried forward. Hence, balance credit can be claimed as transitional credit.
- ❑ Accordingly, in case of inter-state sales, if the recipient issues Form C and other forms, i.e., F, H, I or J, or E-II, then CST rate is 2 percent. If the form is not received then CST payable is equal to state VAT rate. Thus, if VAT rate is 20 percent and no forms have received then CST rate would be 20 percent. Therefore, in case where, no required form has been received upto 30.09.2017 in respect to inter-state sales made as on 30.06.2017. In that case, the claim is not substantiated. Hence, the credit of VAT equal to difference between 20 percent and 2 percent will not be eligible for carry forward.
- ❑ It may be noted in case where such person is not engaged in inter-state sale then there is no restriction to carry forward the VAT credits to in GST regime.
- ❑ It may further be noted that credit of CST shall not be allowed to carry forward in GST regime.

Field No. 6 : Details of capitals goods for which unavailed credit has not been carried forward under existing law (section 140 (2)).

1. Amount of unavailed CENVAT credit in respect of capital goods carried forward to electronic credit ledger as central tax

Sr.	Invoice / Document	Invoice / Document	Supplier's Registration No. Under Existing	Recipients' Registration No. Under Existing	Details of capital goods on which credit has been partially availed		Total eligible cenvat credit under existing	Total cenvat credit availed under existing	Total cenvat credit unavailed under existing law (admissible as ITC of central tax) (9-10)	
					Duties and Taxes Paid					
					ED/ 1902.	12172.				
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.

2. Amount of unavailed input tax credit carried forward to electronic credit ledger as State/UT tax (For all registrations on the same PAN and in the same State)

Sr.	Invoice / Document	Invoice / Document	Recipients' Registration No. Under Existing	Details of capital goods on which credit is not availed		Total eligible VAT [and ET] credit under existing	Total VAT [and ET] credit availed under existing law	Total VAT [and ET] credit unavailed under existing law (admissible as ITC of State/UT tax) (8-9)
				Duties and Taxes Paid				
				Taxes paid VAT [and ET]				
1.	2.	3.	4.	5.	6.	7.	8.	9.

- ❑ Section 140(2) : A registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, credit of the unavailed CENVAT credit in respect of capital goods, not carried forward in a return, furnished under the existing law by him, for the period ending with the day immediately preceding the appointed day.
- ❑ “Unavailed CENVAT credit” means the amount that remains after subtracting the amount of CENVAT credit already availed in respect of capital goods by the taxable person under the existing law from the aggregate amount of CENVAT credit to which the said person was entitled in respect of the said capital goods under the existing law.
- ❑ The registered person shall not be allowed to take credit unless the said credit was admissible as CENVAT credit under the existing law and is also admissible as input tax credit under GST Act.
- ❑ In Central Excise, CENVAT Credit of capital goods is available in two years, i.e., 50 in first year and balance 50 percent in next year. In some states, VAT credit is allowed in 2-3 years. In such cases, it may be possible that some input tax credit of excise duty, State VAT or entry tax and other eligible duties paid on capital goods may not have been availed. Therefore, in such cases, unavailed credit on capital goods, not carried forward in return filed for June 2017, can be availed.

Field No. 7 : Details of the inputs held in stock in terms of sections 140(3), 140(4)(b), 140(5) and 140(6).

a. Amount of duties and taxes on inputs claimed as credit excluding the credit claimed under Table 5(a) (under sections 140(3), 140(4)(b) and 140(6))

-----Kindly refer TRAN Form-----

- ❑ Section 140(3) : Readers may refer given link for detailed understanding of section 140(3) of CGST Act, 2017 for Central levies.
- ❑ <https://www.linkedin.com/pulse/credit-unsold-stock-under-section-1403-cgst-act-2017-kumawat?published=t>
- ❑ Section 140(4)(b): A registered person, who was engaged in
 - ❑ the manufacture of taxable as well as exempted goods under the Central Excise Act, 1944, or
 - ❑ provision of taxable as well as exempted services under Chapter V of the Finance Act, 1994, but which are liable to tax under this Act,
 shall be entitled to take credit of **eligible duties [prescribed in section 140(3) link given above]** in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day, **relating to such exempted goods or services**, in accordance with the provisions of section 140(3) (kindly refer to the above given link).
- ❑ Section 140(6): A registered person, who was either paying tax at a fixed rate or paying a fixed amount in lieu of the tax payable under the existing law shall be entitled to take credit of eligible duties in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day.

It may be noted that the said registered person is in possession of invoice or other prescribed documents evidencing payment of duty under the existing law in respect of inputs. Such invoices or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.

b. Amount of eligible duties and taxes/VAT/[ET] in respect of inputs or input services under section 140(5):

-----Kindly refer TRAN Form-----

- ❑ Section 140(5) : A registered person shall be entitled to take credit of eligible duties and taxes in respect of inputs or input services received on or after the appointed day but the duty or tax in respect of which has been paid by the supplier under the earlier law, subject to the condition that the invoice or any other duty or taxpaying document of the same was recorded in the books of account of such person within a period of thirty days from the appointed day.
- ❑ It is possible that the supplier has prepared invoice and despatched goods prior to 30-06-2017, but the goods were received after 30-06-2017. It is also possible that service was provided prior to 30-06-2017 but invoice was received after 01-07-2017 but before 30-07-2017. In such cases, input tax credit will be available. Credit of duty paid inputs or service tax paid on input services received after 01-07-2017 but duty was paid prior to 30-06-2017 will be available if document was recorded in books of account within 30 days.
- ❑ Eligible duties include duty of excise, NCCD, service tax etc.

c. Amount of VAT and Entry Tax paid on inputs supported by invoices/documents evidencing payment of tax carried forward to electronic credit ledger as SGST/UTGST under sections 140(3), 140(4)(b) and 140(6)

-----Kindly refer TRAN Form-----

- Section 140(3) : Readers may refer given link for detailed understanding of section 140(3) of SGST Act, 2017 for State levies.

Link: <https://www.linkedin.com/pulse/credit-unsold-stock-under-section-1403-sgst-act-2017-kumawat>

- Section 140(4)(b): A registered person, who was engaged in the sale of taxable goods as well as exempted goods or tax free goods under the earlier law but which are liable to tax under GST Act, shall be entitled to take the credit of the value added tax, if any, in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day, relating to such exempted goods or tax free goods in accordance with the provisions of section 140(3) of SGST Act, 2017.
- d. Stock of goods not supported by invoices/documents evidencing payment of tax (credit in terms of rule 117 (4)) (To be there only in States having VAT at single point) [Note : Details of description and quantity of inputs / input services as well as date of receipt of goods or services (as entered in books of accounts) is also required.]**

-----Kindly refer TRAN Form-----

- This option is available for the cases in which registered person wants to claim transitional credit for the MRP based goods for which taxpaying documents is not available.

Field No. 8: Details of transfer of cenvat credit for registered person having centralized registration under existing law (Section 140(8))

-----Kindly refer TRAN Form-----

- Taxable person having centralized registration under service tax can take input tax credit within 3 months if included in his return. The credit can be distributed to its branches or divisions having same income tax PAN. He can file revised return also within 3 months after 30-06-2017. Such person is required to give details in the above table.

Field No. 9: Details of goods sent to job-worker and held in his stock on behalf of principal under section 141

- a. Details of goods sent as principal to the job worker under section 141

-----Kindly refer TRAN Form-----

- b. Details of goods held in stock as job worker on behalf of the principal under section 141

-----Kindly refer TRAN Form-----

- Every person to whom the provisions of section 141, i.e. principal and job worker relationship apply shall, within ninety days of the appointed day, submit a declaration electronically in above table wherein details of the stock of the inputs, semi-finished goods or finished goods, as applicable, held by him on the appointed day is to be specified.
- A taxable person might have sent inputs, semi finished goods and finished goods outside before 01-07-2017 for job work or testing. If these are received back before 31-12-2017, GST will not be payable.
- If goods or capital goods of principal are lying with agent on 30-06-2017, the agent can take input tax credit of state VAT paid on such inputs or capital goods. Declaration is to be given in above tables.

Field No. 10: Details of goods held in stock as agent on behalf of the principal under section 142 (14) of the SGST Act

- a. Details of goods held as agent on behalf of the principal

-----Kindly refer TRAN Form-----

- b. Details of goods held by the agent

-----Kindly refer TRAN Form-----

- Where any goods or capital goods belonging to the principal are lying at the premises of the agent on the appointed day, the agent shall be entitled to take credit of the tax paid on such
- goods or capital goods subject to fulfilment of the following conditions:
 - i. the agent is a registered taxable person under SGST Act;
 - ii. both the principal and the agent declare the details of stock of goods or capital goods lying with such agent on the day immediately preceding the appointed day in such form and manner and within such time as may be prescribed in this behalf;
 - iii. the invoices for such goods or capital goods had been issued not earlier than twelve months immediately preceding the appointed day; and
 - iv. the principal has either reversed or not availed of the input tax credit in respect of such,-

- a. goods; or
- b. capital goods or, having availed of such credit, has reversed the said credit, to the extent availed of by him.

Field No. 11: Details of credit availed in terms of Section 142 (11 (c))

-----Kindly refer TRAN Form-----

- For detailed understanding of section 142(11)(c), reader may refer given below link:

<https://www.linkedin.com/pulse/service-tax-vat-v-goods-services-section-14211-cgst-act-kumawat>

Field No. 12: Details of goods sent on approval basis six months prior to the appointed day (section 142(12))

-----Kindly refer TRAN Form-----

- If goods were sent on approval basis and were not with the taxable person on 01-07-2017, details are to be submitted in table 12 of the GST TRAN-1. The goods should be returned before 31-12-2017. If these are returned after 6 months, GST will be payable.
- Every person having sent goods on approval under the existing law and to whom sub-section (12) of section 142 applies shall, within ninety days of the appointed day, submit details of such goods sent on approval in FORM GST TRAN-1.

Conclusion

These are the important steps or filed to fill this form. Since window for filing of GST TRAN is already opened.

FREE SUPPLY

Treatment under GST Provisions Free supply of goods or services by any supplier is a legitimate business strategy. New products cannot be introduced in the market without cajoling consumers to try the new product. In pharma sectors free samples of medicines are distributed. In consumer goods sector, free supply along with some other item is a norm. This article analyses GST provisions in respect to free supply done by the supplier of goods or services under GST provisions.

GST Liability on free supply :

The first question which arises as to whether GST is payable on free supply of goods or services or both. The charging section, Section 9 of the CGST Act imposes a tax on supply. Supply has been defined in Section 7 of the CGST Act as 'all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business'. A supply is a supply within the meaning of section 7 of the CGST Act only when 'it is made for a consideration'. If some activity is being done, without a consideration, it is not a supply within the meaning of section 7 of the CGST Act, and hence no tax is attracted under section 9 of the CGST Act. Thus, no GST is payable on free supplies of goods or services or both.

ITC Reversal on Free supplies :

The second question which arises as to whether ITC is required to be reversed if certain free supplies of goods or services or both are being made. Before analyzing the question, it must be understood that charging section and section related to ITC credit are independent of each other, and one must not be used to curtail the ambit of other. Both the provisions play in their own ambit.

Section 16 of the CGST Act provides that every registered person shall be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business. A person is entitled for credit if the inputs or input services supplied is used 'in course or in furtherance of business'. Thus, there is no requirement in law that inputs of inputs services must be used for making taxable supplies only, mere use in course or furtherance of business is enough. In view of this a person is entitled to avail ITC on all supplies, which are being used in making free supplies, as such free supplies are being made in course or in furtherance of business.

Section 17 provides for apportionment of credit based on the fact whether the supply is being used for business or for other purposes. When free supplies are made to promote a product, or as marketing or sales effort, such use is for business only, and no reversal is required under Section 17(1) of the CGST Act. Section 17(2) provides for reversal of credit if it is used partly in making taxable supplies, and partly in making non-taxable supplies. We have seen earlier that free supply is not a supply within the meaning of section 7 of the Act, there is no question of it being an exempt supply. Thus, no reversal is required under section 17(2) of the CGST Act.

Conclusion: Free supply of goods or services or both are business activity not amounting to supply, just like other numerous business activities where inputs or input services are used by a supplier. The inputs or input services can be used for testing, trial, sampling, market research etc. from which no revenue comes to a supplier. Merely because no revenue is coming from free supply of goods or services or both cannot be a reason for demanding the reversal of ITC credit. Use of inputs or inputs services in making free supplies of goods or services is a genuine marketing activity, and the supplier must be entitled to take credit for such use of inputs or inputs services. In view of these this author is of the view that no reversal of credit is required for inputs/input services used in making free supplies. Further, no supplier distributes anything for free. The cost of everything distributed free is already built in price of taxable supplies, on which tax is being paid by the supplier. In view of these, this author is of the view that no input tax credit reversal is required on inputs/input services used in making free supplies.

TRANSACTION VALUE & VALUATION RULE UNDER GST

TRANSACTION VALUE OF GOODS & SERVICES UNDER GST (VALUATION RULE)

Section 15 of GST Act

To determine the value on which GST would be levied has been described in the Chapter IV of CGST ACT, 2017. The Provision says that there are five items such as taxes under other statutes, interest or late fee for the delayed payment of consideration, incidental expenses, subsidy etc, which should be included in the transaction value. There is one exclusion i.e. Discount which should be excluded from the Transaction Value. However there are certain transactions (such as barter, exchange, transaction with related parties, transaction between

principal and agent) for which we have to refer to the valuation rule prescribed under GST Act. Different scenario under which we have to refer Valuation rule has been provided in the PPT enclosed.

Detailed provisions of Transaction Value u/s 15 of the CGST act are as under:

1. Valuation of Goods and/or Service [Section 15(1)]

“Transaction Value” is the basis for Valuation for supply of goods and/or services under the GST Regime. For the levy of tax i.e. GST first we have to determine the transaction value. **'Transaction Value' is the price actually paid or payable for supply of goods and/or services.**

This is subject to dual condition as mentioned below:

Supplier and recipient of the supply are **not related**; and Price is the sole consideration for the supply

Transaction Value cannot be based on MRP

Under Section 4A of the Central Excise Act, the central Government has the power to notify the goods which shall be valued on the basis of MRP less Abatement permitted. However, GST Act there is **no provision** for determination of value on the **MRP basis**. Thus, in all cases liability of GST will be determined based on the **transaction value**.

Analysis of the term “Price actually paid or payable for supply of goods and/or services”

Section 15(1) clearly speaks that transaction value shall be the price actually paid or payable for the supply of goods and services. It shows that there should be some nexus between supply of goods/services and the amount received by the supplier of goods and services. The contract will indicate the amount payable by the recipient for the supply of goods and services.

Example-1:

An Audit firm based in Delhi undertake an audit assignment of his client based in Gurgaon. The Contract mentioned about the audit fees of Rs 100000 and arrangement of taxi by the Clint who is which may be worth Rs 5000.

Thus here the price payable by the Clint who is towards audit is Rs. 105000 (not only audit fees but also the expenditure incurred in connection with the taxi R.s 5000)

Example-2:

Take the example of custom house agent. In the course of clearance of the goods Mr X an CHA incurred an amount of Rs 50,000 as custom duty. Such type of expenses is paid by the agent, in order to avoid the delay in clearance, which are subsequently reimbursed by the importer. Such type of expenses can not be form part of transaction value as these are the reimbursement but such reimbursement is not for the service rendered.

Therefore Rs 50000 will not form part of transaction value.

Inclusions in the Transaction Value [Section 15(2)]

The transaction value shall include the following:

- a) **Taxes under other statute** Any taxes, duties, cesses, fees and charges levied under any statute **other than GST Act/IGST Act**, if charged separately by the supplier to the recipient.

Example-3:

As per rent contract, tenant required to pay local tax directly to the local body or to owner of the premise. Such local tax may form part of consideration for the supply of renting service.

Example-4:

Levy of entertainment tax by local authority is not subsumed in the GST. Therefore right to levy is still available with local authority and consequently it appears that any entertainment tax charged by the local authority will form part of transaction value.

(b) Any amount for which supplier is liable to pay Any amount that the supplier is liable to pay **in relation to such 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 and/or services.

Example-5:

Mr X, purchaser, has placed an order to supply a product “Packed in Carton” to Mr Y (supplier). As per the contract Mr Y is required to deliver the goods in the premises of Mr X. Thereafter Mr Y hires a transporter for transportation of goods. The lorry receipt of which indicate that freight is payable by receiver of goods (Mr X). In this case Mr Y was required to make the payment to the transporter as it is the obligation of Mr Y to deliver the goods to the premises of Mr X. Here in lieu of Mr Y, payment is being made by Mr X. Therefore, such payment will form part of transaction value of product.

Thus, in a contract, the obligation undertaken by the supplier for making supply of goods needs to be determined. All the expenses in respect of such obligation must be incurred by the supplier. But here the supplier was under obligation for which receiver has made the payment therefore the payment in connection with the supply i.e. Transportation will form part of transaction value.

Example-6:

A Chartered Accountant conduct an audit at client premises out of the state and hotel payment is made by the client. Here the payment made to hotel by the client will be included in the transaction value.

Example-6:

A Chartered Accountant conduct an audit at client premises out of the state and hotel payment is made by the client. Here the payment made to hotel by the client will be included in the transaction value.

- (c) Incidental expenses**
1. Incidental expenses, such as **commission** and **packing**, charged by the supplier to the recipient of a supply, including
 2. Any amount charged for anything done by the supplier in respect of the supply of goods and /or services **at the time of, or before delivery of the goods or, as the case may be, supply of the services;**

Example-7: Packing

Mr X goes to haldiram outlet and buys dryfruit worth Rs. 2000 . Mr X ask for the special packing for which Rs 500 is charged for packing . Here the transaction value will be Rs 2500.

The amount for **special packing** is separately payable by the recipient to the supplier. The cost of such packing will be included in the value of supply even if the cost of packing is separately paid by the recipient.

Example-8: Commission

A company appoints an agent to procure order of goods from buyer. Agent procures an order @ Rs.100 rupees. Now Seller company ask the buyer to pay only to supplier @Rs. 98 only and pay Rs 2 directly to the agent. Here GST will be charged on full Rs.100 as the Rs. 2 is the commission for this transaction.

Example-9: Anything done Before sale

A company advertises for sale of installed plant and machinery to sale the same on “ **as is where basis is**”. In this case cost of dismantling the plant will also be included in the transaction value as the dismantling activity has nexus before sale of goods.

(d) Interest or late fees : Interest/late fee/penalty for delay in payment of consideration for supply will form part of value.

Example-10:

Mr. X has supplied goods to Mr. Y on credit of 30 days. The contract provides that interest will be charged at the rate of 18% for delay in making payment of supply. It is specifically provides that such interest will form part of consideration and GST will be payable.

Comments: This provision is likely to have litigation as in most of the cases supplier is unable to recover the interest although it is mentioned in the contract.

- (e) Subsidies** **Subsidies directly linked to the price. (Except subsidies provided by the central and state Governments).** Explanation: The amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

Example-11:**Subsidy Linked to the price**

Suppose, C sells goods and gets price support from its Manufacturer. The subsidy so received will form part of transaction value.

Example-12:**Subsidy not Linked to the price**

Tisco General Office Recreation Club v. State of Bihar (2002) 126 STC 547 (SC), appellant, a dealer, was running a canteen for employees of the company. The prices were below cost price. However, TISCO, without any statutory obligation, as a staff welfare measure, was making good the excess of expenditure over income.

The subsidy was not relatable to any item of food. It was held that the lump sum subsidy made ex gratia cannot form part of sale price and not to be included in transaction value.

Example-13:**Subsidy provided by CG or SG(not linked to price)**

Government gives subsidy on supply of cooking gas cylinder to poor families. Nowadays such subsidy is transferred to the bank account of poor family directly and the company making supply of cylinder sells the goods at a fixed price and not at the subsidised rate. The amount of subsidy is directly credited to the bank account and the same is not received by the said company. Therefore such subsidy will not be considered as part of transaction value because this is not linked to the price and also the same is provided by Government.

Example-14:**Subsidy provided by CG or SG (linked to the price)**

Sale of urea by the manufacturer at the recommended price by the Government (i.e. at cheaper price) to make urea at a cheaper price. The supplier is paid the subsidy directly by the Government. Here the subsidy is not to be included in the transaction value. Though it is related to the price but the same is provided by the Government therefore subsidy will not be included in the transaction value.

3. Exclusions from the Transaction Value [Section 15(3)]

The value of the supply *shall not include any discount* that is given:

(a) Discount given before or at the time of the supply provided such discount has been duly recorded in the invoice issued in respect of such supply; and

(b) Discount given after the supply has been effected but:

(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoice; and

(ii) Input tax credit has been reversed by the recipient of the supply as is attributable to the discount issued by the supplies.

The Discount which can be excluded from the transaction value can be summarised as below:

Example-15: Discount shown in invoice

In many cases company offers trade discount to dealers depending upon the volume of supply. Such discount is reflected on the face of invoice therefore transaction value will be the price after discount.

Say, for instance, price of a car is Rs. 5 Lacs and a discount of 5% is given being the year end sale. Here the transaction value will be Rs. 4.75 Lacs i.e. after discount which will not be included in transaction value.

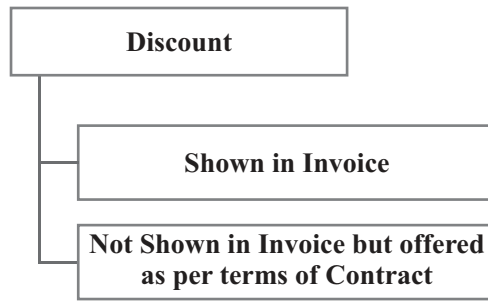
Example-16: Discount not shown in invoice

Mr. A purchases an Air Conditioner from Mr. B for Rs. 20000 on credit on July 1, 2017. On August 1, 2017, Mr. A gives discount of Rs. 5000 to Mr. B and Mr. B makes payment of Rs. 15000. Here if the discount is not known before or at the time of supply, then transaction value will be Rs. 20000. But if discount is based on terms of contract or terms of payment then transaction value will be Rs 15000 only.

Section 15(4) provides that where the value of supply of goods or services cannot be determined under section 15(1), the same shall be determined in the manner as may be prescribed.

Section 15(5) states that, notwithstanding anything contained in section 15(1) or section 15(4), the value of such supplies as may be notified by the central or a state government in this behalf on the recommendation of the GST council, shall be determined in such manner as may be prescribed.

1. Definition of important terms used in this chapter



Related person

As given in the explanation to the Section 15 of f GST Act , “persons shall be deemed to be “related persons" if only –

- a) they are officers or directors of one another's businesses;
- b) they are legally recognized partners in business;
- c) they are employer and employee;
- d) any person directly or indirectly owns, controls or holds twenty five per cent or more of the outstanding voting stock or shares of both of them;
- e) one of them directly or indirectly controls the other;
- f) both of them are directly or indirectly controlled by a third person;
- g) together they directly or indirectly control a third person or they are members of the same family;

Explanation I – The term “person” also includes legal persons.

Explanation II – Persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

Thus, if transaction is with the related person then the supplier has to substantiate that the value of supply is not influenced because of relationship. How the value of supply of services will be substantiated will be very difficult and cumbersome task.

1. Consideration

The value on which GST is to be charged primarily depends upon the consideration received for taxable supply of goods and / or services, which is defined under section 2(31) of the CGST/SGST Act, as under. “Consideration” in relation to the supply of goods or services includes:

- (a) Any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a state Government.
- (b) The monetary value of any act or forbearance, whether or not voluntary in respect of, in response to, or for the inducement of, the supply of goods or services, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government.

In simple words, Consideration may have following features:

- (i) It can be monetary or non-monetary.
- (ii) It can be given to/by third person.
- (iii) It should be lawful.
- (iv) Forbearance/abstinence can be consideration.
- (v) Compromise or composition is consideration.
- (vi) It should be certain.

2. Deposit can not be considered as Consideration

Deposit, whether refundable or not, given in respect of the supply of goods or services shall not be considered as payment made for the supply unless the supplier applies the deposit as consideration for the supply.

3. Fines and penalty can not be considered as Consideration

The amount received as fines or penalty for violation of statutory provision will not be considered as consideration. This has been clarified in Para No. 2.3.1 to 2.3.3 of CBEC Education Guide.

4. Meaning of “price is the sole consideration for supply”

Section 15(1) further provides that price should be the sole consideration for supply. If any additional consideration, whether monetary or non-monetary terms is received, the value of such consideration shall be added to the consideration to arrive at the transaction value. Interpretative Notes provide that payment made directly or indirectly by the recipient to the supplier will

constitute the price actually paid or payable.

Example-17: Indirect payment

Settlement by buyer whether in whole or in part of debt owned by the seller . This can be elaborated with an example. Mr. X makes a supply of Rs. 2 lakhs to Mr. Y and contract provide that Mr. Y will pay Rs. 50,000 to Mr. X and Rs. 1,50,000 to Mr. Z to settle debt of Mr. X. In this case the price of Rs. 50,000 is not the sole consideration for sale. The amount of Rs. 1,50,000 payable by Mr. Y to Mr. Z is also part of consideration for supply of goods. Therefore GST will be paid on entire amount of Rs. 2 lakhs not only on Rs. 50,000.

5. How invoice, Credit note will be issued in respect of Charges and Discount in the GST Regime – Explained with Example

Example-18 :

M/S Carwala Ltd sells a car worth Rs 4,00,000 to “B Automobiles”.

They incur packing charges of Rs 5,000 on the car

They provide a discount of 1% on the price, as part of Diwali scheme

M/S Carwala Ltd agrees to provide a further discount of 0.5% if “B Automobiles” makes payment by 31st of the month by NEFT . “B Automobiles” makes the payment by 31st of the month by NEFT .

The invoice issued to “B Automobiles”, under GST, will look like this:

INVOICE					
S. No.	Description of goods	Quantity	Rate	Per	Amount
1	Car	1	4,00,000	No.	4,00,000
	Parking Charges				5,000
	Discount @ 1%	1			(-) 4,000
	GST @ 18%				72,180
	Total	1			4,73,180

1% of price Rs. 4,00,000

18% on transaction value of Rs. 4,01,000 (4,00,000 + 5,000 - 4,000)

*Assuming GST of 18% on car

In the invoice:

- Packing charge of Rs 5,000 is included in the transaction value.
Packing charges or any incidental expenses charged before or at the time of supply of goods or services must be included in the transaction value.
- Discount of 1% is deducted from the transaction value.
Discount given before or at the time of supply, and which is recorded in the invoice, can be deducted from the transaction value.
- Discount of 0.5% is not deducted in the invoice. As discount of 0.5% is given after the supply, it will not be shown in the invoice. However, since the discount was known at the time of supply, and can be linked to this specific invoice, the discount amount can be reduced from the transaction value.
- Here M/S Carwalawill issue a credit note to “B Automobiles” for Rs 2,360 (0.5% of Rs 4,00,000 = Rs 2,000+ GST@ 18% on Rs 2,000 = Rs 360), and the same must be linked to the relevant tax invoice. ITC should be reverved by the recipient.
- Discount given after supply but agreed upon before or at the time of supply and can be specifically linked to relevant invoices, can be deducted from the transaction value.

Example-19: Discount given after supply not known at the time of supply

“M/S Carwala Ltd” sells a car to “B Automobiles” for Rs 4,00,000. As per the standing agreement, a credit period of 30 days is allowed for payment. However, due to a severe cash crunch, M/S Carwala Ltd. offers to “B Automobiles” to make the payment within 2 days on which he will give discount of 2%. “B Automobiles” makes the payment within 2 days. In this scenario, since the discount was not known at the time of supply, it cannot be claimed as a deduction from the transaction value. Meaning thereby, the GST will be charged on full Rs 4 Lacs.

Download Power Point Presentation On Transaction Value And Valuation Rule Under GST

CGST RATE ON CERTAIN SERVICES REVISED

NOTIFICATION NO. 20/2017-CENTRAL TAX (RATE) DATED 22-8-2017

This notification amends Notification No. 11/2017-Central Tax (Rate) which prescribes the rate of CGST for services. Relevant changes are as under: Transportation of passengers by motorcab and renting of motorcab where the cost of fuel is included in the consideration - Rate of CGST will be 6%, if service provider wishes to avail input tax credit on goods and services used in supplying the service.

GTA service in relation to transportation of goods (including used household goods for personal use) - Rate of CGST will be 6% if provider of the service wants to avail input tax credit on goods and services used in supplying the service. GTA opting to pay CGST @ 6% shall, henceforth, be liable to pay CGST @ 6% on all the services of GTA supplied by it (total GST rate will be 12%). In relation to composite supply of works contract services, CGST rate of 6% has been introduced for certain works contract (total GST rate will be 12%).

Job work services in relation to textiles and textile products (falling under Chapters 50 to 63) will attract CGST at the rate of 2.5% (total GST rate will be 5%).

Services by way of printing of newspapers, books (including Braille books), journals and periodicals, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer will attract CGST at the rate of 6%.

Exemption to certain services - Notification No. 21/2017-Central Tax (Rate)

This Notification amends Notification No. 12/2017-Central Tax (Rate) providing for exemption to specified services. By this amending notification, the following services have been exempted:

–Services provided by and to FIFA and its subsidiaries in respect of events under FIFA U-17 World Cup 2017 to be hosted in India, subject to conditions.

Services provided by Fair Price Shops to Central Government, State Governments or Union Territories.

Reverse Charge - Notification No. 22/2017-Central Tax (Rate)

This notification amends Notification No. 13/2017-Central Tax (Rate) and provides that in respect of services provided by GTA, certain specified recipients would be liable to pay tax under reverse charge only if the GTA has not paid CGST @ 6%.

Therefore, the services by a GTA in respect of transportation of goods by road is no longer covered under **reverse charge if GTA is paying CGST at the rate of 6%.**

It has also been provided that the 'limited liability partnership' formed and registered under the provisions of the Limited Liability Partnership Act, 2008 shall also be considered as a partnership firm or firm.

House-keeping services supplied through e-commerce operator - Notification No. 23/2017-Central Tax (Rate)

This notification amends Notification No. 17/2017-Central Tax (Rate) and provides that in case of intra-State supply of services by way of house-keeping, such as plumbing, carpentering, etc., supplied through an e-commerce operator, tax shall be paid by such operator under reverse charge.

However, e-commerce operator would not be liable to discharge tax liability under reverse charge if the supplier is liable for registration under Section 22(1) of CGST Act.



फाइबर यार्न पर 18 प्रतिशत जीएसटी गलत

जीएसटी की विसंगतियों के निराकरण के लिए 6 अगस्त को विभिन्न संगठनों ने माननीय वित्त मंत्री श्री अरुण जेटली के नाम माननीय सांसद श्री सुभाष बहेड़िया को ज्ञापन दिया। मेवाड़ चेम्बर अफ क मर्स एंड इंडस्ट्री के मानद महासचिव श्री आर के जैन ने बताया कि सरकार एक राष्ट्र—एक टैक्स की बात कर रही है लेकिन हकीकत में यह गलत है। यहां तक कि एक ही टेक्सटाइल सेक्टर में, कंपोजिट एवं न न कंपोजिट यूनिट में अभी लगभग 9 रुपए प्रति मीटर यानी 10 प्रतिशत का फर्क है। फाइबर यार्न पर 18 प्रतिशत जीएसटी है। प्रतिवेदन देने वालों में मेवाड़ चेम्बर के संयुक्त सचिव श्री के के मोदी, सिंथेटिक विविंग मिल एसोसिएशन, लघु उद्योग भारती, टेक्सटाइल ट्रेड फेडरेशन के श्री रामेश्वर काबरा, श्री संजय मुरारका, श्री महेश मुरारका, श्री शिवकुमार सोडाणी, श्री मुकुनसिंह राठौड़, श्री संजय चिरानिया, श्री राजकुमार मैलाना, शिव लाठी, शिव झंवर, सुनील अग्रवाल आदि मौजूद थे।

Government of India
Ministry of Finance
(Department of Revenue)

Notification No. 10/2017- Integrated Tax (Rate)

New Delhi, the 28th June, 2017

GSR.....(E).-In exercise of the powers conferred by sub-section (3) of section 5 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the Central Government on the recommendations of the Council hereby notifies that on categories of supply of services mentioned in column (2) of the Table below, supplied by a person as specified in column (3) of the said Table, the whole of integrated tax leviable under section 5 of the said Integrated Goods and Services Tax Act, shall be paid on reverse charge basis by the recipient of the such services as specified in column (4) of the said Table:-

Table Sr. No.	Category of Supply of Services	Supplier of Service	Recipient of Service
(1)	(2)	(3)	(4)
1	Any service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online recipient.	Any person located in a non-taxable territory	Any person located in the taxable territory other than non-taxable online recipient.
2	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(63 of 1948);or (b) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or (c) any co-operative society established by or under any law; or (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 (e) any body corporate established, by or under any law; or (f) any partnership firm whether registered or not under any law including association of persons; or (g) any casual taxable person.	Goods Transport Agency (GTA)	(a) Any factory registered under or governed by the Factories Act, 1948(63 of 1948); or (b) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or (c) any co-operative society established by or under any law; or (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 (e) any body corporate established, by or under any law; or (f) any partnership firm whether registered or not under any law including association of persons; or (g) any casual taxable person; located in the taxable territory.
3	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.	An individual advocate including a senior advocate or firm of advocates.	Any business entity located in the taxable territory.

Table Sr. No.	Category of Supply of Services	Supplier of Service	Recipient of Service
(1)	(2)	(3)	(4)
4	Services supplied by an arbitral tribunal to a business entity.	An arbitral tribunal.	Any business entity located in the taxable territory.
5	Services provided by way of sponsorship to any body corporate or partnership firm.	Any person	Any body corporate or partnership firm located in the taxable territory.
6	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.	Central Government, State Government, Union territory or local authority	Any business entity located in the taxable territory.
7	Services supplied by a director of a company or a body corporate to the said company or the body corporate.	A director of a company or a body corporate	The company or a body corporate located in the taxable territory.
8	Services supplied by an insurance agent to any person carrying on insurance business.	An insurance agent	Any person carrying on insurance business, located in the taxable territory.
9	Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company.	A recovery agent	A banking company or a financial institution or a non-banking financial company, located in the taxable territory.
10	Services supplied by a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India.	A person located in non-taxable territory	Importer, as defined in clause (26) of section 2 of the Customs Act, 1962(52 of 1962), located in the taxable
11	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.	Author or music composer, photographer, artist, or the like	Publisher, music company, producer or the like, located in the taxable territory.

Explanation.- For purpose of this notification,-

(a) The person who pays or is liable to pay freight for the transportation of goods by road in goods carriage, located in the taxable territory shall be treated as the person who receives the service for the purpose of this notification.

(b) "Body Corporate" has the same meaning as assigned to it in clause (11) of section 2 of the Companies Act, 2013.

(c) the business entity located in the taxable territory who is litigant, applicant or petitioner, as the case may be, shall be treated as the person who receives the legal services for the purpose of this notification.

(d) the words and expressions used and not defined in this notification but defined in the Central Goods and Services Tax Act, the Integrated Goods and Services Tax Act, and the Union Territory Goods and Services Tax Act shall have the same meanings as assigned to them in those Acts.

2. This notification shall come into force on the 1st day of July, 2017.

[F. No. 334/1/2017- TRU]

(Ruchi Bisht)

Under Secretary to the Government of India

[TO BE PUBLISHED IN THE GAZZETE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

Government of India

Ministry of Finance (Department of Revenue)

Notification No. 20/2017-Central Tax (Rate)

New Delhi, the 22nd August, 2017

G.S.R.....(E).- In exercise of the powers conferred by sub-section (1) of section 9, sub-section (1) of section 11, sub-section (5) of section 15 and sub-section (1) of section 16 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, and on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 11/2017- Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 690(E), dated the 28th June, 2017, namely:-

In the said notification, in the Table,-

(i) against serial number 3, for item (iii) in column (3) and the entries relating thereto in columns (3), (4) and (5), the following shall be substituted, namely :-

(3)	(4)	(5)
“(iii) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied to the Government, a local authority or a Governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of, - (a) A historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958); (b) Canal, dam or other irrigation works; (c) Pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.	6	-
(iv) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,- (a) A road, bridge, tunnel, or terminal for road transportation for use by general public; (b) A civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana; (c) A civil structure or any other original works pertaining to the “In-situ rehabilitation of existing slum dwellers using land as a resource through private participation” under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana, only for existing slum dwellers; (d) A civil structure or any other original works pertaining to the “Beneficiary led individual house construction / enhancement” under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana; (e) A pollution control or effluent treatment plant, except located as a part of a factory; or (f) A structure meant for funeral, burial or cremation of deceased.	6	-
(v) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied by way of construction, erection, commissioning, or installation of original works pertaining to,-	6	-

(a) railways, excluding monorail and metro; (b) a single residential unit otherwise than as a part of a residential complex; (c) low-cost houses up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India; (d) low cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under- (1) the “Affordable Housing in Partnership” component of the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana; (2) any housing scheme of a State Government; (e) post-harvest storage infrastructure for agricultural produce including a cold storage for such purposes; or (f) mechanised food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages.		
(vi) Construction services other than (i), (ii), (iii), (iv) and (v) above.	9	-

(ii) against serial number 8, for item (vi) in column (3) and the entries relating thereto in columns (3), (4) and (5), the following shall be substituted, namely:-

(3)	(4)	(5)
“(vi) Transport of passengers by motorcab where the cost of fuel is included in the consideration charged from the service recipient.	2.5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken [Please refer to <i>Explanation</i> no. (iv)]
	or	
	6	-”;

(iii) against serial number 9, for item (iii) in column (3) and the entries relating thereto in columns (3), (4) and (5), the following shall be substituted, namely:-

(3)	(4)	(5)
“(iii) Services of goods transport agency (GTA) in relation to transportation of goods (including used household goods for personal use). <i>Explanation.</i> - “goods transport agency” means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.	2.5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken [Please refer to <i>Explanation</i> no. (iv)]
	or	
	6	Provided that the goods transport agency opting to pay central tax @ 6% under this entry shall, thenceforth, be liable to pay central tax @ 6% on all the services of GTA supplied by it.”;

(iv) against serial number 10, for item (i) in column (3) and the entries relating thereto in columns (3), (4) and (5), the following shall be substituted, namely:-

(3)	(4)	(5)
“(i) Renting of motorcab where the cost of fuel is included in the consideration charged from the service recipient.	2.5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken [Please refer to <i>Explanation</i> no. (iv)]
	or	
	6	-”;

(v) against serial number 11, for item (i) in column (3) and the entries relating thereto in columns (3), (4) and (5), the following shall be substituted, namely:-

(3)	(4)	(5)
“(i) Services of goods transport agency (GTA) in relation to transportation of goods (including used household goods for personal use). <i>Explanation.</i> - “goods transport agency” means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.	2.5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken [Please refer to <i>Explanation</i> no. (iv)]
or		
	6	Provided that the goods transport agency opting to pay central tax @ 6% under this entry shall, thenceforth, be liable to pay central tax @ 6% on all the services of GTA supplied by it.”;

(vi) against serial number 26,-

(a) in column (3), in item (i),-

(A) for sub-item (b), the following sub-item shall be substituted, namely:-

“(b) Textiles and textile products falling under Chapter 50 to 63 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975);”;

(B) the *Explanation* shall be omitted;

(b) for item (ii) in column (3) and the entries relating thereto in columns (3), (4) and (5), the following shall be substituted, namely:-

(3)	(4)	(5)
“(ii) Services by way of any treatment or process on goods belonging to another person, in relation to- (a) printing of newspapers; (b) printing of books (including Braille books), journals and periodicals.	2.5	-
(iii) Manufacturing services on physical inputs (goods) owned by others, other than (i) and (ii) above.	9	-"

(vii) for serial number 27 and the entries relating thereto, the following shall be substituted, namely:-

(1)	(2)	(3)	(4)	(5)
“27	Heading 9989	(i) Services by way of printing of newspapers, books (including Braille books), journals and periodicals, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer.	6	-
		(ii) Other manufacturing services; publishing, printing and reproduction services; materials recovery services, other than (i) above.	9	-"

(viii) against serial number 34, in column (3), in item (i), after the word “drama”, the words “or planetarium” shall be inserted.

[F. No.354/173/2017 -TRU]
(Ruchi Bisht)
Under Secretary to the
Government of India

NOTIFICATION PROVIDING FOR E-WAY BILL RULES

Background

The GST Council, headed by Union Finance Minister and comprising of representatives of all States, had in April 2017 come out with the draft e-way bill rules. due to lack of software and technology backbone, the applicability of the said rules was deferred. Accordingly, States have been following their own waybill provisions till the date such rules would

Notification No. 27/2017-Central Tax dt. 30th August, 2017

In view of the difficulties and representations made by the Industry, CBEC has now come up with revised E-way bill rules under GST. The date from which the said rules will come into effect will be notified separately. The rules provide for:

- Situations in which e-way bill shall be required to be generated
- Situations in which e-way bill is not required to be generated**
 - Persons who are required to generate e-way bills
 - Other Miscellaneous provisions

Requirement to generate e-way bill

E-way bill is required for movement of goods:

- In relation to supply,
- For reason other than supply, and
- Inward supply from unregistered persons.
 - E-way bill shall be generated if value of consignment to be moved is more than **Rs. 50,000/-**.
 - However, if desired, E-way bill can also be generated even if the value of consignment is less than Rs. 50,000/-.

No requirement to generate E-way bill

E-way bill is not required to be generated in the following cases:

- (a) Where the goods being transported are specified in Annexure to the Notification No. 27/2017-Central Tax;
- (b) Where the goods are being transported by a non-motorised conveyance;
- (c) Where the goods are being transported from the port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs; and
- (d) In respect of movement of goods within such areas as are notified under clause (d) of sub-rule (14) of rule 138 of the Goods and Services Tax Rules of the concerned State

Persons required to comply

Compliance	Event	Person Responsible
Part A of Form GST EWB-01	In all cases	Who causes movement of goods
Part B of Form GST EWB-01 and Generation of e-way bill	Goods transported by the consignor in own conveyance of hired one	Consignor
Part B of Form GST EWB-01	Goods transported via GTA by the consignor without generating e-way bill	Consignor
Generation of E-way bill		GTA
Part B of Form GST EWB-01 and Generation of e-way bill	Goods transported by the consignee in his own conveyance or hired one Consignee	GTA
Part B of Form GST EWB-01	Goods transported via GTA by the consignee without generating e-way bill	Consignee
Generation of E-Way Bill		GTA

- If the movement is caused by an unregistered person, either in his own conveyance or a hired one or through a transporter, he or transporter may, at their option, generate the e-way bill. In this case, if the recipient is known, such recipient is required to generate the e-way bill.
- The information in Part A of FORM GST EWB-01 shall be furnished by the consignor or the recipient of the supply as consignee where the goods are transported by railways or by air or by vessel.
- Where the goods are transported for a distance of less than 10 kilometres within the State or Union territory from the place of business of the consignor to the place of business of the transporter for further transportation, the supplier or the transporter may not furnish the details of conveyance in Part B of FORM GST EWB-01.

VALIDITY OF E-WAY BILL

An e-way bill shall be valid for following period:

If the goods cannot be transported within the above validity period due to exceptional circumstances, the transporter may generate another e-way bill after updating the details in Part B of FORM GST EWB-01.

Distance to be covered by goods	Validity Period
Upto 100 Km	One Day (24 hours)
For every 100 km or part thereof thereafter	One additional day

If the goods cannot be transported within the above validity period due to exceptional circumstances, the transporter may generate another e-way bill after updating the details in Part B of FORM GST EWB-01.

Procedural Aspects (Highlights)

- A. An e-way bill can be cancelled within 24 hours of its generation if goods are not transported as such or not transported as per details furnished.
- B. However, e-way bill cannot be cancelled if the same has been verified by proper officer in transit.
- C. Once e-way bill is generated, an EBN (e-way bill number) will be made available to the supplier, recipient and transporter on www.gst.gov.in (GST portal).
- D. The facility of generation and cancellation of e-way bill may also be made available through SMS.
- E. Information furnished in Part A of Form GST EWB-01 shall be made available to the registered supplier in GST portal which can be used for furnishing details in Form GSTR -1.
- F. Details of e-way bill generated shall be made available to registered recipient in GST portal, who shall communicate his acceptance or rejection within 72 hours as otherwise, it shall be deemed that he has accepted the said details.

Documents to be carried

- (a) The person-in-charge of conveyance shall carry:
 - Invoice or bill of supply or delivery challan; and
 - Copy of e-way bill or EBN, either physically or mapped to a RFID (Radio Frequency Identification Device) embedded on to the conveyance.
- (b) An invoice reference number (IRN) can be obtained by registered person by uploading details as contained in tax invoice in Form GST INV-1 in the GST portal and the same can be produced for verification in the place of tax invoice. The number so generated will be valid for a period of thirty days.

Compliances for transporter

- (a) If the consignor or consignee, as the case may be, does not generate e-way bill, the transporter shall generate the same on the basis of invoice or bill of supply or delivery challan.
- (b) If goods are transferred from one conveyance to another in the course of transit, the transporter shall update the details of conveyance in the e-way bill on the common portal in FORM GST EWB-01. However, the details of conveyance may not be updated in the e-way bill where the goods are transported for a distance of less than 10 kilometres within the State or Union territory from the place of business of the transporter finally to the place of business of the consignee.
- (c) Where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of e-way bills generated in respect of each such consignment in the GST portal and generate a consolidated e-way bill in Form EWB-02.
- (d) The Commissioner may notify class of transporters to obtain RFID and get it embedded on to the conveyance and map the e-way bill to the RFID prior to movement of goods.
- (e) Where a vehicle has been intercepted and detained for a period exceeding 30 minutes, the transporter may upload the said information in FORM GST EWB-04 in the GST portal.

CBEC – Customs

The CBEC has issued the process for Electronic Sealing for Containers by exporters under self-sealing procedure which has been approved by the Board. The exporters who were availing sealing at their factory premises under the system of supervised factory stuffing, will be automatically entitled for self-sealing procedure. All exporter AEOs will also be eligible for self-sealing. It is clarified that all those exporters who are already operating under the self-sealing procedure need not approach the jurisdiction Customs authorities for the self-sealing permission. The permission to self-seal the export goods from a particular premise, under the revised procedure, once granted shall be valid unless withdrawn by the competent authority. Under the new procedure, the exporter will be obligated to declare the physical serial number of the e-seal at the time of filing the online integrated shipping bill or in the case of manual shipping bill before the container is dispatched for the designated port/ICD/LC. The electronic seal shall be an "RFID tamper proof one-time-bolt seal", each bearing a unique serial number. The exporters shall be responsible for procuring the seals at their own cost for use in self-sealing. *The new self-sealing procedure shall come into effect from 1st Oct, 2017.* Till then the existing procedure shall continue.

Circular No. 36/2017-Customs

F. No: 450/08/2015-Cus.IV
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Excise and Customs)

Room No.227-B, North Block,
New Delhi, 28th August, 2017

To,

All Principal Chief Commissioner/Chief Commissioner of Customs & Central Excise

All Principal Commissioner/Commissioner of Customs & Central Excise

All Principal Chief Commissioner/Chief Commissioner of Customs/Customs (Preventive)

All Principal Commissioner/Commissioner of Customs/ Customs (Preventive)

Subject: Implementing Electronic Sealing for Containers by exporters under self-sealing procedure prescribed vide circular 26/2017-Customs dated I" July 2017-reg.

In continuation of the Board circular 26/2017 -Customs dated 1.7.2017 regarding self-sealing of containers by exporters using electronic seals, the Board has approved the following procedure which shall be adhered to by exporters opting for self-sealing.

2. Procedure

- (a) The exporters who were availing sealing at their factory premises under the system of supervised factory stuffing, will be automatically entitled for self-sealing procedure. All exporter AEOs will also be eligible for self-sealing. It is clarified that all those exporters who are already operating under the self-sealing procedure need not approach the jurisdiction Customs authorities for the self-sealing permission.
- (b) The permission to self-seal the export goods from a particular premise, under the revised procedure, once granted shall be valid unless withdrawn by the jurisdictional Principal Commissioner or Commissioner of Customs if non-compliance to law, rules and regulations is noticed. In case the exporter makes a request for a change in the approved premise (s), then the procedure prescribed in circular 26/20 17-Cus shall be followed, and a fresh permission granted before commencement of self-sealing at the new premises.
- (c) With respect to para 9 (v) of the circular 26/2017-cus, Principal Commissioners / Commissioners would be required to communicate to Risk Management Division (RMD) of CBEC, the IEC (Importer Exporter Code) of the following class of exporters:
 - (i) exporters newly granted permission for self-sealing;
 - (ii) exporters who were already operating under self-sealing procedure;
 - (iii) exporters who were permitted factory stuffing facility; and
 - (iv) AEOs

The categories mentioned in c(ii), (iii) and (iv) may be communicated to RMD by 20-09-2017 .

- (d) Under the new procedure, the exporter will be obligated to declare the physical serial number of the e-seal at the time of filing the online integrated shipping bill or in the case of manual shipping bill before the container is dispatched for the designated port/ICD/LCS.

- (e) Exporters shall directly procure RFID seals from vendors, conforming to the standard specification mentioned in para 3 below. Since the procedure seeks to enhance integrity of transportation of goods, the exporters will be required to obtain seals directly. They shall provide details such as IEC etc., at the time of purchase for identification as well as for using the standard web application necessary to support an RFID self-sealing ecosystem.
- (f) In case, the RFID seals of the containers are found to be tampered with, then mandatory examination would be carried out by the Customs authorities.

3. Standard Specification of the Seal:

- (a) The electronic seal referred to in Para 9 (vii) of the Circular No. 26/2017-Customs dated 01.07.2017 shall be an "RFID tamper proof one-time-bolt seal", each bearing a unique serial number. The exporters shall be responsible for procuring the seals at their own cost for use in self-sealing.
- (b) Each seal shall be a one-time-bolt-seal bearing a unique serial number and brand of the vendor in the format ABCD XXXX XXXX, where ABCD stands for the brand of the vendor and X (8 digit) is a numerical digit from 0-9.
- (c) The RFID seal shall conform to ISO 17712:2013 (H) and ISO/IEC 18000-6 Class 1 Gen 2 which is globally accepted in industrial applications and can be read with the use of UHF (i.e. 860 MHz to 960 MHz) Reader-Scanners.
- (d) The manufacturer or vendor, as the case may be, shall be in possession of certifications required for conformance of the ISO standard ISO 17712:2013 (H) namely, clauses 4, 5 and 6. Before commencement of sales, the vendor shall submit self-certified copies of the above certifications to the Risk Management Division (RMD) and all the ICDs/ Ports where he intends to operate along with the unique series of the seals proposed to be offered for sale.

4. Application, Record Keeping and Data Retrieval System

- (a) It is clarified that the information sought from the exporter in para 9 (vii) of the circular 26/2017-Customs shall now be read as:
IEC (Importer Exporter Code) Shipping Bill Number Shipping Bill Date
e-seal number
Date of sealing
Time of sealing
Destination Customs Station for export Container Number
Trailer- Truck Number
It is further clarified that the information need not be mounted "in the electronic seal" but tagged to the seal using a 'web / mobile application' to be provided by the vendor of the RFID seals. Data once uploaded by the exporter should not be capable of being overwritten or edited.
- (b) All vendors will be required to transmit information in para (a) above to RMD and the respective destination ports / ICDs of export declared by the exporter. The arrangements for transmission of data may be worked out in consultation with the RMD and nodal Customs officer at each ICD / Port.
- (c) All vendors shall be required to make arrangements for reading / scanning of RFID one-time-Bolt seals at the Customs ports/rCDs at their own cost, whether through handheld readers or fixed readers.
- (d) The integrity of the RFID seal would be verified by the Customs officer at the port /ICD by using the reader-scanners which are connected to Data Retrieval System of the vendor.
- (e) Since all K'Ds / ports where containerized cargo is handled would require reader scanners, Principal Commissioners or Commissioners exercising administrative control over such ports/ ICDs shall notify the details of the nodal officers for the smooth operation of this system.
- (f) The transaction history of the self-sealing should be visible to the exporters for their reference.
- (g) The vendor shall also undertake to integrate the information stored on the data retrieval server with ICEGA TE at his own cost on a date and manner to be specified by the Directorate General of Systems, New Delhi.

5. The new self-sealing procedure shall come into effect from 1.1.0.2017. Till then the existing procedure shall continue. All field formations are advised to immediately notify an officer of the rank of Superintendent to act as the nodal officer for the self-sealing procedure. He shall be responsible for coordination of the arrangements for installation of reader-scanners, whether fixed or hand-held.

6. Difficulties anticipated/concerns, if any, should be brought to the notice of the Board immediately.

7. Hindi version follows.

Yours faithfully
(Zubair RlazY)
Director (Customs)

गुड्स एण्ड सर्विस टैक्स के टैक्सटाइल सेक्टर में विसंगतियां

गुड्स एण्ड सर्विस टैक्स को लागू हुए दो माह से ज्यादा समय हो गया है। टैक्सटाइल सेक्टर में व्याप्त कुछ विसंगतियों में अभी भी परिवर्तन अपेक्षित है। मेवाड़ चेम्बर की ओर से इसके लिए सतत् प्रयास जारी है। चेम्बर ने इस माह reminder representation दिनांक 02.08.2017, 18.08.2017 एवं 20.08.2017 को भारत सरकार के वि। सचिव श्री हंसमुख आदिया, माननीय वि। मंत्री श्री अरुण जेटली, माननीय वि। राज्यमंत्री श्री अर्जुनराम मेघवाल, भीलवाड़ा के माननीय सांसद श्री सुभाष बहेडिया, माननीय मुख्यमंत्री श्रीमति वसुन्धरा राजे तथा अन्य संबंधित अधिकारियों को प्रतिवेदन भेजकर टैक्सटाइल सेक्टर की विसंगतियों को दूर करने का आग्रह किया है। मेवाड़ चेम्बर ने दिनांक 18.08.2017 को प्रतिवेदन भेजकर मार्बल एवं ग्रेनाइट उद्योगों को जीएसटी दर को कम कर राहत देने का आग्रह किया है। दिनांक 20.08.2017 को मेवाड़ चेम्बर के प्रतिनिधिमण्डल एवं अन्य सभी औद्योगिक संगठनों ने माननीय सांसद श्री सुभाष बहेडिया को ज्ञापन देकर टैक्सटाइल उद्योग में विसंगतियों को दूर कर राहत प्रदान करने का आग्रह किया। माननीय सांसद महोदय ने अगले ही दिन माननीय वि। मंत्री एवं वि। सचिव से मुलाकात कर टैक्सटाइल उद्योग की विसंगतियों को दूर करने का आग्रह किया था।

चेम्बर लगातार राजस्थान एवं भारत सरकार के विभिन्न मंत्रालय एवं उनके अधिकारियों से सम्पर्क में है। चेम्बर की ओर से दिनांक 18.08.2017 को वि। सचिव को प्रतिवेदन भेजकर जीएसटी-3बी की अन्तिम तिथि बढ़ाने एवं उसके साथ ही पुराने स्टॉक पर क्रेडिट देने का आग्रह किया था। जिसे भारत सरकार ने स्वीकार करते हुए राहत प्रदान की, इसके लिए चेम्बर उनका हार्दिक आभार व्यक्त करता है। मेवाड़ चेम्बर का प्रतिनिधिमण्डल भारत सरकार के वित्त सचिव डॉ. हंसमुख आदिया, माननीय वित्त राज्यमंत्री श्री अर्जुनराम मेघवाल, माननीय वित्त मंत्री श्री अरुण जेटली को पत्र लिखकर मेवाड़ चेम्बर के प्रतिनिधिमण्डल को समय देने का आग्रह किया है, ताकि व्यक्तिगत मुलाकात कर उन्हें टैक्सटाइल उद्योग में जीएसटी में व्याप्त विसंगतियों के बारे में विस्तार से चर्चा की जा सके।

MCCI/GST/2017-2018/156

Dated 30.08.2017

Shri Arun Jaitely ji
Hon'ble Minister for Finance,
Government of India
New Delhi.

Sub: Request to re-consider GST rates on Marble & Granites.

Respected Sir,

In the above reference, Mewar Chamber of Commerce & Industry, the Divisional Chamber of South Rajasthan, representing more than 1500 marble & granite units in Chittorgarh, Rajasmand and Banswara Districts, submits that:-

Marble and granite have been put under the GST slab of 28% which is very high as compared to present tax rate of 5 to 14.5% under current tax structure. The higher rate of GST will make the survival of marble and granite industry in India, very difficult. 85% of the marble and granite factories fall under SSI (small scale industry) units hence, are exempted from excise duty. Whereas, the upcoming GST of 28% has put the present excise duty and other taxes burden on SSI units, indirectly, which currently the SSI units don't have to pay. This will be a great burden on the marble and granite units.

Already Indian marble and granite face tight competition from imported marble and now the high GST tax rate is only going to make the situation worse. Currently 80% of Indian marble is sold on an average rate of Rs. 50 and about 90% of Indian granite is sold on an average rate of Rs. 65- Rs. 70. Seeing the current sales price scenario, having the burden of 28% GST will kill the industry.

Now if we see the economy of Rajasthan, 30.5 % of its GDP come from industries of which mining of marble, granite and other stone is a major part. 90% of Marble extracted in India is from Rajasthan. The current tax on marble in Rajasthan is Rs. 1.10 per sq ft on marble slabs and .Rs. 75 paise per sq ft on marble tiles. Seeing this kind of history, a straight escalation of tax to 28% is a total injustice. Similarly on granite VAT in Rajasthan is Rs. 3.50 per sq ft which again is negligible as compared to proposed GST. Hence, we humbly request your goodself to kindly consider the above submission and to keep the GST rate on Marble & Granite @ 5%.

With Best Regards

(CS R.K.Jain)
Hon'y Secretary General

Hon'ble Shri Arun Jaitley
 Hon'ble Minister for Finance
 Govt of India
 New Delhi.

Sub: GST issues for man made fiber – Fabric Industry

Respected Sir,

In the above reference, Mewar Chamber of Commerce & Industry, the Divisional Chamber of South Rajasthan, representing more than 2000 industrial units in Bhilwarara, Chittorgarh, Rajasmand, Banswara, Dungarpur, Pratapgarh, Udaipur Districts, submits that:-

1. The GST rates on Man Made Fibers have been fixed at 18% , both at Fiber and Yarn stages.
2. Thus, Man Made Fiber Yarn Spinner gets the full input credit against the output credit due to the rate being same at 18%.
3. However, when the Weaver buys the yarn from the Spinner and sells the fabric, he has to charge only 5% GST.
4. There are lakhs of Weavers scattered all over the country at places like Bhiwandi / Tirupur / Erode / Gorakpur / Kanpur / Ludhiana/ Bhilwara , to name a few.
5. Normally, the yarn cost constitutes 60% of the fabric cost. It means, in the fabric the GST component in the yarn comes to nearly 10% (60% of 18%).
6. Thus, a Fabric Weaver will have input credit of nearly 10% and output credit of 5%. The Fabric manufacturer will therefore have a perpetual credit balance of 4 -5% of input credit. This sum will continue to increase month after month.
7. Further, the Fabric Manufacturer will have the opening balance of input credit for stocks lying as on 30th June,2017 and purchased after 1st July, 2016.
8. The GST Council has not yet evolved any mechanism whereby the Man Made Fiber – Fabric Manufacturer can level of ,this bulging credit balance.
9. In this connection, we would like to invite your attention to a System of Duty Exemption Entitlement Certificate (DEEC) being followed by the Director General Of Foreign Trade (DGFT), Ministry Of Commerce (Government Of India).
10. The DEEC are freely trade able in the market and Exporter / Holder of DEEC can sell the certificates to any Importer. The Importer who buys the certificate can use the amount of the certificate for the payment of Import Duty which he has to pay on his imported consignments.
11. We would suggest that like DEEC, the GST Council may consider of introducing 3 different certificates , one each for IGST, CGST & SGST.
12. Any GST dealer who has a continuous credit balance for more than 3 months may apply for the above 3 certificates, as the case may be and after verification, the Certificates may be issued to him for whichever GST balances he has.
13. The GST Trader, the Recipient of the aforesaid certificates should be allowed to freely trade such certificates with prospective buyers.
14. In this way, the holder of the Surplus Input Balance will sale the certificate to holder of the Surplus Output Balance and later can pay his output GST dues through the aforesaid certificates / scripts.
15. This is fully Revenue Neutral measure and at the same time mitigates the inevitable hardships of the fabric manufacturers of man made fiber industry.

With Best Regards
 Yours Truly

CS R.K.Jain
 Hon'y Secretary General
 Mobile No. +91 94141 10844

Hon'ble Dr Hashmukh Adhia
The Secretary (Revenue)
Govt of India,
New Delhi

Sub: Adverse impact of GST on Textile Sector

Respected Sir,

After applicability of GST, the whole textile sector is in **critical situation**. Due to applicability of GST in textile, the fabrics manufactured by SME Sector is more costlier as compared to manufactured from Composite units or imported from china or other countries and also imported new shuttle less looms are much costlier due to non availability of EPCG benefit etc. We are narrating some of the major issues of textile to resolve the problems at the earliest possible to save the whole textile industry.

In the above reference, **Mewar Chamber of Commerce & Industry**, representing Southern Rajasthan, submits that:-

A. No demand of textile fabrics manufactured by SME sector due to Increase of Raw Material Price by 10 to 15%

After implementation of GST law, the situation has become very critical. Many SME units And traders closed their business activities, due to no demand of textile fabrics from consumers. Price of the basic raw material i.e. yarn is increased by 10 to 15% and the rate of grey fabrics is also increased by 5 to 10 Rs. Per Meter. Due to this reason there is no demand of raw material and finished material from manufacturer and consumers. Hence, there is no option but to close down the manufacturing units, SME sector units and traders business also.

The **imported fabrics will be more cheaper** as compared to manufactured from SME sector. The price of imported fabrics will decrease by 10 to 15% while the rate of fabrics manufactured by SME sector is increased by 10 to 15%, hence there is no option available to small traders, SME sector but to close down their business. There is also major variation of fabrics manufactured by the composite units and SME units. Hence, SME sector will be looser and importer of fabrics who are importing their fabrics from China and from other countries will be benefited and the composite units and importer will destroy entire SME sector very soon.

The main reason *for increase of Cost of Fabrics* are as under:-

- i. **Increase in Incidence of Tax :- GST on Man Made Fibre/ Man Made Filament** is leviable @ 18.00% as against previous incidence of taxes was only @14.50% (12.50% Excise Duty + 2.00% CST) i.e. increase of 3.50%, and on spun yarn @ 18.00% as against previous rate of taxes (CST/VAT) 2 to 5 % i.e. increase of **13 to 16%**.
- ii. **GST on Job Charges** – In old regime all type of job work in textile sector were exempt but in new tax regime it is taxable either on 5 or 18% as the case may be. Most of the textile units and job workers are in SME sector and catering to economical weaker society of the country. The **effective rate of GST on Textile SME sectors is around 12-13%** as against the declared rate of GST on fabrics is only 5.00%. The Composite Units are paying GST @ 5% at finished fabric stage only and the SME sector are required to pay GST @ 18% at the time of purchasing of yarn, 5% OR 18% each on various job work such as Doubling, Weaving, Sizing, Processing of fabrics etc. The ultimate burden on GST will be much more in comparison of Composite Units because they are not required to pay GST on yarn and on any job work. If this anomaly is not taken care of, it would surely result into heavy increase in the prices of fabrics in comparison to Composite Units and secondly will put a question of survival before the SME sector.

Suggested solution to resolve the above problem :-

Reduce the GST @ 5% from 18% at textile yarn stage. Remove the condition of No Refund at Textile Fabric Stage. This would not cause any loss to the exchequer too, because at fiber/filament stage recovered more GST as compared to Central Excise and CST/VAT and at yarn stage GST @5.00% would also be available as additional revenue as against the CST/vat @ 2 to 5%.

OR

Reduce the Rate of GST on Man Made Fibre, Man Made Filament and on Man Made Yarn (Spun and Filament) to 12.00% and allow the refund of excess accumulated ITC at all stages of textile including textile fabric stage- At this rate, the exchequer will get the total revenue which is more than the present revenue.

OR

To allow the accumulated refund of ITC at every stage of textile.

Refund of accumulated credit (ITC) at fabric stage should be allowed. This would be in conformity with the theme of GST to maintain seamless credit at all the stages. You would appreciate that it would be undue hardship to levy GST of effectively 12.00-13.00% (as against 5% declared rate of GST on fabrics) due to no refund on accumulated ITC on fabrics and higher rate of GST on yarn. It would not bring any loss to the revenues and would certainly generate additional revenues from the fabrics. In this case also, the exchequer will get the total revenue which is more than the present revenue.

If the above correction is not carried the SME powerloom sector **shall suffer heavily and the growth of MMF industry shall not take place and majority of units will become the sick and unviable.**

B. Imported Fabrics from China and other countries will be more cheaper in comparison of Indian fabrics manufactured by Indian textile manufacturers

As per the **previous taxation system** for import of textile fabrics the custom duty was payable @5.00% and CVD, SAD Cess etc. were also payable at 18.65%, total duty **burden was 23.65%** and in the new regime custom duty and IGST each will be leviable @ 5.00% each on imported finished fabrics and total custom duty and GST rate will be 10.00% as against present duty incidence of 23.65%. Due to this reason, there shall be heavy import of fabrics in coming days because such import will not suffer the heavy duty burden of **GST rate at yarn stage** or there would be no impact of surplus tax at the finished fabric stage. This would result in damage to the entire powerloom sector to a very large extent and we fear that many units may become unviable.

A Statement showing the comparison of existing system of duty under GST regime will be as is as follows:-

Particulars of Duty on imported fabrics	Present Duty (%)	Duty after implementation of GST (%)
Basic Custom Duty	5.00	5.00
CVD	12.50	0.00
SAD	4.00	0.00
Cess 3.00% on above	2.65	0.00
IGST	0.00	5.00
Total Duty	23.65	10.00

C. Discontinuation of modernization/setting up of new units with state of art modern technology due to Non-availability of ITC Refund of IGST on imported Capital Machinery

Textile Sector is the **biggest employment generator** in the Manufacturing Sector providing employment to Unskilled, Semi Skilled and Skilled Labour and also one of the biggest **Foreign Exchange Earner** for the Country. Government of India has introduced Scheme like **TUFS to modernise textile industry** in India and make it competitive in the World Market. Government of India has also introduced Schemes such as **0% EPCG for New Machines** in Textile Industry for import of latest technology Capital Goods (Machinery) to make best quality textile products at competitive prices, which is in line with the **Vision of MAKE IN INDIA**.

In GST, the **imported Automatic Shuttle less Looms and all other Machinery/Parts/Components** will attract **18% IGST** resulting in more costly textile machinery and capital goods and further expansion and modernization in the textile sector will become impossible due to significantly increase in GST Rate (IGST @18.00%) and non availability of benefit of EPCG scheme as there is no Excise duty on imported looms. The following statement will explain the comparison.

As per existing system the import duty on **New Automatic Shuttle less Airjet Weaving Looms/Other Looms/Machinery** is as follows:-

Particulars	Present Rate of Duty if imported without EPCG	Present Rate of duty, if imported under EPCG	Scheme Proposed duty in GST w.e.f. 01.07.2017
Basic Duty of Customs	0.00%	0.00%	0.00%
Additional Duty of Customs (CVD)/IGST	6.00%	0.00%	18.00%
Special Additional Duty of Customs	0.4272%	0.00%	0.00%
Customs Education Cess	4.00%	0.00%	0.00%
Total Effective Duty	10.4272%	0.00%	18.00%

The Country has about 45 lacs powerlooms at present out of which 90% looms are of obsolete 30-40 years old technology and require modernization to compete in the emerging world scenario.

In GST, New Automatic Shuttle less Looms/ Component/Equipment would attract 18% GST. Accordingly, project cost for new looms required for modernization will be higher by 18.00% from the existing cost. This will result in discontinuation of modernization/setting up of new units with state of art modern technology. Due to this reason the Indian textile industry will enter in to a dark era of obsolete technology.

In new regime the entire range of these textile machinery attracting 18% GST will become more costly and the all the project will become non viable. Since GST on textile fabrics would be 5% and as accumulated ITC Refund would not be allowed, the cost of new weaving projects would increase significantly making it unviable.

To resolve the above problem, we request :-

- To allow the refund on IGST paid on imported new looms in textile sector, OR
- To allow the import new looms on ZERO Rate of GST i.e. under EPCG scheme

C. Problem due to applicability of RCM :-

As per the recently enacted GST law under the reverse charge mechanism, reverse charge is to be paid on all taxable goods and services, if procured from unregistered supplier. This RCM is to be paid through Cash mode only by the registered person i.e. there is no provision of payment through ITC. In spite of having sufficient balance of ITC, they have to deposit the amount through cash. This is extra burden to all SME sector of textile industries, because in textiles sector (fabrics), wherein rate of tax on inputs is more than output, this is an extra burden which can never be set of. On man-made textiles other than in composite sector effective rate of GST is around 11-12% of the sale price as against 5% on output, there will be always credit balance of ITC and refund is also not allowed. Under such circumstances paying the reverse charge first in cash and then claiming credit makes no sense since it is going to add to the credit balance of ITC which is not eligible for refund.

Further, if we carry the excess unutilized ITC then we have to pay Income Tax on this amount, because there profit will be increased to that extent. As, if excess ITC is not written off at the end of the financial year to that extent profit will increase and income tax be paid accordingly. It is requested to please either allow refund of the credit balance of ITC or alternatively it should be exempted to pay the reverse charge in cash and allow to pay against the credit balance of ITC.

D. There is no benefit of exempted turnover or services to small service provider of supplier

As per the GST law only those people having an annual turnover of Rs.20 lakhs or more are required to be registered within the Law. But interstate dealings irrespective of the quantum are not covered by this exemption. In our view this state cross border limit should be waived for registration. In other words persons having annual turnover of less than Rs. 20 lakhs should remain exempted irrespective of their trading territories. Due to this provision GST will be leviable and there will be extra burden. Earlier there is no tax up to 10.00 lacs under service tax, No Central Excise duty up to 150 lacs and No VAT on Rs. 50.00 lacs. But in this regime there is no exemption, because while dealing with unregistered supplier, the registered person will have to deposit tax/GST under RCM. This is main hurdle and request to remove the provision of RCM on entire supplies of Goods. As such man-made textiles are burdened with extra cost than what has been intended by law, this would further cause undue hardship on SME sector.

The genuine demand of the industry should be sympathetically met by the government. We are sure that your good office would consider our humble request sympathetically and would extend suitable relief to save the SME sector, the large employment provider. We are ready to provide any further clarification/ explanation and even to explain in person, if an opportunity is given to us.

With Best Regards

Yours Truly,
For Mewar Chamber of Commerce & Industry,

(CS R K Jain)
Hon'y Secretary General

18th August, 2017

Dr Hansmukh Aadia
Revenue Secretary
Minister for Finance,
Govt of India
New Delhi.

Sub: to extend the date for filing the GST-3B return for the month of July, 2017 and also allow the benefit of eligible credit on stock lying as on 30.06.2017 while calculating the GST payable

Respected Sir,

In the above reference, Mewar Chamber of Commerce & Industry, representing Southern Rajasthan, submits that:-

The last date for filing the GST-3B for the month of July, 2017 is fixed on 20.08.2017. We have received various complains from our members about not working of GSTIN site hence unable to submit their GST-3B return for the month of July, 2017. It is requested to please extend the date for filing the GST-3B atleast for five days.

We have also received feedback from our members about non-availability of benefit of eligible credit on stock lying as on 30.06.2017. It is also requested to please allow the benefit of eligible credit while calculating the (GST) tax payable.

The genuine demand of the industry should be sympathetically met by the government. We are sure that your good office would consider our humble request sympathetically and would extend suitable relief to whole stakeholders.

With Best Regards,

CS R K Jain
Hon'y Secretary General



18th August, 2017

Dr Hansmukh Aadia
Revenue Secretary
Minister for Finance,
Government of India
New Delhi.

Sub: to issue the notification relating to decision taken in the GST Council Meeting held on 05.08.2017

Respected Sir,

In the above reference, Mewar Chamber of Commerce & Industry, representing Southern Rajasthan, submits that:-

We convey our heartiest thanks to GST Council for giving the partial relief to textile industry for reducing the rate of job work from 18 to 5% on all job work services in respect of the textiles and textile products (including MMF yarn, garments, made-ups, etc. falling in Chapters 50 to 63).

It is requested to please issue suitable notification to give the effect of council's decision as earliest possible.

With best regards,

CS R K Jain
Hon'y Secretary General

अजमेर से बान्द्रा के मध्य सप्ताह सप्ताह में 6 दिन ट्रेन

अजमेर से बान्द्रा के मध्य सप्ताह में तीन बार चलने वाली ट्रेन अब 19 दिसम्बर से सप्ताह में 6 दिन चलेगी। पिछले 8 वर्षों से मेवाड चेम्बर इसके लिए सतत् प्रयासरत था। बान्द्रा के लिए सप्ताह में 6 दिन ट्रेन मिलने से नागरिकों एवं यात्रियों में हर्ष की लहर है।

मेवाड चेम्बर ऑफ कॉमर्स एण्ड इण्डस्ट्री के कोषाध्यक्ष एवं जोनल रेलवे सलाहकार समिति के सदस्य श्री वी के मानसिंगका के अनुसार अब यह ट्रेन नियमित रूप से ट्रेन संख्या 20901 से बान्द्रा से मंगल, गुरु एवं शनिवार को चलेगी एवं वापसी में अजमेर से बुध, शुक्र एवं रविवार का ट्रेन संख्या 20902 से संचालित होगी। शेष तीन दिन ट्रेन का वर्तमान नम्बर रहेगा। बान्द्रा से यह ट्रेन रात्रि में 11.25 पर रवाना होकर भीलवाड़ा 2.35 बजे एवं अजमेर 5.15 पर पहुँचेगी। अजमेर से रात्रि में 8.05 पर रवाना होकर भीलवाड़ा 10.11 बजे एवं बान्द्रा दिन में 1.40 पर पहुँचेगी। मेवाड चेम्बर ने इसके लिए स्थानीय सांसद श्री सुभाष बहेडिया का आभार व्यक्त किया।

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Bhilwara 311 001 Rajasthan
Tel. No.: 01483-236888, 70739 89990 Fax No. : 01483-236988
Email: info@sudivaindia.com