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मेवाड़ चेम्बर पत्रिका

(मेवाड़ चेम्बर ऑफ कामर्स एण्ड इण्डस्ट्री का मासिक पत्र)

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राजसमन्द एवं भीलवाड़ा का सम्भागीय चेम्बर

GST Special - III



जीएसटी पर कार्यशाला

मेवाड़ चेम्बर ऑफ कामर्स एण्ड इण्डस्ट्री

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मेवाड़ चेम्बर ऑफ कॉमर्स एण्ड इण्डस्ट्री की ओर जीएसटी पर कार्यशाला - 14 जुलाई 2017



कार्यशाला का शुभारम्भ करते हुए
सहायक आयुक्त सीजीएसटी श्री अनिरुद्ध वैष्णव।



सम्भागियों के प्रश्नों का उत्तर देते हुए श्री वैष्णव।



कार्यशाला में अतिथियों का स्वागत करते
वरिष्ठ उपाध्यक्ष श्री जे के बागडोदिया।



कार्यशाला में प्रस्तुतिकरण देते हुए श्री अनिरुद्ध वैष्णव।



कार्यशाला में - सहायक आयुक्त सीजीएसटी श्री अनिरुद्ध वैष्णव, मानद महासचिव श्री आर के जैन, वरिष्ठ उपाध्यक्ष श्री जे के बागडोदिया।

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Indian Council of Arbitration, New Delhi

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Confederation of All India Traders, New Delhi

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Rajasthan Chamber of Commerce & Industry, Jaipur.

The Employers Association of Rajasthan, Jaipur.

Rajasthan Textile Mills Association, Jaipur

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- All India Power loom Board, Ministry of Textile, Govt. of India, New Delhi
- National Coal Consumer Council, Coal India Ltd., Kolkata
- State Level Tax Advisory Committee, Govt. of Rajasthan, Jaipur
- State Level Industrial Advisory Committee, Govt. of Rajasthan, Jaipur
- Regional Advisory Committee, Central Excise, Jaipur
- Foreign Trade Advisory Committee, Public Grievance, Customs, Jaipur
- DRUCC/ZRUCC of North Western Railways

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जीएसटी पर कार्यशाला

मेवाड़ चेम्बर ऑफ कॉमर्स एण्ड इण्डस्ट्री की ओर से 14 जुलाई 2017 को आर के कॉलोनी स्थित शगुन बैंकेट हॉल में जीएसटी पर कार्यशाला का आयोजन किया गया। कार्यक्रम में सहायक आयुक्त सीजीएसटी श्री अनिरुद्ध वैष्णव ने व्यवसायियों एवं उद्यमियों के प्रश्नों के उत्तर दिये। उन्होंने जीएसटी ट्रांस-1 एवं ट्रांस-2 फार्म को विस्तार से भरने के बारे में समझाया। स्टॉक पर क्रेडिट लेनी है या पुरानी क्रेडिट ट्रांसफर करनी है उसके प्रावधानों को बताया। ट्रांस-1 फार्म केवल एक ही बार 30 सितम्बर 2017 तक दाखिल करना है एवं ट्रांस-2 फार्म 6 माह तक प्रत्येक माह के अन्त में दाखिल करना है। जिस स्टॉक पर डिम्ड क्रेडिट लेना दिखाया है, उसको 6 माह में बेचना जरूरी है अन्यथा 6 माह के बाद उस माल की क्रेडिट आपकी कर देयता में जुड़ जाएगी।

उद्यमियों के प्रश्नों के जवाब देते हुए उन्होंने बताया कि इन्टर स्टेट बिक्री में केवल विक्रयकर्ता का जीएसटी नम्बर होना जरूरी है, खरीददार का जीएसटी नम्बर आवश्यक नहीं है। अनरजिस्टर्ड परशन को बिक्री या खरीद के मामले में 50 हजार के मूल्य तक पूरा पता देना आवश्यक नहीं है।

टेक्सटाइल के विषय में टेक्स की दर यार्न या कपड़े में फाइबर की परसेन्टेज के अनुसार निश्चित होगी, जो फाइबर 50 प्रतिशत से ज्यादा है, उस फाइबर के अनुसार दर लेगी। अगर दोनो फाइबर बराबर है तो बाद वाले चेप्टर के अनुसार दर लेगी। यदि बिल में माल भाड़ा, बीमा या अन्य कोई खर्चा चार्ज किया है तो उन सब पर विक्रय किये जाने वाले माल की दर से जीएसटी लगेगा।

कार्यशाला के प्रारम्भ में चेम्बर के वरिष्ठ उपाध्यक्ष श्री जेके बागडोदिया, मानद महासचिव श्री आरके जैन, संयुक्त सचिव श्री केके मोदी, कोषाध्यक्ष श्री विनोद मानसिंगका ने माल्यार्पण कर स्वागत किया। कार्यक्रम का संचालन मानद महासचिव श्री आर के जैन ने किया। इस कार्यशाला में 150 से सदस्यों ने भाग लिया।

पौध वितरण कार्यक्रम

12 जुलाई 2017 को संगम उद्योग समूह द्वारा शहर को हरा-भरा बनाने के लिए लगातार तीसरे वर्ष भी एक लाख पौधे और पांच हजार ट्री गार्ड निःशुल्क वितरित करने का अभियान का शुभारम्भ हुआ। भीलवाड़ा जिला कलक्टर श्री मुक्तानन्द अग्रवाल ने चेम्बर के पूर्वाध्यक्ष एवं संगम उद्योग समूह के चेयरमैन श्री आर पी सोनी के शास्त्रीनगर स्थित सोनी निवास पर अधिकारियों, जनप्रतिनिधियों एवं उद्यमियों की मौजूदगी में शुभारम्भ किया।

श्री आर पी सोनी ने स्वागत करते हुए पौधरोपण अभियान में हर शहरवासी से सहयोग का आह्वान किया। अशोक, मोलश्री, दाउदी, गुलमोहर, अनार, आम सहित विभिन्न फलदार, छायादार सजावटी पौधे मांडलगढ़, पूना, बड़ौदा सहित विभिन्न नर्सरियों से लाए गए हैं। कार्यक्रम प्रभारी श्री बाबूलाल जाजू के अनुसार पौधे हर दिन सुबह 8 से 10 बजे तक पहले आओ-पहले पाओ आधार पर दिए जाएंगे। निःशुल्क ट्रीगार्ड के लिए सोनी हाउस पर ही रजिस्ट्रेशन होगा और नंबर आने पर फोन से सूचना दी जाएगी। पिछले साल जिन्हें ट्री गार्ड उपलब्ध कराए जा चुके हैं, उन्हें इस वर्ष ट्री गार्ड नहीं दिए जा सकेंगे। उन्होंने अपील की कि पौधे लेने के लिए कपड़े की थैलियां ही लाएं।

आयोजन में यूआईटी चेयरमैन श्री गोपाल खंडेलवाल, नगर परिषद सभापति श्रीमति ललिता समदानी, पूर्व सभापति श्री ओम नराणीवाल, भाजपा जिला अध्यक्ष श्री दामोदर अग्रवाल, कांग्रेस जिला अध्यक्ष श्री अनिल डांगी, चेम्बर के पूर्वाध्यक्ष श्री आर एल नौलखा, डॉ पी एम बेसवाल, श्री जे सी लढ्ढा, श्री एस एन मोदानी, चेम्बर के पूर्व मानद महासचिव श्री एस पी नाथानी, अध्यक्ष श्री दिनेश नौलखा, मानद महासचिव श्री आर के जैन, सहित मेवाड़ चेम्बर के कई सदस्य एवं उद्यमी उपस्थित थे।

आयकर दिवस का आयोजन

दिनांक 24.07.2017 को आयकर विभाग की आर से आयकर दिवस का आयोजन किया गया। कार्यक्रम में मेवाड़ चेम्बर ऑफ कॉमर्स एवं इण्डस्ट्री एवं अन्य औद्योगिक संगठनों एवं समाजसेवी संस्थाओं के प्रतिनिधियों ने भी भाग लिया। समारोह में सहायक आयकर आयुक्त श्री उमेश सिन्हा ने आयकर विभाग के इतिहास, नवीन परिवर्तन तथा विभाग द्वारा प्रदान की जा रही विभिन्न करदाता सेवाओं के बारे में विस्तार से जानकारी दी। समारोह में मेवाड़ चेम्बर ऑफ कॉमर्स एवं इण्डस्ट्री के वरिष्ठ उपाध्यक्ष श्री जे के बागडोदिया ने भी अपने विचार रखे। समारोह के दौरान भीलवाड़ा के विभिन्न स्कूलों में आयोजित निबन्ध व पोस्टर प्रतियोगिता के विजेताओं व सराहनीय प्रतिभागियों को पुरस्कार प्रदान किये गये। इससे पूर्व राजकीय उच्च माध्यमिक विधालय, राजेन्द्र मार्ग, भीलवाड़ा में विधार्थियों से प्रत्यक्ष संवाद का कार्यक्रम आयोजित किया गया जिसमें आयकर सम्बन्धी जानकारी के अलावा विधार्थियों के विभिन्न प्रश्नों के जवाब दिये गये।

पुलिस महानिदेशक का अभिनन्दन

दिनांक 27.07.2017 को राजस्थान पुलिस के महानिदेशक श्री मनोज भट्ट एक दिवसीय यात्रा पर भीलवाड़ा पधारे। इस अवसर पर अजमेर रेंज की ओर स्वागत एवं अभिनन्दन समारोह का आयोजन स्थानीय पुलिस लाइन्स में किया गया। कार्यक्रम में अजमेर रेंज की आईजी मालिनी अग्रवाल, जिला पुलिस अधीक्षक श्री प्रदीप मोहन शर्मा, जिला कलक्टर श्री मुक्तानन्दन अग्रवाल सहित शहर के विशिष्ट नागरिक उपस्थित थे। इस अवसर पर मेवाड़ चैम्बर ऑफ कॉमर्स एवं इण्डस्ट्री के पूर्वाध्यक्ष श्री आर पी सोनी, श्री आर एल नौलखा, श्री एस एन मोदानी, मानद महासचिव श्री आर के जैन ने डीजीपी श्री मनोज भट्ट का पुष्प गुच्छ भेंटकर एवं माल्यार्पण कर से स्वागत एवं अभिनन्दन किया।

रेलवे- अजमेर-हरिद्वार ट्रेन अब उदयपुर से संचालित

अजमेर से हरिद्वार के मध्य सप्ताह में तीन बार चलने वाली ट्रेन संख्या 19609 / 19610 अब 28 जुलाई से उदयपुर से चलेगी। मेवाड़ चैम्बर ऑफ कॉमर्स एण्ड इण्डस्ट्री के कोषाध्यक्ष एवं जोनल रेलवे सलाहकार समिति के सदस्य श्री वी के मानसिंगका ने रेल उपयोगकर्ता सलाहकार समिति की बैठकों एवं अन्य स्तर पर इसके लिए काफी प्रयास किये। अब यह ट्रेन नियमित रूप से उदयपुर-हरिद्वार के मध्य संचालित होगी। उदयपुर से यह ट्रेन प्रति सोमवार, गुरुवार व शनिवार को हरिद्वार के लिए जायेगी। वापसी में हरिद्वार से मंगलवार, शुक्रवार व रविवार को रवाना होगी। 28 जुलाई को केन्द्रीय रेलमंत्री श्री सुरेश प्रभु ने नई दिल्ली में हरी झण्डी दिखाकर इस ट्रेन का उदयपुर के लिए रवाना किया। इस अवसर पर भीलवाड़ा सांसद श्री सुभाष बहेडिया भी उपस्थित थे। सायं 5.00 बजे ट्रेन के भीलवाड़ा पहुँचने पर विधायक श्री विठ्ठल शंकर अवस्थी के साथ बड़ी संख्या में नागरिक भी उपस्थित थे।

इससे पूर्व 26 जुलाई 2017 को सांसद श्री बहेडिया ने नई दिल्ली में रेलमंत्री श्री सुरेश प्रभु से मुलाकात कर भीलवाड़ा से मुम्बई के लिए प्रतिदिन ट्रेन संचालित होने एवं दक्षिण भारत के लिए वाया भीलवाड़ा प्रमुख ट्रेनों से लिंक करने की मांग की।

NEW APP FOR INCOME TAX PAYERS

July, 15th 2017

Taxpayers will be able to get regular updates and alerts of important dates, deadlines, forms and norms on their mobile numbers.

In an effort to minimize chances of harassment by tax assessing authorities, Union Finance Minister Arun Jaitley on Monday launched an app for income tax payers.

The app, which will reduce the physical interface between the assessee and taxmen, can be accessed over desktops as well as on android mobile phones.

The module includes tax calculation tools, a live chat facility, dynamic updates and links to various processes of the IT department. Taxpayers will also be able to get regular updates and alerts of important dates, deadlines, forms and norms on their mobile numbers.

The module is called '**Aaykar Setu**' and taxpayers who wish to receive SMS alerts must register their mobile numbers for the same. The Minister said this reflected the government's commitment towards continuously upgrading tax payer services.

रीको एम डी के साथ बैठक

दिनांक 29.07.2017 को रीको लिमिटेड की प्रबंध निदेशक श्री मुग्धा सिन्हा की भीलवाड़ा यात्रा के दौरान चैम्बर के प्रतिनिधिमण्डल ने उनसे मुलाकात एवं बैठक करके विभिन्न विषयों की चर्चा की। इस अवसर पर रीको के नये औद्योगिक क्षेत्रों का विकास, रीको ग्रोथ सेन्टर में सडक, बिजली आदि की सुविधाओं का अभाव, 110रुपये प्रतिवर्ग मीटर से अतिरिक्त विकास शुल्क की मांग एवं सोनियाणा में विद्युत उपलब्धता आदि विषयों पर चर्चा की गई। प्रतिनिधिमण्डल में चैम्बर अध्यक्ष श्री दिनेश नौलखा, पूर्वाध्यक्ष श्री एस एन मोदानी, मानद महासचिव श्री आर के जैन एवं अन्य उद्यमी सम्मिलित थे।

TIME LIMIT FOR FILING OF APPLICATION FOR CANCELLATION OF REGISTRATION EXTENDED

The Central Government vide issuing a Press Release dated July 22, 2017 has extended the period of applying for Cancellation of Registration up to September 30, 2017 for the taxpayers who were provisionally migrated into GST by virtue of being registered under the earlier laws, but who are no longer required to be registered under GST.

TRANSITIONAL ISSUES IN GST ON TEXTILES

AVAILABILITY OF DEEMED CREDIT OF CGST ON TEXTILES

There have been certain doubts as to admissibility of DCR (deemed credit) of CGST on closing stock as on 30.06.2017 of Textiles for those person registered under GST which were not registered under Central Excise except the Manufacturers, i.e. the traders.

Background of the Issue

Chapter XX of the CGST Act, 2017 is in respect of provisions for the transition period. Some of these provisions are enabling provisions for grant of CGST Credit/deemed SGST Credit. Proviso to Section 140(3) of the CGST Act, 2017 is one such provision that grants deemed CGST credit to the registered person not being a manufacturer or service provider in the prescribed manner and rate subject to certain conditions, limitations and safeguards. Rules prescribed under this section are commonly termed transitional rules though these are now part of the Central Goods and Services Tax (CGST) Rules, 2017, hereinafter referred to as the CGST Rules/the CGST Rules, 2017.

Textile cloth and many other items of the same category were exempt under Central Excise. As per the previous transitional rules, it was not specifically clear as to whether deemed credit of CGST in respect of these goods shall be admissible in GST regime or not as these were exempt under Central Excise.

Thus, doubts have been in the air as to whether CGST credit on deemed basis/specified percentage would be available under proviso to Section 140(3) of the CGST Act, 2017 on the textile Fabrics/goods which were exempt from whole of the duty of excise leviable thereon under the said Central Excise Act, 1944?

The draft of previous rule bearing number 3(a) was indicative that such credit was not available whereas revised Transition Rules issued on 19th of June, 2017 seem to have clarified the issue by appropriate addition and amendment in the relevant rules. The relevant transitional rule then numbered as Rule 3(a)(i) is now rearranged and re-numbered as Rule 117 (4) of the CGST Rules, 2017 applicable with effect from 1st of July, 2017.

Legal Provisions, Proviso to Section 140(3) and Rule 117 Proviso to Section 140(3)

Provided that where a registered person, other than a manufacturer or a supplier of services, is not in possession of an invoice or any other documents evidencing payment of duty in respect of inputs, then, such registered person shall, subject to such conditions, limitations and safeguards as may be prescribed, including that the said taxable person shall pass on the benefit of such credit by way of reduced prices to the recipient, be allowed to take credit at such rate and in such manner as may be prescribed.

Rule 117

Rule 117 stipulates certain conditions, limitations, rate, manner and safeguards with respect to allowance of 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, i.e. 1st of July, 2017 in case of a registered person other than a manufacturer or a supplier of services, who is not in possession of an invoice or any other documents evidencing payment of duty in respect of such inputs.

The said Rule 117 (4) of Central Goods and Services Tax (CGST) Rules, 2017 is recently notified vide **Notification No. 3/2017-Central Tax** (Dated 19th June 2017) and is further amended by **Notification No. 7/2017-Central Tax** (Dated 27th June 2017), **Notification No. 10/2017-Central Tax Dated 28th June 2017** and **Notification No. 15/2017-Central Tax** (Dated 1st July 2017).

Rule 117 (4) is applicable for deemed credit of CGST; for inputs held in stock and inputs contained in semi-finished or finished goods held in stock as on 01-07-2017 for registered person other than a manufacturer or a supplier of services who is not in possession of an invoice or any other documents evidencing payment of duty in respect of such inputs

New Rule 117 quotes as hereunder; *Quote*

Rule 117(4)(a)(i)

“A registered person who was not registered under the existing law shall, in accordance with the proviso to sub-section (3) of section 140, be allowed to avail of input tax credit on goods (on which the duty of central excise or, as the case may be, additional duties of customs under sub-section (1) of section 3 of the Customs Tariff Act, 1975, is leviable) held in stock on the appointed day in respect of which he is not in possession of any document evidencing payment of central excise duty.

Rule 117(4)(a)(ii)

(ii) The input tax credit referred to in sub-clause (i) shall be allowed at the rate of sixty per cent on such goods which attract central tax at the rate of nine per cent or more and forty per cent for other goods of the central tax applicable on supply of such goods after the appointed date and shall be credited after the central tax payable on such supply has been paid:

Provided that where integrated tax is paid on such goods, the amount of credit shall be allowed at the rate of thirty per cent and twenty per cent respectively of the said tax;

Rule 117(4)(a)(ii)

The scheme shall be available for six tax periods from the appointed date.

Rule 117(4)(b)

The credit of central tax shall be availed subject to satisfying the following conditions, namely:-

(i) such goods were not unconditionally exempt from the whole of the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 or were not nil rated in the said Schedule;2

(ii) the document for procurement of such goods is available with the registered person;

(iii) the registered person availing of this scheme and having furnished the details of stock held by him in accordance with the provisions of clause (b) of sub-rule (2), submits a statement in FORM GST TRAN 2 at the end of each of the six tax periods during which the scheme is in operation indicating therein, the details of supplies of such goods effected during the tax period;

(iv) the amount of credit allowed shall be credited to the electronic credit ledger of the applicant maintained in FORM GST PMT-2 on the common portal; and

(v) the stock of goods on which the credit is availed is so stored that it can be easily identified by the registered person.

Unquote

Analysis of Legal Provisions, Rule 117

Please refer 1 and 2 herein above few words have intentionally been inserted in Rule 117(4) (a) (i) and Rule 117(4)(b)(i) has also been suitably amended as hereunder:

New Words inserted in Rule 117(4) (a) (i) as below:

on which the duty of central excise or, as the case may be, additional duties of customs under sub-section (1) of section 3 of the Customs Tariff Act, 1975, is leviable

[Rule 117(4)(a)(i)]

Rule 117(4) (b) (i) amended as follows:

*such goods were not unconditionally exempt from the whole of the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 or were not nil rated in the said Schedule;***

[Rule 117(4)(b)(i)]

If we refer the old transition rules, we note that the words ,”**on which the duty of central excise or, as the case may be, additional duty of customs under sub-section (1) of Section 3 of the Customs Tariff Act, 1975 is leviable**” have been inserted in the new Rules with effect from 19th of June, 2017 only which are now part of the CGST Rules, 2017 with an intent to clear roads for deemed credit of CGST for the goods on which central excise/customs was otherwise leviable (though these goods might have been wholly exempt under Central Excise or Customs from payment of Central Excise or Customs) And Erstwhile relevant Rule 3 (b) (i) was worded as,” **such goods are not wholly exempted from duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 or were not Nil Rated** 'meaning thereby, deemed credit to the Traders of Cloth was not available under Section 140(3) of the CGST Act, 2017 for the goods which were wholly exempt from Central Excise. The set of words ,” **such goods were not unconditionally exempt from the whole of the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 or were not nil rated in the said Schedule**” paves way for admissibility of deemed credit on goods which were not unconditionally exempt under the pre-GST period. **Comparative Study of Old Rule 3 and New Rule 117**

Erstwhile/Old Transition Rules	Transitional Rules	Impact on Deemed Credit
-No Such condition <u>[Rule (3)(a)(i)] of the old transitional rules</u>	<i>(on which the duty of central excise or, as the case may be, additional duty of customs under sub-section (1) of Section 3 of the Customs Tariff Act, 1975 is <u>leviable</u>)</i> <u>[Rule 117(4)(a)(i)]</u>	Deemed Credit should be available in respect of goods which were leviable to excise or customs
<i>such goods are not <u>wholly exempted</u> from duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 or were not Nil Rated*</i> <u>[Rule (3)(b)(i)] of the old transitional rules</u>	<i>such goods were not unconditionally exempt from the whole of the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 or were not nil rated in the said Schedule;</i> <u>[Rule 117(4)(b)(i)]</u>	Condition of wholly exempted from duty of excise changed to Not Unconditionally Exempt**

- ❑ *meant that on the goods wholly exempt under Central Excise/Customs, the deemed credit should not be available.
- ❑ **e. these goods might have been exempt in pre-GST era but should be so exempt with some condition(s) and should not be unconditionally exempt in pre-GST era.

Studying in conjunction with each other, we infer that for admissibility of deemed CGST Credit on these goods, three basic conditions must be satisfied;

1. Duty of central excise/customs duty must be leviable.
2. Such goods must not have been unconditionally exempt from the whole of the duty of excise specified in the first schedule to the Central Excise Tariff Act 1985. Though these goods might be exempt in the pre-GST era but this exemption must be subject to one or more condition.
3. These goods must not be Nil Rated in the Central Excise Tariff in Pre-GST era.
Looking in to whether Textile/other such goods comply with these three basic conditions or not, we find that;
4. Duty of central excise/customs duty was leviable on these goods.
5. These goods were not Nil Rated in the Central Excise Tariff in Chapter 50 to Chapter 63.

And

To arrive at as to whether such goods were unconditionally exempt or conditionally from the whole of the duty of excise specified in the first schedule to the Central Excise Tariff Act 1985, we refer relevant Exemption Notification number that conferred exemption from excise duty to textile/other specified goods.

Notification Number 30/2004-Central Excise dated 9th of July, 2004

provided for exemption to specified goods from whole of the duty of excise leviable thereon under the Central Excise Act, 1944.

Notification bearing **Number 30/2004-Central Excise dated 9th of July, 2004** was issued under *Section 5A(1) of the Central Excise Act, 1944 (1 of 1944) read with sub-section (3) of Section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957) on 9th of July 2004, as amended up to date latest by Notifications No. 10/2005-C.E., dated 1-3-2005, corrigendum M.F. (D.R.) Corrigendum F. No. 334/3/2004-TRU (Pt. 1), dated 9-7-2004, No. 15/2006-C.E., dated 1-3-2006, No. 12/2009-CX., dated 07-07-2009, No. 12/2011-CX., dated 01-03-2011, No. 30/2011-CX., dated 24-03-2011, No. 11/2013-C.E., dated 1-3-2013, No. 34/2015-C.E., dated 17-7-2015, No. 37/2015-C.E., dated 21-7-2015 and No. 15/2016-C.E., dated 01-03-2016.*

Relevant portion of this notification is quoted as below; Quote

In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944) read with sub-section (3) of section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957) and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) **No. 07/2003-Central Excise dated the 1st March 2003**, published in the Gazette of India vide number G.S.R. 137(E), dated 1st March 2003, the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the excisable goods of the description specified in column (3) of the Table below and falling within the Chapter, heading No. or sub-heading No. of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) (hereinafter referred to as the Central Excise Tariff Act), specified in the corresponding entry in column (2) of the said Table, from whole of the duty of excise leviable thereon under the said Central Excise Act :

Provided that the said excisable goods are manufactured from inputs on which appropriate duty of excise leviable under the First Schedule to the Central Excise Tariff Act or additional duty of customs under section 3 of the Customs Tariff Act, 1975 (51 of 1975) has been paid and no credit of such excise duty or additional duty of customs on inputs has been taken by the manufacturer of such goods (and not the buyer of such goods), under the provisions of the CENVAT Credit Rules, 2004.

Explanation. – For the purposes of this notification, appropriate duty or appropriate additional duty includes nil duty or concessional duty, whether or not read with any relevant exemption notification for the time being in force.

Unquote

Notification Number 30/2004-CE is a conditional exemption notification

Section 5A of the Central Excise Act, 1944, empowers the Central Government to grant exemption from payment of duty. Under this Section the exemption from duty is granted either unconditionally or on fulfillment of some condition. **Notification No 30/2004-CE dated 9th July 2004** is also issued under Section 5A of the Central Excise Act, 1944 and is a conditional exemption notification.

As we study, the notification carries a rider in itself that is worded as, "Provided that.....for the time being in force"

We may safely conclude, this exemption was given in such a way that excise duty on such goods was exempt if:

1. the said excisable goods are manufactured from inputs on which appropriate duty of excise (including nil duty or concessional duty) leviable under the First Schedule to the Central Excise Tariff Act or additional duty of customs under section 3 of the Customs Tariff Act, 1975 (51 of 1975) has been paid
2. no credit of such excise duty or additional duty of customs on inputs has been taken by the manufacturer of such goods (and not the buyer of such goods), under the provisions of the CENVAT Credit Rules, 2004.

So these goods were exempt and were conditionally exempt with above pre-conditions. These goods were not unconditionally exempt but were conditionally exempt.

Thus the condition as prescribed by Rule 117 (4)(b)(i) for grant of deemed CGST credit that "such goods were not unconditionally exempt from the whole of the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985" is also complied with as the goods were so exempt conditionally and not unconditionally.

Trade notice no 03/2007 of the O/o CCE Delhi-III, dated 01.02.2007

This view is further supported by a trade notice no 03/2007 of the Office of the Commissioner of Central Excise Delhi-III, dated 01.02.2007 clarifying that Central Excise exemption to Textile Cloth and other Items vide Central Excise Exemption **Notification Number 30/2004**, was in fact a conditional exemption.

Para 3 of this Trade Notice, quotes,

Quote

"Therefore, it is clarified that non-availment of credit on inputs is a precondition for availing exemption under this notification and if manufacturers avail input tax credit, they would be ineligible for exemption under this notification. Reversal of credit on a later date would not suffice to make them eligible for this exemption."

Unquote

Text of trade notice no 03/2007 of the Office of the Commissioner of Central Excise Delhi-III, dated 01.02.2007 is also reproduced herein below for your reference;



F.No.450/119/2017-Cus.IV
Government of India Ministry of Finance Department of Revenue
(Central Board of Excise & Custom) New Delhi

To

All Pr. Chief Commissioners/Chief Commissioners of Customs/Customs (Preventive) All Pr. Chief Commissioners/Chief Commissioners of Customs and Central Excise

All Pr. Commissioners/Commissioners of Customs/Customs (Preventive)

GSTIN requirement for the purpose of import & export-reg.

Instances have been brought to the notice of the Board that there is some confusion regarding requirement of GSTIN for importers and exporters at the time of import and export of the goods. This is resulting in avoidable delay in the clearance of the goods.

The provisions of registration are contained in Chapter VI of the Central Goods and Services Tax Act, 2017. The provisions related to registration under the said Act are applicable to Integrated Goods and Services Tax Act, 2017 (IGST) by virtue of Section 20 of the IGST Act.

In this regard, it may be seen that Section 23 of the CGST Act specifically deals with the *persons not liable to registration* under the said Act. Persons engaged exclusively in the supply of goods (import and export) that is either not liable to tax or is wholly exempt from tax under the CGST or IGST Acts are not required to obtain registration. Further, Government may on the recommendation of the Council specify the class of person who need not obtain GSTIN [sub- section (2) of the section 23 refers]. In such cases PAN (which is authorized as IEC by DGFT) of the importer and exporter would suffice.

Jurisdictional Commissioners of Customs may ensure that there is no hold up of import and export consignments, wherever GSTIN is legally not required. Importers, Exporters and Customs Brokers may be guided to quote authorized PAN in the bills of entry or shipping bills for such clearances.

(Zubair Riaz)
Director (Customs)

Government of India Ministry of Finance
OFFICE OF THE COMMISSIONER CENTRAL EXCISE DELHI-III, UDYOG VIHAR,

Trade Notice No 03/2007

Subject : Simultaneous availment of **Notification No. 30/2004-CE & 29/2004-CE** both dated 9.7.2004 by the manufacturers of goods falling under Chapter 50 to 63 of the CETA, 1985- regarding

It is brought to the notice of all the members of Trade & Industry; that guidelines have been laid down by the Board for simultaneous availment of **Notification No. 30/2004-CE & 29/2004** both dated 9.7.2004 by the manufacturers of goods falling under Chapter 50 to 63 of the CETA, 1985. The need has arisen in view of various representations received from trade and industry, as well as field formations in this regard.

Notification No. 29/2004-CE dated 9.7.2004 permits clearance of goods at concessional rates availing CENVAT Credit wherein a manufacturer can take CENVAT Credit on inputs. permits a manufacturer to clear the goods at 'Nil' rate of duty without availing CENVAT Credit on inputs. Further, Board's **circular No. 795/28/2004-CX, dated 28.07.2004**, issued by TRU had clarified that the benefit of these two notifications can be availed simultaneously provided the manufacturer maintains separate Books of Account for goods in respect of which benefit of **notification No. 29/2004-CE dated 9.7.2004** is availed and similarly, for goods in respect of which benefit of **notification No. 30/2004-CE dated 9.7.2004** is availed. However, it was brought to the notice of the Board that in such cases, certain manufacturers did not maintain separate accounts and availed credit on all the inputs. Subsequently, they reversed the credit availed on such inputs utilized for goods cleared under exemption **notification No. 30/2004** as per the provisions of Rule 6(3) of the CENVAT Credit Rules, 2004.

The issue has been examined. It is seen that proviso to notification No. 30/2004-CE dated 9.7.2004 states that 'nothing contained in this Notification shall apply to the goods in respect of which the credit of duty on inputs has been taken under the provisions of the CENVAT Credit Rules, 2004'. Therefore, it is clarified that non- availment of credit on inputs is a precondition for availing exemption under this notification and if manufacturers avail input tax credit, they would be ineligible for exemption under this notification. Reversal of credit on a later date would not suffice to make them eligible for this exemption.

However, it is seen that textile manufacturers/ processors have to use common inputs, which are used in a continuous manner, and it may not be practically possible to segregate and store inputs like dyes and chemicals separately or maintain separate accounts. In such cases, in order to facilitate simultaneous availment of the two notifications, such manufacturers may be advised not to take credit initially and instead take only proportionate input credit on inputs used in the manufacture of finished goods cleared by him on payment of duty. Such proportionate credit should be taken at the end of the month only. At the time of audit of records, or at any other time if the department requires, the assessee should support such credit availment with the relevant records maintained by them showing input quantity used for the goods manufactured and cleared on payment of duty. In case any subsequent verification reveals that such proportionate credit taken is incorrect, the penal provisions as prescribed under the law will be taken against such assessees.

(PIYUSHA PATNAIK) COMMISSIONER

Authority: Board Circular No. 845/03/2006-CX Dated 1st February, 2007

The above trade notice pertains to **Notification No. 30/2004-CE** as amended up to 1st of February, 2007.

The inherent pre-condition clause as above has been since then substituted by **Notification No. 34/2015-CE dated 17th of July, 2015** read with Explanation to it inserted vide **Notification No. 37/2015-CE dated 21st of July, 2015** as quoted above in **"Analysis of Notification No. 30/2004-CE"**

Further, in The Commissioner Of Customs (Exports) ,Custom House, No.60, Rajaji Salai, Chennai – 600001, Vs M/S Prashray Overseas Pvt Ltd 33/71-72, Nepali Khapra

Opp. Kashi Karwa Temple, Varanasi – 221001 And Customs Excise & Service Tax Appellate Tribunal, South Zonal Bench, Shastri Bhawan Annexe, 1st Floor, 26, Haddows Road, Chennai – 600006 delivered recently on March 28, 2016 (2016-TIOL-1157-HC-MAD-CUS) it was so held that exemption under **Notification No. 30/2004-CE** is conditional exemption.

Thus having reliance on the Notification 30/2004-Central Excise dated 09-07-2004, Proviso to Section 140(3) of the CGST Act, 2017, Rule 117 of CGST Rules, 2017 effective from 01-07-2017, TRADE NOTICE NO 03/2007 dated 01-02-2007 and judicial pronouncements deemed credit on the following items on which excise/customs was leviable and though exempt but were not unconditionally exempt under pre-GST regime and which were not nil rated, should be available.

Textile Cloth and other items covered via above Notification No. 30/2004-Central Excise dated 09-07-2004 are as follows on which deemed credit as such should be available are as follows:

Tariff Item	Description of Goods
5004	Silk Yarns(Other Than Yarn Spun From Silk Waste) Not Put Up For Retail Sale
5005	Yarn Spun From Silk Waste Not Put Up For Retail Sale
5006	Silk Yarn & Yarn Spun From Silk Waste Put Up For Retail Sale, Silk-Worm Gut
5007	Woven Fabrics of Silk or of Silk Waste
5105	Wool And Fine or Coarse Animal Hair, Carded or Combed (Including Combed
5106	Yarn of Carded Wool Not Put Up For Retail Sale
5107	Yarn of Combed Wool Not Put Up For Retail Sale
5108	Yarn of Fine Animal Hair (Carded or Combed), Not Put Up For Retail Sale
5109	Yarn of Wool or Fine Animal Hair, Put Up For Retail Sale
5110	Yarn of coarse animal hair or of horse-hair (including gimped horse-hair yarn), whether or not put up for retail sale
5111	Woven fabrics of carded wool or of carded fine animal hair
5112	Woven fabrics of combed wool or of combed fine animal hair
5113	Woven fabrics of coarse animal hair or of horse-hair.
5204	Cotton sewing thread, whether or not put up for retail sale.
5205	Cotton yarn (other than sewing thread), containing 85% or more by weight of cotton, not put up for retail sale
5206	Cotton yarn (other than sewing thread), containing less than 85% by weight of cotton, not put up for retail sale
5207	Cotton yarn (other than sewing thread) put up for retail sale
5208	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200 g/m ²
5209	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200 g/m ²
5210	Woven fabrics of cotton, containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibers, weighing not more than 200 g/m ²
5211	Woven fabrics of cotton, containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibers, weighing more than 200 g/m ²
5212	Other woven fabrics of cotton
53	Other Vegetable textile Fibers; paper yarn and woven fabrics of paper yarn except Flax, Raw or Processed But Not Spun; Flax Tow & Waste (Including Yarn Waste & Garneted Stock), items covered in 53050090, Jute & Other Textile Bast Fibers (Excluding Flax, True Hemp And Ramie), Raw or Processed But Not Spun; Tow And Waste of These Fibers (Including Yarn Waste And Garneted Stock), Yarn of Jute or of Other Textile Bast Fibers of Heading 5303, Yarn of Other Vegetable Textile Fibers; Paper Yarn Coir Yarn :Baled And Items Covered Under 53081090
5401	Sewing Thread of Man-Made Filaments, Whether or Not Put Up For Retail Sale
5404	Synthetic Monofilament of ≥ 67 Decitex And of Cross-Sectional Dimension ≤ 1 Mm; Strip Etc (E.G. Artificial Straw) of Synthetic
5405 00 00	Artificial Monofilament of 67 decitex or More and of Which no cross-sectional dimension exceeds 1 one mm ; strip and the like (for example, artificial straw) of artificial textile materials or an apparent width not exceeding 5 five mm
5407	Woven Fabrics of Synthetic Filament Yarn, Including Woven Fabrics Obtained From Materials of Heading 5404

Tariff Item	Description of Goods
5408	Woven Fabrics of Artificial Filament Yarn,
54	<p>All Filament Yarns Procured Form Outside And Subjected To Any Process By A Manufacturer Who Does Not Have The Facilities In His Factory (Including Plant And Equipment) For The Manufacturer of Filament Yarns of Chapter 54.</p> <p>Explanation. - For The Purpose of This Exemption, 'Manufacture of Yarns' Means Manufacture of Filaments of organic Polymers Produced By,-</p> <p>(a) Polymerization of organic Monomers, Such As Polyamides, Polyesters, Polyurethanes, or Polyvinyl derivatives; or</p> <p>(b) Chemical Transformation of Natural organic Polymers (Cellulose, Casein, Proteins or Algae), Such As, Viscose Rayon, Cellulose Acetate, Cupro or Alginates.</p>
5402 11 10, 5402 19 5402 44 00, 5402 45 00 5402 48 00, 5402 49 00 5402 51 00, 5402 59 10 5402 61 00, 5402 69 30 and 5406 00 10	<p>The following goods namely,-</p> <p>Nylon Filament yarn of 210 deniers or in the multiples thereof with tolerance of 6 percent;</p> <p>Polypropylene multifilament yarn of 210 deniers with tolerance of 6 percent</p>
5505	<p>Waste (Including Noils, Yarn Waste And Garneted Stock) of Man-Made Fibers Except All Goods, Except Such Goods Which Arises During The Course of Manufacture or Filament Yarns, Monofilaments, Filament Tows or Staple Fibers Manufacture of Textured Yarn Including Draw Twisted And Draw Wound Yarn of Heading Nos. 5402, 5403, 5406, 5501, 5502, 5503 or 5504.</p> <p>Explanation.- For The Purposes of This Exemption, "Manufacture of Filament Yarns, Monofilaments, Filament Tows or Staple Fibers" Means Manufacture of Filaments or Staple Fibers or organic Polymers Produced By Processes, Either:</p> <p>(a) By Polymerization of organic Monomers, Such As Polyamides, Polyesters, Polyurethanes, or Polyvinyl Derivatives; or</p> <p>(b) By Chemical Transformation of Natural organic Polymers (Cellulose, Casein, Proteins or Algae), Such As, Viscose Rayon, Cellulose Acetate, Cupro or Alginates</p>
5508	Sewing Thread of Man-Made Staple Fibers, Whether or Not Put Up For Retail Sale
5509	Yarn (Other Than Sewing Thread) of Synthetic Staple Fibers, Not Put Up For Retail Sale
5510	Yarn (Other Than Sewing Thread) of Artificial Staple Fibers Not Put Up For Retail Sale
5511	Yarn (Other Than Sewing Thread) of Man-Made Staple Fibers Put Up For Retail Sale
5512	Woven Fabrics of Synthetic Staple Fibers, Containing 85% or More By Weight of Synthetic Staple Fibres
5513	Woven Fabrics of Synthetic Staple Fibres, Containing Less Than 85% By Weight of Such Fibres, Mixed Mainly or Solely With Cotton, of A Weight Not Exceeding 170 g/m ²
5514	Woven Fabrics of Synthetic Staple Fibres Containing Less Than 85% By Weight of Such Fibres, Mixed Mainly or Solely With Cotton, of A Weight Exceeding 170 g/m ²
5515	Other Woven Fabrics of Synthetic Staple Fibers
5516	Woven Fabrics of Artificial Staple Fibers
5506, 5507	Staple fibers procured from outside and subjected to carding, combing or any other process required for spinning, by a manufacturer who does not have the facilities in his factory (including plant and equipment) for producing goods or heading Nos. 5501, 5502, 5503 and 5504
5506 or 5507	Synthetic filament tow or artificial filament tow procured from outside and subjected to "tow-to-top" process, required for spinning by a manufacturer who does not have the facilities in his factory (including plant and equipment) for producing goods of heading Nos. 5501 and 5502
56 except 5601 10	Wadding, Felt And Non-wovens; Special Yarns; Twine, Cordage, Ropes And Cables And Articles Thereof Except That of Jute or Other Textiles Bast Fibers of Heading 5303

Tariff Item	Description of Goods
	Except 56011000 Sanitary Towels & Tampons, Napkins & Napkin Liners For Babies & Similar Sanitary Articles of Wadding
57	Carpets And Other Textile Floor Coverings Except 1 Hand-Made Carpets, Whether or Not Any Machines Have Been Used To Achieve Better Finish During Pre-Weaving or Post-Weaving Operations; 2 Carpets And Other Textile Floor Coverings, Knotted, Woven, Tufted or Flocked or Coconut Fibers (Coir) or Jute, Whether or Not Made Up, In or In Relation To The Manufacture of Which Any Process Is ordinarily Carried On With The Aid of Machines; And 3 Other Carpets And Other Textile Floor Coverings of Coconut Fibers (Coir) or Jute, Whether or Not Made Up. Explanation: For The Purpose of Chapter 57 The Term "Machines" Shall Not Include Manually Operated Implements, Used Independently By Hand, Used As Hooking Guns, Tufting Guns And Knitted Guns.]
58	Special Woven Fabrics; Tufted Textile Fabrics; Lace; Tapestries; Trimmings; Embroidery Except 5804 30 00 Hand Made Lace 5805 Hand Woven Tapestries of The Type Gobelins, Flanders, Aubusson, Beauvais, And The Like And Needle Worked Tapestries (For Example, Petit Point, Cross Stich Whether or Not Made Up 5807 Labels, Badges And Similar Articles of Textile Materials, In The Piece, In Strips or Cut To Shape or Size, Not Embroidered
59	Impregnated, Coated, Covered or Laminated Textile Fabrics; Textile Articles of A Kind Suitable For Industrial Use Except 59061000
60	Adhesive Tape of A Width Not Exceeding 20 Cm'
3006 10	Knitted or Crocheted Fabrics
61	All Goods of Knitted or Crocheted Fabrics
62	Articles of Apparel And Clothing Accessories, Knitted or Crocheted other than those bearing a brand name or sold under a brand name and having a retail sale price (RSP) of Rs.1000 and above.
63	Articles of Apparel And Clothing Accessories, Not Knitted or Crocheted except other than those bearing a brand name or sold under a brand name and having a retail sale price (RSP) of Rs.1000 and above.
	Other Made Up Textile Articles; Sets; Worn Clothing And Worn Textile Articles; Rags Except other than those bearing a brand name or sold under a brand name and having a retail sale price (RSP) of Rs.1000 and above. and 6305 Sacks And Bags, of A Kind Used For The Packing of Goods 6309 00 00 Worn Clothing And Other Worn Articles 6310 Used/New Rags, Scrap Twine, Cordage, Rope & Cables & Worn Out Articles of Twine, Cordage, Rope / Cables, of Textile Material

REQUIREMENT OF GSTIN FOR IMPORTERS AND EXPORTERS AT THE TIME OF IMPORT AND EXPORT OF THE GOODS.

There is ambiguity regarding requirement of GSTIN for importers and exporters at the time of import and export of the goods. This is resulting in unnecessary delay in the clearance of the goods. GST registration is NOT mandatory for Export Import Business.

AVAILABILITY OF REFUND TO TEXTILE PROCESSING HOUSE

GST has made some major procedural changes in working of entire textile industry. Post GST era is typical in terms of compliances for them and moreover changes in the opinions of consultants day by day is creating more and more confusion.

There is some confusion about availability of refund of accumulated ITC to process houses. We are narrating herewith legal provisions of availability of accumulated ITC.

Whether Textile processing is Goods or Service?

Definitions of Goods and Service

(52) “goods” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;

(102) “services” means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;

(68) “job work” means any treatment or process undertaken by a person on goods belonging to another registered person and the expression “job worker” shall be construed accordingly;

The processing of textiles is done on the fabrics received from others. The process house carries out various processes such as dyeing, printing, finishing, polishing etc. Complete processing is done on the goods received from others. A process house in Bhilwara rarely carries out any process on own goods. Thus it qualifies essentially for the service and that too in the Job Work Service.

The same is also classified as service under Classification of Services issued by the CBEC as follows:-

Heading	Description
Group 99882	Textile, wearing apparel and leather manufacturing services
998821	Textile manufacturing services

Thus textile processing by processes houses is essentially a service u/s sec 2(102) of CGST Act 2017 and provisions related to service shall apply to it.

Whether tax is leviable on Job charges received for textile processing and at If yes, at which rate?

For this we should refer notification No. 11/2017 of CGST Rate, which specified the levy of GST on Services. This notification reads as follows in relation to textile processing at entry No 26.

(i) Services by way of job work in relation to-

(a) Printing of newspapers;

(b) Textile yarns (other than of man-made fibres) and textile fabrics;

(c)

Tax Rate is 2.5% for CGST i.e. 5% for CGST+SGST or IGST

Thus tax rate is 5% on textile processing service as per notification No 11/2017 of CGST Rate.

For the above notification in the table appended to it contains a column No 5 which specified the conditions, which are to be followed to avail the rate of tax specified. The condition appended in column no 5 are mandatory in nature in order to pay tax as per the rate of tax specified in column No 4.

In case of Textile processing there is no condition specified, thus this rate is absolute. There are conditions in this table attached to other entries like entry No. 11 such as GTA there a condition is specified as follows:-

Provided that credit of input tax charged on goods and services used in supplying the service has not been taken.

Thus a GTA service provider i.e. transporter cannot take any Input Tax Credit.

No such condition is specified in case of textile processing. Thus all the fabrics processing done by a process house is covered under Entry no 26 of this notification and the same is taxable at the rate of 5%.

Refund of Overflow of Credit

Whether refund is available for overflow of credit in case of textile process houses.

For checking the allowability of refund we need to go through the refund provisions contained in sec 54 of CGST Act which read as follows:-

Sec 54

- (3) Subject to the provisions of sub-section (10), a registered person may claim refund of any unutilised input tax credit at the end of any tax period:
- Provided that no refund of unutilised input tax credit shall be allowed in cases other than—
- (i) zero rated supplies made without payment of tax;
 - (ii) **where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies** (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the Council:
- (8) Notwithstanding anything contained in sub-section (5), the refundable amount shall, instead of being credited to the Fund, be paid to the applicant, if such amount is relatable to—
- (a) refund of tax paid on zero-rated supplies of goods or services or both or on inputs or input services used in making such zero-rated supplies;
 - (b) **refund of unutilised input tax credit under sub-section (3);**
 - (c)

We can see from subsection (3) that refund can be allowed only if it is a zero rated supply or supply is under an inverted duty structure i.e. where Inputs are taxed at higher rate and output are taxed at lower rate.

In case of textile processing house various inputs such as dyes, colours, finishing agents, detergents are purchased at higher rate of taxes such as 18% and 28%. Further Input services of contractors are also taken at 18%. While the output services are eligible for tax @5%.

Looking into this we can very well say that a textile processing house is eligible for refund u/s 54(3) r/w sec 54(8).

Now, there is another point in this discussion that in sec 54(3) it is also stated that in respect of the refunds the Govt can specify category of goods and services against the supply of which refund would not be eligible.

The Government of India, vide notification No 5/2017 of Central Tax has notified certain goods which are not eligible for refund of unutilized Input Tax Credit. The notification reads as follows:-

*In exercise of the powers conferred by clause (ii) of the proviso to sub-section (3) of section 54 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, **hereby notifies the goods, the description of which is specified** in column (3) of the Table below and falling under the tariff item, heading, sub-heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Table, **in respect of which no refund of unutilised input tax credit shall be allowed**, where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on the output supplies of such goods (other than nil rated or fully exempt supplies).*

The notification clearly discusses only supplies of goods not supply of services. Thus only supplies of notified goods shall not be eligible for refund.

Let us see those entries in that notification which are relevant to textile business.

Sr.	Tariff item heading sub-heading of chapter	Description of Goods
1	5007	Woven fabrics of silk or of silk waste
2	5111 to 5113	Woven fabrics of wool or of animal hair
3	5208 to 5212	Woven fabrics of cotton
4	5309 to 5311	Woven fabrics of other vegetable textile fibres, paper yarn
5	5407, 5408	Woven fabrics of manmade textile materials
6	5512 to 5516	Woven fabrics of manmade staple fibres
7	60	Knitted or crocheted fabrics [All goods]

Thus according to this notification, only the supply of fabrics as such is out of the purview of refunds under GST **as the restriction is only for Goods and not services.**

There is another notification for such restriction which is notification No 15/2017 which is as follows:-

*In exercise of the powers conferred by sub-section (3) of section 54 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council hereby notifies that no refund of unutilised input tax credit shall be allowed under sub-section (3) of section 54 of the said Central Goods and Services Tax Act, in case of supply of services specified in **sub-item (b) of item 5 of Schedule II of the Central Goods and Services Tax Act.***

This notification covers only the construction services which are specified in schedule II clause 5(b).

It is not applicable to textile processing.

Conclusion

- 1. Textile processing is a service and that too a Job work service in terms of definitions of Job Work and service under CGST Act, 2017**
- 2. Textile processing related to fabrics is covered under entry no 26 of notification no 11/2017, thus taxable @ 5%**
- 3. Refunds are eligible to textile processing houses being not covered by notification No 5/2017 and 15/2017.**

Refund under GST

Introduction

A timely refund mechanism is one of the essential constituent of a smooth running tax administration system which facilitates the release of block funds for working capital, expansion and modernisation of business organisation

Under GST regime, there is a standardised form for making any claim for refund. The system of taking claim and sanctioning procedure will be completely online and time bound which is totally different from the old time taking and lengthy process.

Situations Leading to Refund Claims

A claim for refund can be filled in the following cases:-

- Export of goods or services
- Supplies to SEZs units and developers
- Deemed exports
- Refund of taxes on purchase made by UN or embassies etc.
- Refund arising on account of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court
- Refund of accumulated Input Tax Credit on account of inverted duty structure
- Finalization of provisional assessment
- Refund of pre-deposit
- Excess payment due to mistake
- Refunds to International tourists of GST paid on goods in India and carried abroad at the time of their departure from India
- Refund on account of issuance of refund vouchers for taxes paid on advances against which, goods or services have not been supplied
- Refund of CGST & SGST paid by treating the supply as intra- State supply which is subsequently held as inter-State supply and vice versa.

Under GST law every claim should be filled within 2 years from the relevant date.

Treatment for Zero Rated Supplies

The two major supplier for which claim for refund may arise are as follows:-

- Export of goods or services or both; or
- Supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

In case of zero rated supply the supplier will be entitled to take ITC in respect of goods or services or both used for such supply though they might be non taxable or even exempted supplies.

Every person making claim of refund on account of zero rated supplies has two options:

- Either he can export under Bond/LUT and claim refund of accumulated Input Tax Credit

Or

ii. he may export on payment of integrated tax and claim refund thereon.

Thus we can say that GST allows flexibility to the exporter.

Grant of Provisional Refund in Case of Zero

Under GST a grant of provisional refund of 90% of total refund claim would be paid within 7 days of giving acknowledgement, in case the claim relates for refund arising on account of zero rated supplies. The provisional refund would not be granted to such supplier who was prosecuted during any of five years immediately preceding the refund period.

Payment of Wrong Tax

In case of payment of wrong taxes because of incorrect application of the place of supply provisions, interest will not be charged on such person while making appropriate payment of tax and the refund claim would be entertained also.

Any tax collected by the taxable person more than the tax due on such supplies must be credited to the Government account.

Refunds to Casual/Non-Resident Taxable

In case of Non resident taxable person he has to pay tax in advance at the time of registration. But the amount of excess advance tax shall not be refunded unless such person has filed all the returns due during the time their registration was effective.

Refund to UN Bodies and Other Notified

Supplies made to UN bodies and embassies may be exempted from payment of GST as per international obligations. A taxable person making supplies to such bodies would charge the tax due and remit the same to government account. The claim has to be made before the expiry of six months from the last day of the quarter in which such supply was received.

Refund to International Tourist

An international tourist procuring goods in India, may while leaving the country seek refund of integrated tax paid by them.

Unjust Enrichment

GST is an indirect tax whose incidence is to be borne by the consumer & for this reason every claim of refund needs to pass the test of unjust enrichment.

Under GST law this test is not applicable in case of refund is not applicable on account of exports, refund of payment of wrong tax refund of tax paid on a supply. In all other cases, the test of unjust enrichment needs to be satisfied for the claim to be paid to the applicant.

In case refund claim is less than Rs. 2 lakh then a self declaration of the applicant to the effect that the incidence of tax has not been passed to any other person will suffice to process the refund claim for crossing the bar of unjust enrichment.

Standardization of Procedure

Under GST every claim has to be filled online in a standardized form which will be acknowledged in 14 days. In case of any deficiency the claim will be sent back to the applicant with the notified deficiency and the applicant can file the refund claim again after rectifying the deficiencies. No deficiency memos can be raised after the mandatory 14 day period. The claim, if in order, has to be sanctioned within a period of 60 days from the date of receipt of the claim.

In case the mandatory period exceeded then the interest becomes payable along with the amount of claim from the date of expiry of 60 days till the date of return.

Documentation

- ☐ For every claim made the applicant have to attach the statement of invoices pertaining to that claim. In case of export of services the bank realization certificates evidencing receipt of payment in foreign currency is also required to be submitted with invoices.
- ☐ In case of supply to SEZ unit, an endorsement from the Proper Officer evidencing receipt of such goods/services in the SEZ also needs to be submitted. A declaration is also required from the SEZ unit that they have not availed the ITC on the same.
- ☐ In case of claim of refund on account of any order or judgment of appellate authority or court, the reference number of the order giving rise to refund should also be given.
- ☐ In case of claim of refund on account of any order or judgment of appellate authority or court, the reference number of the order giving rise to refund should also be given.

In case of rejection of the claim, such information will be provided online to the applicant and the applicants needs to response online within 15 days from the receipt of such notice.

The refund claimed will be directly credited to the bank account of the applicant.

Power with the Commissioner to Withhold Refund in

Where the refund claimed is subject to an appeal or further processing or any other proceedings under the law is pending and with the opinion of the respective Commissioner the refund can be withheld and the applicant should be given an opportunity to being heard. In case after proceedings the applicant becomes eligible for refund then the refund should be paid along with the interest @ 9% on such amount of refund.

Conclusion:

A time bound and technology driven refund procedure with minimum human interface between the taxpayer and the tax authorities has been designed under GST.



Extension of time limit for filing intimation for composition levy under sub-rule (1) of rule 3 of the CGST Rules, 2017 Order No. 01/2017-GST

F. No. 345/114/2017-GST
Government of India, Ministry of Finance
Department of Revenue, Central Board of Excise and Customs
GST Policy Wing

New Delhi, the 21st July, 2017 In exercise of the powers conferred by section 168 of the Central Goods and Services Tax Act, 2017, the Board hereby extends the period for filing an intimation in **FORM GST CMP-01** under sub-rule (1) of rule 3 of the Central Goods and Services Tax Rules, 2017 **upto 16th August, 2017.**

-sd-
(Upender Gupta) Commissioner (GST)



SERVICE TAX RETURN FILING DATE FOR THE PERIOD APRIL TO JUNE, 2017 IS 15.08.2017

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

**GOVERNMENT OF INDIA, MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)
(CENTRAL BOARD OF EXCISE AND CUSTOMS)
Notification no. 18/2017-Service Tax**

New Delhi, the 22nd June 2017
1 Ashadha, 1939 Saka

G.S.R. (E) - In exercise of the powers conferred by sub-section (1) read with sub-section (2) of section 94 of the finance act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the service tax rules, 1994, namely:-

1. (1) These rules may be called the service tax (fourth amendment) rules, 2017.
(2) They shall come into force on the date of their publication in the official gazette.
2. in the service tax rules, 1994:-
 - (i) In rule 7, in sub rule (2), after the second proviso, the following proviso shall be Inserted namely:-

“Provided also that the return for the period from the 1st day of April, 2017, to the 30th day of June, 2017, shall be submitted by the **15th day of August, 2017**, in form 'ST-3' or 'ST-3C', as the case may be.”
 - (ii) In rule 7B, in sub rule (1), the following proviso shall be inserted namely:-

“Provided that the revised return for the period from the **1st day of April, 2017, to the 30th day of June, 2017, shall be submitted within a period of forty five days from the Date of submission of the return under rule 7.**”

[F.No. 137/18/2017-service tax]

(Dr. Sreeparvathy S.L.)

Under secretary to the Government of India

Note: - The principal rules were published in the gazette of India, extraordinary, part II, Section 3, sub-section (i) vide notification number 2/94-service tax, dated the 28th June, 1994 vide number G.S.R.546 (E), dated the 28th June, 1994 and last amended vide Notification number 16/2017-service tax, dated the 13 April, 2017 vide number G.S.R. 369 (E), dated the 13th April, 2017.

Circular No. 4/4/2017-GST

JOB WORK PROVISIONS UNDER GST

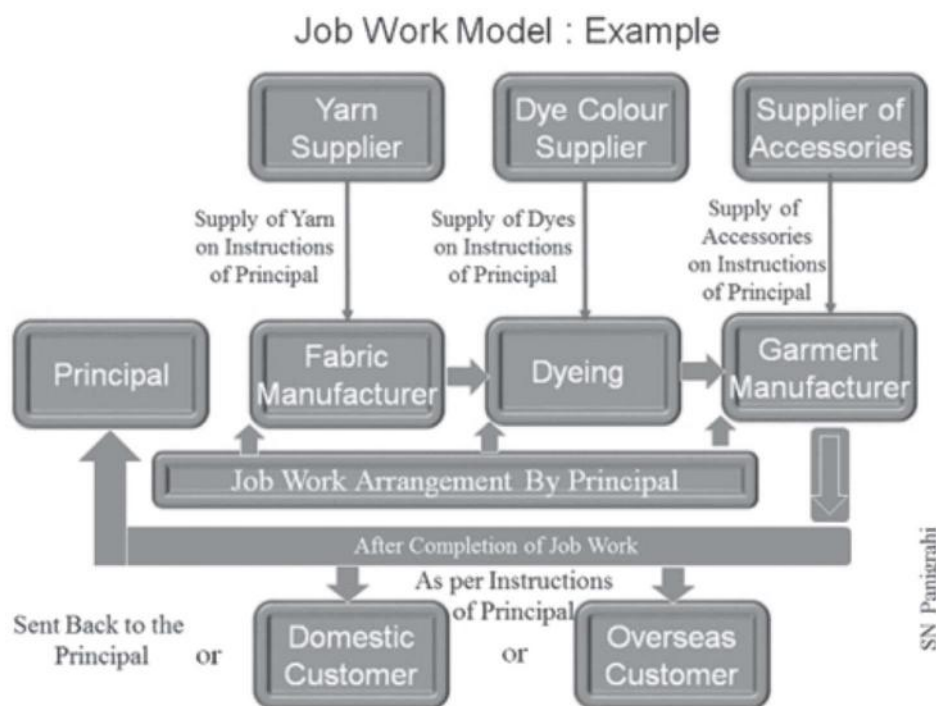
S.N.Panigrahi

The concept of Job Work is very much integral to most of industrial activities that constitute outsourcing of some or all the activities to a third party. Thus job work means any person who undertakes any activity or carried on any process on goods belonging to another person (principal). The person undertaking such assignment is called job worker who always works under the instructions of the principal. The job worker undertakes the assignment over the inputs or material belonging to his principal by using his resources, machines, processes and may also use his own materials in the process.

Job Work – Business Model :

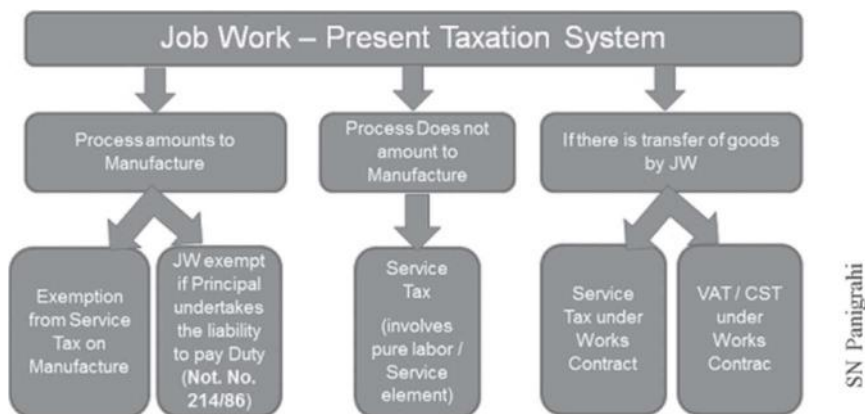
Job-work has various synonyms in different industries – for example: Job-work” or “sub-contracting” in manufacturing / engineering industry; “Processing” in chemical or textile industry; “A loan licensing” in pharmaceutical industry; “Contract manufacturing” in FMGC industry; and “Bottling” in IMFL industry and so on. However the essence is outsourcing of certain activities.

Let us understand the process of job work through an example which is commonly practiced in textile industry. In the Ready Made Garment industry, the principal wishing to get the garments made in his brand name, may engage a series of job workers as illustrated below. The Principal may instruct the yarn supplier to deliver yarn directly to the job worker say grey fabric manufacturer. After the fabric is made he may instruct the fabric manufacturer to send the same to another job worker for Dyeing. The dyeing materials used for dyeing may be ordered to some other supplier to deliver directly to the dyeing job worker. After dyeing is completed the same may go to the garment manufacturer on instructions from the principal for stitching garments on job work. Some of the accessories may be supplied to this job worker from other source. The garments so made may be sent back to the principal or to any other customer domestic customer or overseas customer as per the instructions of the principal. See the sample Job Work Model below.



Job Work – Present Taxation System:

Where job work process results in to manufacture of goods, excise duty becomes applicable and in other cases, service tax comes into play. However, if the principal undertakes the liability to pay Duty (Not. No. 214/86), excise duty is exempted. In the course of execution of the work, in some cases the work involve use of materials also by the job worker. In such cases, it involves transfer of material along with job-work services to principal. Therefore it falls under the definition of works contract and attracts service tax and VAT/CST. In some cases, a job worker provides pure labour and entire inputs/raw materials are provided by the principal in such cases service tax is applicable.



Job Work under GST – Definitions :

As per Sec 2 (68) of CGST Act, 2017, “job work” means any treatment or process undertaken by a person on goods belonging to another **registered** person and the expression “job worker” shall be construed accordingly. The above definition has been enhanced (compared to present which confines to manufacturing in Excise) which includes any treatment or process which will also cover repairs, calibration, testing, such services etc. etc.

Schedule I [Section 7] includes activities to be treated as supply even if made without consideration. As per Clause 3 of the schedule, Supply of goods by a principal to his agent or by an agent to his principal shall also be treated as supply. Principal and agent are defined in the act as follows :

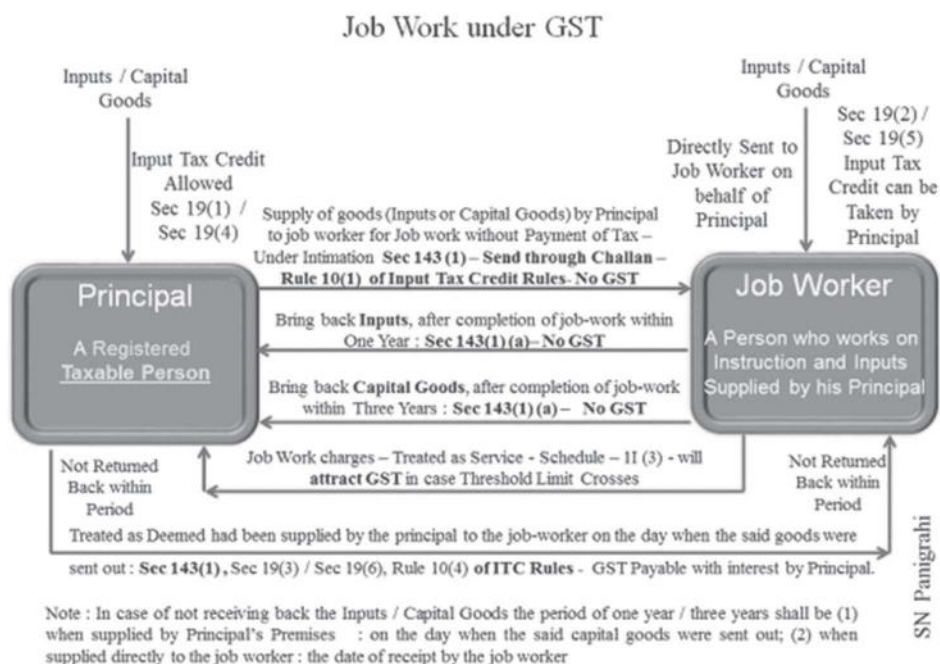
Sec 2 (88) “principal” means a person on whose behalf an agent carries on the business of supply or receipt of goods or services or both;

Sec 2 (5) “agent” means a person, including a factor, broker, commission agent, *arhatia*, *del credere* agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another;

Strictly as per these provisions (Clause 3 of Schedule -1), Supply of goods by a principal to his agent or by an agent to his principal shall also be treated as supply, and accordingly GST is leviable. However superseding above clause through the scheme specially provided in Sec 143 of CGST Act, allows **supply of goods by a registered person (principal) to Job Worker without payment of GST**. He can further send the goods from one job-worker to another job-worker and so on subject to certain condition.

Understanding Job Work Under GST

Job work provisions can be understood easily through the schematic diagram shown below.



Job Work Under GST – Some of Salient Features:

Only the Registered Persons can avail the provisions of the scheme – **Sec 143 (1) of CGST Act**

The provisions require that goods (Inputs or Capital Goods) can only be **removed** to job worker's place **under intimation to the concerned authorities** – **Sec 143 (1) of CGST Act**

Any inputs or capital goods can be sent **without payment of tax**, to a job worker for job-work – **Sec 143**

(1) of CGST Act

The term inputs, for the purposes of job work, **input includes intermediate goods** arising from any treatment or process carried out on the inputs by the principal or the job worker – **Sec 143 (1) of CGST Act – Explanation**

Goods from the job worker subsequently **can be send to another job worker** and likewise – **Sec 143 (1) of CGST Act**

Such job work provisions subject to condition that **Inputs be brought back within one year** – **Sec 143 (1)**

(a) of CGST Act

In case of **capital goods**, other than moulds and dies, jigs and fixtures, or tools be **brought back within Three Years** – **Sec 143**

(1) (a) of CGST Act

After completion of job work, such goods may be sent out **from the place of business of a job worker on payment of tax within India, or with or without payment of tax for export**, as the case may be. – **Sec 143**

(1) (b) of CGST Act

For sending the goods after job work from the place of business of the job-worker, either the **Job Worker be Registered** or the Principal should declare the job workers place as his **additional place of business** – **Sec 143 (1) (b) of CGST Act**

Responsibility for accountability lies with the Principal – **Sec 143(2) of CGST Act**

Inputs sent to Job Worker **not received back within one year** – **Considered as Deemed Supply** on the day when the said inputs were sent out – **Sec 143(3), Sec 19(3) of CGST Act**

Capital Goods sent to Job Worker **not received back within three years** – **Considered as Deemed Supply** on the day when the said CGs were sent out – **Sec 143(4), Sec 19(6) of CGST Act**

Inputs & Capital Goods can be sent directly from other supplier to the Job worker without being first brought to his place of business – inferred from – **Sec 19(2) & Sec 19(5) of CGST Act**

ITC allowed on inputs sent to Job worker by principal – **Sec 19(1) of CGST Act**

ITC allowed even if inputs directly sent to the Job worker – **Sec 19(2) of CGST Act** **ITC allowed on Capital goods** sent to Job worker by principal – **Sec 19(4) of CGST Act**

ITC allowed even if capital goods directly sent to the Job worker - **Sec 19(5) of CGST Act**

Moulds and dies, jigs and fixtures, or tools sent out to a job-worker are **not required to be received back by the Principal** – **Excluded from the Job Work Provisions** – **Sec 19(7) of CGST Act,**

Waste and Scrap generated at Job worker – may be supplied by the job worker directly from his place of business on payment of tax by Job Worker if such job worker is registered, or by the principal, if the job worker is not registered – **Section 143(5) of CGST Act**

Credit on inputs which got consumed during job work – not separately identifiable – consumables cannot be received back by the principal – condition of receiving back the goods after job work cannot be satisfied.

Provisions relating to Job Work are not applicable to exempted or non-taxable goods

Job work Charges by job worker shall be treated as supply of service and accordingly **GST is applicable in case the threshold limit is crossed** – **Schedule – II (3)** – Treatment or process: Any treatment or process which is applied to another person's goods is a supply of services.

The **Job worker need to register in case he crosses the threshold limit or his supplies are across the states (inter state)** – **Sec 22(1) & Sec 24 of CGST Act**

The goods of principal directly supplied from the job worker's premises will not be included in the aggregate turnover of the job worker. It will be included in the aggregate turnover of the principal. However, the value of goods or services used by the job worker for carrying out the job work will be included in the value of services supplied by the job worker. **Sec 22(4) – Explanation – ii of CGST Act**

Job Work : Supply the Goods from the Place of Business of a Job Worker

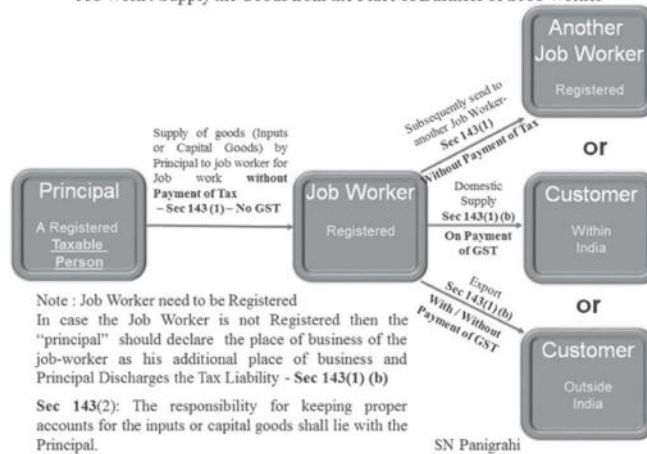
In general business practice, the goods after job work instead of bringing back to the place of principal, may be required to send to other job worker, or any customer. To provide this flexibility, GST law allowed following three options:

Send goods from the job worker's premises, subsequently to **another Job Worker Without Payment of GST** – **Sec 143(1)**

Send goods from the job worker's premises, **to any Domestic Customer – On Payment of GST** – **Sec 143(1) (b)**

Send goods from the job worker's premises, **for Export – With / Without Payment of GST** – **Sec 143(1) (b)** Diagram below depicts the three cases :

Job Work : Supply the Goods from the Place of Business of a Job Worker



GST Rules – Job Work

Input Tax Credit Rules :

Rule 10: Conditions and restriction in respect of inputs and capital goods sent to the job worker

Rule 10(1): The inputs or capital goods shall be sent to the job worker under the cover of a challan issued by the principal, including where the inputs or capital goods are sent directly to job-worker.

Rule 10(2): The challan issued by the principal to the job worker shall contain the details specified in rule Invoice.8:

Rule 10(3): The details of challans in respect of goods dispatched to a job worker or received from a job worker during a tax period shall be included in **FORM GSTR-1** furnished for that period.

Rule 10(4): If the inputs or capital goods are not returned to the principal within the time stipulated in section 143, the challan issued under sub-rule (1) shall be deemed to be an invoice for the purposes of this Act.

Invoice Rules :

Rule 8 (1)(b) : Transportation of goods without issue of invoice – transportation of goods for job work – the consigner may issue a delivery challan, serially numbered, in lieu of invoice at the time of removal of goods for transportation, containing details as specified.

Rule 8 (2) : The delivery challan shall be prepared in triplicate, in case of supply of goods, in the following manner:–

- (a) the original copy being marked as **ORIGINAL FOR CONSIGNEE**;
- (b) the duplicate copy being marked as **DUPLICATE FOR TRANSPORTER**; and
- (c) the triplicate copy being marked as **TRIPLICATE FOR CONSIGNER**.

Rule 8 (3) : Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared in FORM [WAYBILL].

E-way Bill Rules :

Rule 2 : Documents and devices to be carried by a person-in-charge of a conveyance

Rule 2(1): The person in charge of a conveyance shall carry —

- (a) delivery challan, and
- (b) a copy of the e-way bill or the e-way bill number

Transitional Provisions Relating to Job Work :

Sec 141 of CGST Act, provides Transitional provisions relating to job work. As per the provisions, any inputs, semi- finished goods, any excisable goods had been removed for further processing, testing, repair, reconditioning or any other purpose, for carrying out certain manufacturing processes, for carrying out tests or any other process in accordance with the provisions of existing law prior to the appointed day and such goods, are returned to the said place on or after the appointed day, no tax shall be payable if the said goods, after undergoing tests or any other process, are returned to the said place within six months from the appointed day

The period of six months may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding two months

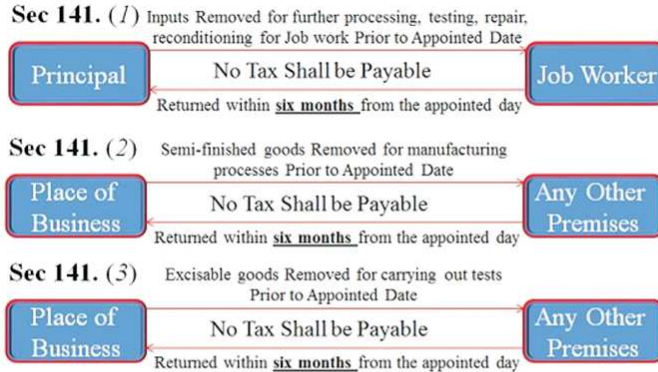
If the said goods are **not returned within the period specified** in this sub-section, the **input tax credit shall be liable to be recovered** in accordance with the provisions of clause (a) of sub-section (8) of section 142

Draft Transitional Provisions Rules

Rule : 2. Declaration of stock held by a principal

Every person to whom the provisions of section 141 apply shall, **within sixty days of the appointed day**, submit an application electronically in **FORM GST TRAN-1**, specifying therein, the stock or, as the case may be, capital goods held by him on the appointed day details of stock or, as the case may be, capital goods held by him as a principal at the place/places of business of his agents/branch, separately agent-wise/branch-wise.

Transitional Provisions : Goods Send for Further Processing



Rule 2: Declaration of stock held by a principal

Every person to whom the provisions of section 141 apply shall, within sixty days of the appointed day, submit an application electronically in **FORM GST TRAN-1**, specifying therein, the stock or, as the case may be, capital goods held by him on the appointed day details of stock or, as the case may be, capital goods held by him as a principal at the place/places of business of his agents/branch, separately agent-wise/branch-wise.

SN Panigrahi

Application of Provisions of CGST Act to other GST Laws

CGST Act is like a mother of all GST Laws providing elaborate provisions on almost all aspects. Provisions which are not specifically available in other related laws like IGST Act and SGST / UT GST Act are adopted from CGST Act. Sec 20 of IGST Act and Sec 21 of UT GST Act / SGST Act provides provision for such adoption. Accordingly the provisions of the Central Goods and Services Tax Act, relating to Job Work shall, *mutatis mutandis*, apply to IGST and SGST / UT GST Act.

Therefore, all the Job work provisions discussed so far are applicable to all intra-state and inter-state transactions as well applicable to union territories also.

Conclusions :

GST law allows any registered person (principal) to send taxable goods – both inputs and capital goods, without payment of tax, to a job worker. The goods also allowed to send directly from any other source to job worker. Input Tax Credit is allowed on such goods sent for job work. There can be further movement of such goods from one job worker to another or to the domestic or overseas customer. However such goods must be brought back to principal's place of business or must be removed after payment of tax thereon for domestic customer or export with or without payment of tax.

Very liberal provisions are made to receive back the goods sent for job work. For inputs one year period is provided (as against present 180 days) and for capital goods three year period is provided (as against two years at present). In case the goods are not received back within specified period such goods shall be treated as deemed supply on the day when the said goods were sent out and tax is applicable with interest thereon. Job work Charges by job worker shall be treated as supply of service and accordingly GST is applicable in case the threshold limit is crossed or his supplies are across the states (inter-state). In such case the job worker need to register and discharge the tax liability.

Transitional provisions are also provided. Accordingly any inputs, semi-finished goods, any excisable goods had been removed for further processing, testing, repair, reconditioning or any other purposes prior to the appointed day and such goods, are returned to the said place on or after the appointed day, no tax shall be payable if the said goods, after undergoing tests or any other process, are returned to the said place within six months from the appointed day subject to declaration of stocks held at other places. If the said goods are not returned within the period specified in this sub-section, the input tax credit shall be liable to be recovered.

The provisions relating to job work have been adopted in the IGST Act as well as in SGST / UTGST Act from **CGST Act** and therefore job-worker and principal can be located either in same State or in same Union Territory or in different States or Union Territories and applicable in the similar fashion.

Introduction

Under GST various taxable events like manufacture, sale, rendering of service, purchase, entry into a territory of state etc. have been included in just one event i.e. "supply". The taxable event in GST is supply of goods or services or both. In case of Intra-state supply the Central and State governments have simultaneous power to levy CGST and SGST respectively. However in case of Inter-state supply only central government can levy taxes, i.e. IGST. The meaning and scope of supply can be understood from the following six points:-

- ☐ Supply of goods or services. Supply of anything other than goods or services does not attract GST
- ☐ Supply should be made for a consideration
- ☐ Supply should be made in the course or furtherance of business
- ☐ Supply should be made by a taxable person
- ☐ Supply should be a taxable supply
- ☐ Supply should be made within the taxable territory

Some of the exceptions to the requirements of supply are:-

- ☐ Any supply of goods or services without consideration is not a supply. In exception of this there is also some transactions which is treated as supply even done without consideration.
- ☐ Further, import of services for a consideration, whether or not in the course or furtherance of business is treated as supply.
- ☐ Any transfer of title in goods would be a supply of goods, whereas any transfer of right in goods without transfer of title would be considered as services.

Supply of Goods or Services or Both:-

Goods as well as services have been defined in the GST Law. The securities are excluded from the definition of goods as well as that of services. Money is also excluded from the definition goods and services. Any transfer of title in goods would be a supply of goods, whereas any transfer of right in goods without transfer of title would be considered as services.

Some activities which are out of the scope of supply are mentioned below:-

- ☐ Services by an employee to the employer in the course of or in relation to his employment.
- ☐ Services of funeral, burial, etc.
- ☐ Sale of land and sale of building where the entire consideration has been received after completion certificate is issued or after its first occupation.
- ☐ Actionable claims other than lottery, betting and gambling shall be neither goods nor services.

Supply for Consideration:-

Consideration can be in terms of money or kind. Any subsidy given by the central government or state government is not considered as consideration. In case of barter of goods or services the same activities is treated as supply and consideration. Some of the activities which are treated as supply even if made without consideration and such are:-

- ☐ Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- ☐ Supply of goods or services or both made in course of furtherance of business between related persons or between distinct persons.
- ☐ Gifts exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall be treated as supply of goods or services or both.
- ☐ Supply of goods— (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
- ☐ Import of services by a taxable person from a related person or from any of his other establishment outside India in course of furtherance of business.

Supply in the Course or Furtherance of Business:-

Only those supplies that are in the course or furtherance of business qualify as supply under GST. Sale of goods or service even as a vocation is a supply under GST. For example we can say that if a politician paints for charity and sales/auctions the paintings as one time occurrence then the sale will be treated as supply. Import of services for a consideration though it is not in the course of furtherance of business, is treated as supply.

Supply by a Taxable Person:

A person who is registered or a person who is liable to be registered or who is not liable to be registered but has taken voluntary registration under GST is treated as a taxable person under GST. A supply to attract GST should be made by a taxable person. The person making supplies from different states needs to take registration separately for each state.

Taxable Supply

Any supply of goods or services or both which is liable to tax is treated as a taxable supply and to attract GST, a supply must be taxable.

Inter/Intra State Supply

Inter-State supply of goods means a supply of goods where the location of the supplier and place of supply are in different States or Union territories. Intra-State supply of goods means supply of goods where the location of the supplier and the place of supply are in the same State or Union territory. Imports, Supplies from and to SEZs are treated as deemed Inter-State supplies.

Composite/Mixed Supply

When supply is made by a taxable person in ordinary course of business to a recipient comprising two or more supplies of goods or services any combination thereof then it is treated as composite or bundled supply & one of which is a principal supply. In case of composite supply of two or more services, in which one is principal supply, then the whole composite supply is treated as supply of such principal supply. Mixed Supply comprising two or more supplies, shall be treated as supply of that particular supply which attracts the highest rate of tax.

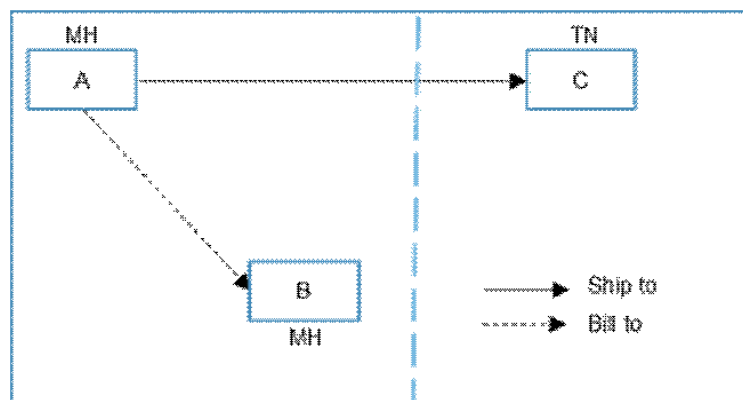
GST and place of supply: Complexities when a transaction involves 3 parties



Getting place of supply right under the Goods and Services Tax (GST), a destination-based consumption tax, matters. Typically, the state to where the goods are destined will get the GST revenue.

When the location of the supplier and the place of supply are in two different states, the tax charged by the supplier would be Integrated GST (IGST). When they are in the same state, it's Central GST (CGST) and State GST (SGST). But this becomes more complex when the transaction involves three parties.

For example, if person A in Maharashtra ships goods to Person C in Tamil Nadu on the instructions of Person B in Maharashtra, the place of supply is difficult to determine. The transaction looks something like below:



While goods are billed to B in Maharashtra, they are shipped by supplier A, as per B's instructions, to C in Tamil Nadu. Since goods are moving from one state to another, ordinarily IGST would apply, i.e., Tamil Nadu would get the tax revenue. But the presence of B complicates the transaction, as his state (Maharashtra) also wants tax revenue. Section 10(1)(b) of the IGST Act brings clarity to the issue:

Where the goods are delivered by the **supplier** to a **recipient** or any other person on the direction of a **third person**, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said **third person** has received the goods and the place of supply of such goods shall be the principal place of business of such person.

The law therefore determines that when supplier A delivers goods to recipient C at the direction of third person B, the goods will be deemed to have been received by B, and the place of supply shall be the place of B. Therefore, even if the goods were moved by A in Maharashtra to C in Tamil Nadu, they would be deemed to be received by B in Maharashtra and therefore CGST+SGST would be charged by A.

The reason for this determination is that tax should follow the commercial transaction to avoid any loss of credits. In the commercial world, there would be a second sales transaction between B and C, which would attract IGST so that both B and C can claim GST credit and keep the GST chain unbroken.

There of course are some issues with this well-intentioned provision.

Who is the recipient?

While, in our example, we call C the recipient, the law defines the recipient as someone “who is liable to pay consideration” (Section 2(93) of the CGST Act). In our example, B is the person who pays the consideration to A and therefore would be the recipient, as per this definition. If B is the recipient, who is the “third person” mentioned in the provision, at whose instructions goods are dispatched to C? The provision suddenly stops making sense unless we interpret the word recipient as the “receiver of the goods” and accept C as the recipient instead of B.

Can one deviate from the definition given in the act? Perhaps if one uses this passage from Section 2 of the CGST Act to one's advantage: “in this act unless the context otherwise requires”. Many court judgements have held such reading valid provided it can be proved that the context required a different interpretation of the word “recipient”. Maybe the legal mandarins will examine this and possibly make an amendment to the act at a later stage. This interpretation is also supported by Section 16(2), which allows credit to B even when goods are never received by him, while using the word **recipient** in reference to C as below.

For the purposes of this clause, it shall be deemed that the registered person (**in our example B**) has received the goods where the goods are delivered by the supplier (**in our example A**) to a recipient (**in our example C**) or any other person on the direction of such registered person (**in our example B**). (Section 16(b))

The provision also raises many other questions that will no doubt be debated in due course:

1. Does this provision apply only in the case of sales transactions or **can it also apply in a situation where C is only a branch of B**? In this case, there would be no second sales transaction between B and C. How then would the state of C get its revenue? Is it necessary that an invoice is raised by B to C to transfer the credit? Or is it a good idea for C to make payment directly to A even if the order is placed by headquarter B specifically mentioning that the goods are to be delivered to C and payment will be released by C? Should we change the way transactions are done if it can reduce the possibility of future disputes?
2. **Would this provision apply if one of the parties is not in India?** Say B in the US orders its subsidiary A in India to supply goods to C in India. Though the section starts with the words “the place of supply of goods, other than supply of goods imported into or exported from India, shall be as under...” there is no export transaction in this case as export requires physical movement of goods out of India (Section 2(5) of the IGST Act). Can we apply this provision in such a case, and if we can, how do we apply CGST+SGST and IGST in various situations?
3. Can this provision be invoked when an **importer in Delhi** imports goods in Mumbai and **requires goods to be directly shipped from the Mumbai port to a customer in Maharashtra**, while he raises a commercial invoice from his Delhi office to his Mumbai customer?

PRECAUTIONARY MEASURES WHILE FILLING FORM TRAN-1 UNDER GST

- ☐ GTS TRAN-1 comprises the Details of Goods held in Stock on Appointed Day and Inputs (Taxes/Duties) thereupon paid under Existing Laws to be carry forward under GST Regime.
- ☐ GST TRAN-1 needs to submit electronically within 90 days of the Appointed Day.
- ☐ Details like GSTIN No., Legal Name and Trade Name needs to be kept ready.
- ☐ Kindly ensure that last all the Returns for a period of 6 months immediately preceding the appointed day have been duly furnished so as to avoid any future losses due to disallowance of Credits.

Requisite Details required under TRAN-1

- ☐ Details of admissible Cenvat Credit of Central Taxes.
- ☐ Details of last return filed under existing law.
- ☐ details of Statutory Forms (F/C/H Forms) Received for which Credit needs to be carry forward for the period 01.04.2015 to 30.06.2017.
- ☐ Details of State/UT Taxes (VAT/Entry Tax) to be carry forward by the Registered Person along with the Details Declaration/Statutory Forms (F/C/H Forms) which are Pending as on appointed day.
- ☐ Details of those Stock and related Statutory Forms needs to be given which purchase Intra-State and thereafter sold Inter-state against Statutory Forms (C/F/H).
- ☐ Details of Unavailed CenvatCredit (ED/CVD/SAD) i.r.o Capital goods to be carried forward as Central Tax.
- ☐ Details of Unavailed Input Tax Credit (VAT/ENTRYTAX) i.r.o Capital goods to be carried forward as Central Tax.
- ☐ Details of Inputs/Inputs contained in semi finished and finished goods.
- ☐ Details of Inputs to be entered Unit & Qty Wise and Eligible Central Taxes.
- ☐ Details of Inputs/ Inputs contained in semi finished and finished goods to be entered Unit & Qty Wise and VAT/Entry Tax paid on such Inputs.
- ☐ OTHER DETAILS AS APPLICABLE



GST : Government bets big on tech to ensure e-way bill does not bring back inspector raj

The proposed e-way bill for moving goods within the country would rely heavily on technology, employing RFID chips and QR codes, to ensure that monitoring of goods movement does not bring back inspector raj and slow down goods traffic on highways, officials said. After the launch of the goods and services tax (GST) on July 1, the movement of commercial goods had got speeded up as states abolished entry check posts. Under the new tax regime, a document called e-way bill, or electronic way bill, is required to transport any good worth more than Rs 50,000. The e-way bill is proposed as a permit of sorts in electronic format, which will have details of the goods carried on a vehicle.

The industry has been apprehensive that such a document will revive inspector raj, undermining the gains achieved by the abolition of check posts. "Effort is to have high technology interface," said a government official, adding that it would ensure that all data regarding an e-way bill is captured on it. Having it embedded on RFID chip or a QR code will help in checking these in a non-intrusive manner without holding up a vehicle. "These would be checked with hand-held devices or RFID chip readers," the official said. A group of officers from state and union finance ministry will work on the tech and design of e-way bill, the person said. According to the proposed framework, GST Network will generate e-way bills that will remain valid for one to 15 days, depending on the transport distance.

One-day permit will be for a distance up to 100 km while a 15-day permit will allow more than 1,000 km transit, as per the proposed law. A tax officer can intercept any conveyance to verify the e-way bill or the physical goods for all inter-state and intra-state movement of goods. Rules governing the e-way bill have not yet been approved by the GST Council and are expected to be taken up when it meets next month on August 5. Express Industry Council of India (EICI), which represents small and large express delivery service companies engaged in domestic and international door to door transport services of parcels and documents, had expressed concerns about it, saying it could prove a logistical challenge.

GOODS AND SERVICES TAX RULES, 2017

TRANSITION FORMATS

Form GST TRAN - 1
(See Rule -----)

Transitional ITC / Stock Statement

1. GSTIN -
2. Legal name of the registered person -
3. Trade Name, if any -
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
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.	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				

(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				

(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)	
1	2	3	4	5	6	7	8	9	10

6. Details of capitals goods for which unavailed credit has not been carried forward under existing law (section 140 (2)).

(a) Amount of unavailed cenvat credit in respect of capital goods carried forward to electronic credit ledger as central tax

Sr. no	Invoice / Document no.	Invoice / document Date	Supplier's registration no. under existing law	Recipients' registration no. under existing law	Details of capital goods on which credit has been partially availed			Total eligible cenvat credit under existing law	Total cenvat credit availed under existing law	Total cenvat credit unavailed under existing law (admissible as ITC of central tax) (9-10)
					Value	Duties and taxes paid				
						ED/ CVD	SAD			
1	2	3	4	5	6	7	8	9	10	11
		Total								

(b) 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. no	Invoice / Document no.	Invoice / document Date	Supplier's registration no. under existing law	Recipients' registration no. under existing law	Details regarding capital goods on which credit is not availed		Total eligible VAT [and ET] credit under existing law	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)
					Value	Taxes paid VAT [and ET]			
1	2	3	4	5	6	7	8	9	10
		Total							

7. Details of the inputs held in stock in terms of sections 140(3), 140(4)(b) and 140(6).

(a) Amount of duties and taxes on inputs claimed as credit excluding the credit claimed under Table 5(a) and 7(a)

Sr. no.	Details of inputs held in stock or inputs contained in semi-finished or finished goods held in stock				
	HSN (at 6 digit level)	Unit	Qty.	Value	Eligible Duties paid on such inputs
1	2	3	4	5	6
7A Where duty paid invoices or any other document are available					
Inputs					
Inputs contained in semi-finished and finished goods					
7B Where duty paid invoices are not available (Applicable only for person other than manufacturer or service provider) – Credit in terms of Rule 1 (4)					
Inputs					

(b) 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

Details of inputs in stock					Total input tax credit claimed under earlier law	Total input tax credit related to exempt sales not claimed under earlier law	Total Input tax credit admissible as SGST/UTGST
Description	Unit	Qty	Value	VAT [and Entry Tax] paid			
1	2	3	4	5	6	7	8
Inputs							
Inputs contained in semi-finished and finished goods							

(c) **Stock of goods not supported by invoices/documents evidencing payment of tax (credit in terms of rule 1 (4))**
(To be there only in States having VAT at single point)

Details of inputs in stock				
Description	Unit	Qty	Value	Tax paid
1	2	3	4	5

8. Details of transfer of cenvat credit for registered person having centralized registration under existing law (Section 140(8))

Sl. No.	Registration no. under existing law (Centralized)	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 eligible cenvat credit carried forward in the said last return	GSTIN of receivers (same PAN) of ITC CENTRAL TAX	Distribution docume /invoice		ITC of CENTRAL TAX transferred
						No.	Date	
1	2	3	4	5	6	7	8	9
	Total							

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

Sr. No.	Challan No.	Challan date	Type of goods (inputs/ semi-finished/finished)	Details of goods with job - worker				
				HSN	Description	Unit	Quantity	Value
1	2	3	4	7	8	9	10	11
	Total							

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

Sr. No.	Challan No.	Challan Date	Type of goods (inputs/ semi-finished/ finished)	Details of goods with job- worker				
				HSN	Description	Unit	Quantity	Value
1	2	3	4	7	8	9	10	11
	Total							

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

Sr. No.	GSTIN of Principal	Details of goods with Agent				
		Description	Unit	Quantity	Value	Input Tax to be take
1		2	3	4	5	6

b. Details of goods held by the agent

Sr. No.	GSTIN of Principal	Details of goods with Agent				
		Description	Unit	Quantity	Value	Input Tax to be take
1		2	3	4	5	6

11. Details of credit availed in terms of Section 142 (11 (c))

Sr. no	Registration No of VAT	Service Tax Registration No.	Invoice/document no.	Invoice/document date	Tax Paid	VAT paid Taken as SGST Credit or Service Tax paid as Central Tax Credit
1	2	3	4	5	6	7
			Total			

12. Details of goods sent on approval basis six months prior to the appointed day (section 142(12))

Sr No.	Document no.	Document date	GSTIN no. of recipient, (if applicable)	Name & address of recipient	Details of goods sent on approval basis				
					HSN	Description	Unit	Quantity	Value
1	2	3	4	5	6	7	8	9	10
	Total								

Verification (by authorized signatory)

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom

Place

Signature
Name of Authorized Signatory

Date

Designation /Status

Form GST TRAN - 2
(See Rule -----)

1. GSTIN -
2. Name of Taxable person -
3. Tax Period: month.....year.....
4. Details of inputs held on stock on appointment date in respect of which he is not in possession of any invoice/document evidencing payment of tax carried forward to Electronic Credit ledger.

Opening stock for the tax period			Outward supply made					Closing balance
HSN (at 6 digit level)	Unit	Qty.	Qty	Value	Central Tax	Integrated Tax	ITC allowed	Qty
1	2	3	4	5	6	7	8	9

5. Credit on State Tax on the stock mentioned in 4 above *(To be there only in States having VAT at single point)*

Opening stock for the tax period			Outward supply made				Closing balance
HSN (at 6 digit level)	Unit	Qty.	Qty	Value	State Tax	ITC allowed	Qty
1	2	3	4	5	6	8	9

Verification (by authorized signatory)

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom

Place

Signature
Name of Authorized Signatory

Date

Designation /Status

Incorporate in TRANS 3

1. To be filed by manufacturer issuing CTDs

S. No.	GSTIN of the dealer whom CTD is issued	Total No. of CTDs issued	No. of invoices against which CTDs have been issued	Total quantity for which CTD issued	Total value of Goods for which CTDs have been issued	Central Excise duty paid on such goods.

2. To be filed by dealer availing Credit on CTD.

S. No.	GSTIN of the dealer issuing CTDs	Total No. of CTD received	No. of invoices against which CTDs have been issued	Total quantity for which CTD issued	Total value of Goods for which CTD has been issued	Central Excise duty paid on such goods.

TRANS 3A

1. Documents to be maintained by the manufacturer issuing CTDs

Sr.	CTD No.	Invoices no. against which CTD has been issued	Invoices Date	Months in which these clearances were made against the invoice	GSTIN Nos of all the intermediate buyers and sellers through whom the goods have passed.	Value of Goods	Central Excise duty paid on them.

Conditions : Copy of invoices of the intermediate dealers through whom goods have passed shall be maintained in records by the dealer availing credit on CTD

TRANS 3B

1. Documents to be maintained by the dealer availing credit on CTDs

Sr.	CTD No.	Invoices no. against which CTD has been issued	Months in which these clearances were made against the invoice	GSTIN Nos of all the intermediate buyers and sellers through whom the goods have passed.	Value of Goods	Central Excise duty paid on them.

GST EFFECT: 5 THINGS THAT CHANGED AFTER THE NEW TAX REGIME

Disruption has followed key economic reforms by Shri Narendra Modi-led NDA government - it was demonetisation last year, it is Goods and Services Tax (GST) now, baffling taxpayers with the scope of changes it brings. Launched by Prime Minister Modi on July 1, the new tax regime is meant to unify an array of indirect taxes under one tax structure, effectively unifying the nation as a single market and do away with the cascading effects of taxes. How will GST affect the prices? Will paying taxes become easier for the taxpayers? What benefits does GST offer? A whole range of questions have arisen with the advent of GST that confuses taxpayers even now. We take a look at some crucial changes that have come to pass with the new regime in place.

No more hidden taxes

Taxpayers are anxious about the apparent increase in tax rates after GST rollout. Consumers are apprehensive this would result in increase in prices, despite the government insisting quite the opposite. The consumers do not have to fear as it is the hidden taxes unified under the new tax regime and mentioned in the invoice handed to the buyer. Earlier consumers used to pay taxes without even knowing. For example, invoices used to quote VAT charged by the state and sometimes service tax payable to the centre, but did not provide a breakdown of central taxes charged on the commodity. With GST, people can be assured that the commodities have been taxed at a single tax bracket, split between the centre and the state. Check on price rise. Under the previous tax regime, producers had to pay taxes at every stage which was added to the final selling price. This was called cascading effect of taxes. In simpler terms, it means that a commodity was taxed at every stop before it reached the consumer. This extra tax levied on a commodity eventually added to inflation and the price rise was borne by the customer. Now, GST replaces cascading effect of taxes with input tax credit. Under the new tax regime, the tax paid for inputs is taken off taxes to be paid for the final product, or output. This way more people pay taxes instead of the consumer bearing the burden of taxes levied at every step of manufacturing.

Traders go digital

Traders will have to change the way they used to do business before the advent of GST. With the tax return filing process going digital, traders will have to upgrade to electronic means to keep up. Those who used to generate invoices digitally will have to change their IT systems to accommodate changes brought about by GST. Taxation under the new regime will be applicable on supply of goods and services. In addition to this, several procedural changes have been made to ensure high compliance like reversal of tax credit in case of failure to pay consideration for goods, self-invoicing in case of purchases made from unregistered supplier, etc. Such amendments have made it necessary for businesses to incorporate significant changes in their business processes. In GST, it will be important to ensure that an invoice for input services is received at the place where credit of such services is eligible. Therefore, businesses need to analyse procurement of services and amend their contracts with service providers as needed. Similarly, contractual terms with customers will have to be reassessed and revised, if needed. Traders will have to train their employees as well as stakeholders, vendors and any other party involved in your business to sensitive them about the compliance requirements imposed by Goods and Service Tax (GST)

Check-posts removed

With GST being a destination-based tax, border check-posts at state limits have become obsolete and were done away with. The first thing it did was do away with the long line of trucks stranded at the state borders waiting to be cleared by these check-posts. With no toll booths to cross, goods carriers are transporting their cargo swiftly between states. Cutting the delay in delivery of goods has helped save crores of rupees in lost time. The process will be further streamlined with the release of E-way Bill in a few months time. With the provisions already drafted, it will be rolled out once the E-way software is developed.

Price change of essential commodities

No change was observed in the prices of essential commodities as they were kept in the zero percent tax bracket under GST. Luxury cars made in India saw a decline in their prices, though, as they were categorised in the lower tax bracket under GST. Motorcycles with engines bigger than 350cc were taxed at a higher rate than before under GST. Gold also saw a marginal increase in tax rates it would attract, as did telecom services. The already dearer hybrid cars would also attract more taxes under GST. A buyer in real estate sector who paid 4.5 percent Service Tax and around 4 percent of VAT earlier, will now have to pay 12 percent GST, hiking the taxes by almost 3.5 percent which in the context of today's realty market conditions is a very significant hike, stated Sam Chopra, President of NAR India. With Stamp Duty being an additional 5-7% the taxes on realty may have reached an astounding figure of 17-19%, he further added.

CBEC's 20 FAQs on GST in Textile Sector

CBEC has compiled and released a booklet containing 20 FAQs on GST in Textile Sector, for assistance and guidance of the stakeholders in getting acquainted with the GST Law, as under:

Question 1: As per Chapter 53 heading 5303 of the GST rate schedule, raw jute has been kept at the NIL rate slab. Thus, it is presumed that suppliers dealing only in raw jute are not required to register themselves under GST. But Jute Mills are asking their raw jute suppliers to mandatorily register themselves else their supplies would not be accepted. Please clarify whether raw jute suppliers are liable for registration?

Answer: Raw jute has been kept at NIL rate of GST i.e. there would be no tax on raw jute. Therefore, as per Section 23 (1) (a) of the CGST Act, 2017 the suppliers dealing only in raw jute are not required to register. Jute mills are not required to pay tax under Reverse Charge Mechanism (RCM) as mentioned under Section 9(4) of the CGST Act, 2017 because both the goods have been kept at NIL rate of duty. Similarly, Raw Silk has also been kept at NIL rate of GST i.e. there would be no tax on raw silk. Therefore, the suppliers dealing only in raw silk are also not required to register.

Question 2: Cotton under chapter heading 5201 and 5203 has been kept in 5% rate slab. Does this mean that cotton farmer is required to register under GST?

Answer: No. As per Section 23(1)(b) of the CGST Act, 2017 an agriculturist, to the extent of supply of produce out of cultivation of land is not liable to registration.

Question 3: Does the buyer of raw cotton (who is a registered person) from the farmer need to pay GST on Reverse Charge basis?

Answer: Yes. As the cotton under heading 5201 and 5203 has been placed under 5% rate and the cotton farmer is not liable to registration, the buyers of raw cotton (who are registered persons) from the farmers are required to pay tax on reverse charge basis as per Section 9 (4) of the CGST Act, 2017.

Question 4: In respect of goods classified under Chapters 61, 62 and 63, the rate of tax for goods of sale value not exceeding Rs.1000/- is 5% and for those exceeding Rs.1000/- is 12%. Is this value transaction value or MRP?

Answer: As per the rate schedule, all goods of sale value not exceeding Rs.1000/- per piece would be taxed at 5% and the goods of sale value exceeding Rs.1000/- per piece would be taxed at 12%. Therefore, it is the sale value i.e. the transaction value on which the tax has to be paid and not the MRP.

Question 5: No rates have been announced for Jute bags and Jute blended bags. It is feared that they may be placed under Chapter 42 for leather wherein the rate for leather bags is indicated as 28%. It is suggested that the Jute bags may be kept at zero % to promote production of green Jute Diversified products for combating pollution and safe guarding environment?

Answer: The bags made of jute are clearly specified in the rate schedule under heading 4202 22 30. The rates for Hand bags and shopping bags of jute is 18%.

Question 6: Man-made textile yarns have been kept at 18% while fabrics have been kept at 5%. If I buy yarn worth Rs. 100 by paying tax at 18% i.e. Rs. 18/- and I sell grey fabrics at Rs. 150/- considering 50% value addition by paying tax at 5% i.e. Rs. 7.50, what will be the treatment of remaining input credit of Rs. 11.50. Whether I would get refund of remaining credit and how much credit would I get?

Answer: You will be eligible for full ITC of Rs. 18/- paid on your inputs i.e. yarn but whatever credit remains unutilized will remain in your electronic credit ledger and no refund of the same will be allowed.

Question 7: We are a small saree manufacturer at Surat. We buy ready dyed fabrics and get job work, hand work, stitching etc. done to create designer sarees. Wholesalers and retailers from all over India buy these sarees on credit basis for 30 days to 240 days. I as a trader have some queries regarding implementation of GST from 1st July 2017:

(a) Whatever is sold, 15-30% is returned. What would be treatment of goods returned and how would I adjust my taxliability if the entire GST has already been paid?

(b) What would happen to my opening stock on 1st July 2017. Will I get input credit on it or do I just need to supply it

after adding 5% GST on it?

(c) Is government assuring of payment within 180 days. There are rumours that the wholesaler/retailer has to pay within 180 days. Is it true?

(d) How will I make my invoices if a buyer under the composition scheme come to buy our sarees?

(e) We are confused about GST implementation as there was no tax on us before. Will we get relaxation for the return filing?

Answer: (a) You can issue a credit note in respect of the goods returned and adjust your tax liability if the person returning the goods has reversed the credit availed by him at the time of original supply. Such credit note cannot be issued after September of the following year or filing of annual return whichever is earlier.

(b) Full credit of the tax paid on the stock would be available if the documents evidencing tax payment are available. However, if only documents relating to procurement are available with no documents evidencing tax payment, deemed credit would be admissible in respect of textiles only if the goods were taxable under the Central Excise Act. Such credit would be available after the tax has been paid on supply of these goods. This facility is available for 6 months period only or till the date of sale of such stock whichever is earlier and is limited to 40% of the central tax paid by you.

(c) As per the second proviso to Section 16(2)(d) of the CGST Act, 2017 if a recipient of the supply does not pay to its supplier the value of the supply along with the tax within 180 days from the date of issue of invoice by the supplier, the amount of ITC availed proportionate to the unpaid amount would be added to the output tax liability of the recipient of the supply along with the interest thereon. The credit so reversed can be reclaimed when the value is paid to the supplier along with the tax thereon. Thus the government is not assuring payment within 180 days.

(d) A normal invoice has to be issued irrespective of whether the buyer is under composition scheme or not. The difference would be only when you receive supplies from the person registered under the composition scheme.

(e) Relaxation in filing of returns for the month of July and August, 2017 has already been provided as per which for the first two months of GST implementation, the tax would be payable based on a simple return (Form GSTR-3B) containing summary of outward and inward supplies which will be submitted before 20th of the succeeding month. However, the invoice-wise details in regular GSTR – 1 would have to be filed for the month of July and August, 2017 as per the timelines given below:

Month	GSTR-3B	GSTR-1	GSTR-2 (auto populated from GSTR-1)
July, 2017	By 20th August	By 5th September	6th - 10th September
August, 2017	By 20th September	By 20th September	21st - 25th September

Question 8: I have a manufacturing unit of Cotton trouser where customer gives me fabric and I have to convert it into trouser. What would be the rate applicable on me 5 % or 18 %?

Answer: The services provided by you fall under the category of job work by virtue of the definition of job work provided under Section 2 (68) of the CGST Act, 2017. The rate for job work in relation to trouser, which is a wearing apparel, is 18%.

Question 9: We are manufacturing Floor Coverings falling under Chapter 57. As per GST Council meeting dated 11.06.2017, the rate on Coir mats, mattings and floor coverings falling under Chapter 57 have been reduced from 12% to 5%. Kindly clarify as to whether rate of 5% will be applicable on all types of mattings and floor coverings of Chapter 57 or only to those made of coir?

Answer: 5% rate will apply to only the specified items of coir.

Question 10: We are manufacturing laminated textile under chapter 59. Previously, our product was exempted under Notification no. 30/2004-CE. But in States we were paying 4% VAT. Also we are doing job work of textile lamination for some customers. Our invoice value is sum total of raw material used for job work, labour charges and profit. Under GST regime:

(a) Whether we will get input credit on material?

(b) How can we make invoice, which rate, or we have to make two different invoice, one for material used for lamination and other for service charges?

Answer: (a) Yes. You would be eligible for credit of tax paid on material used for job work.

(b) No. You are not required to raise two different invoices. You would be raising one invoice similar one to what you have been doing till now and GST at the applicable rate will be charged on the invoice value. You can pay your tax liability by using Input Tax Credit (ITC). However, invoice should carry all the details as required by the CGST Act, 2017 and the CGST Rules.

Question 11: We are in Furnishing Fabrics Industries for curtain and upholstery fabrics. We mainly deal in Woven, Knitted, Polyester and Coated fabrics. You are requested to help us to know the chapter number under which our fabrics as mentioned herein above are covered and GST rate applicable to us?

Answer: The woven fabrics are classifiable under the various headings depending upon their composition. The knitted or crocheted fabrics fall under Chapter 60. Polyester fabrics fall under Chapter 54 and 55 and Coated fabrics fall under Chapter 59.

Question 12: There is a gross confusion on the tax applicable for Embroidered Sarees and Fabric. Typically, principal manufacturers supply fabric/Sarees to Job workers and get various embroidery designs done on the fabric/sarees. We understand that the textile jobworker would charge an output supply GST of 5% on the composite jobwork supply. This embroidery fabric/ saree are then sold by the principal manufacturers to wholesale and retail sellers. What would be the output GST applicable on such embroidered fabric/sarees when the same is sold by the principal manufacturer?

Answer: The rate of 5% would be chargeable on the job process relating to the textile yarns (other than Man Made Fibre/Filament) and fabrics. Sarees are treated as fabrics and a saree remains fabrics only as no new item emerges having distinct name, character and use. Stitching of two or more different kinds of fabrics also does not take away its classification. Therefore, the sarees whether embroidered or not would be taxed at the same rate at which the fabric is taxed.

Question 13: Will the 5 % fabric GST be applied or 12% GST of embroidery strips/badges be applied?

Answer: Embroidery strips/ badges (narrow woven fabrics) are classified under heading 5810 and chargeable to tax at 12%.

Question 14: What is the difference between Fabric and Made-ups? Whether Shawl is a fabric or apparel or made-up. What is the rate on Shawls?

Answer: Shawls fall in the category of articles of apparel and clothing accessories and are classified under heading 61.17, if knitted or crocheted and under heading 62.14, if not knitted or crocheted. The rate of tax is 5% if the sale value of shawl does not exceed Rs.1000/- per piece and the rate is 12% if the sale value exceeds Rs.1000/- per piece.

Question 15: Dress material are sold by length. They can include upto 3 pieces. These can be plain or embroidered (value-addition or further worked upon). Where should dress material be classified?

Answer: Dress sets are classified under heading 6307 and the rate of tax on the dress materials/patterns is similar to the apparels i.e. for dress material of sale value not exceeding Rs.1000/-, tax at 5% would be charged and for dress material of sale value exceeding Rs.1000/-, tax at 12% would be charged.

Question 16: Please clarify the ITC (HS) of yarn made from worn clothing, the material composition of which varies from lot to lot. It is uncertain as the clothing may be of cotton/woollen/ man made fibre?

Answer: Under HSN, the classification of yarn is on predominance basis. So the yarn having predominance of wool would fall under Chapter 51. If all kinds are in equal proportion i.e. no fibre is predominant, it will get classified in the chapter covering the fibre last in the numerical order, so Chapter 54 or 55 in case MMF are present.

Question 17: What would be the GST rate on old cotton dhoti used for cleaning purpose? It is a used product recycled for cleaning purpose. Is there any GST on old dhoti because there is no VAT on old dhoti?

Answer: Dhoti is classifiable under Chapter 52 or Chapter 54 as fabrics. Old dhoti is classifiable under heading 63.09 as worn clothing. The tax for chapter 63 is similar to apparels and related to sale value whereas cotton fabrics/man-made fabrics,

irrespective of value, are taxed at 5%. Whatever be the classification, as presumably the old cotton dhoti would be below the sale value of Rs. 1000/- per piece, it would be taxed at 5%.

Question 18: We are small traders of textile dealing in Suiting, Shirting, Sarees, Dress Material, Blankets, Dhoti etc. We have some queries regarding implementation of GST from 1st July 2017:

- (a) What will be the status of opening Stock of Textile items? Will 5% be added on closing stock as on 30th June 2017?**
- (b) What is the GST rate in Fabrics, as there are various types of fabrics like cotton, synthetics, man-made fabrics, acrylic, Mixture of cotton and other fabrics etc. Will there be flat rate of 5% on all fabrics or different rate?**
- (c) Please provide clarification on HSN number. Is it mandatory to quote in invoice by B2C traders & B2B traders? Further there are various codes in one type of item, would it not create confusion among traders?**
- (d) As per news in CNBC, input tax credit would not be allowed in textile for some period? Please clarify.**
- (e) Is Rs 1000/- bracket for 18% rate applicable on Sarees and suit lengths or will it attract flat rate?**

Answer: (a) When you make supplies out of this stock after 1st July, 2017 you will be liable to pay tax as applicable to the goods sold by you.

(b) GST rate on fabric is flat 5% irrespective of composition.

(c) Upto Rs. 1.5 cr turnover, no HSN code is required to be mentioned. For those having turnover of Rs. 1.5 to 5 Cr, first 2 digits of the HSN code are required i.e. the chapter number. Only those who have turnover above Rs. 5 Cr are required to mention 4 digits of the HSN code. You will start getting the HSN code in your supplier's invoice, so it would not cause any issues once the supplies under new regime take place.

(d) ITC would be admissible as per the Transitional provisions of GST Law.

(e) Rate of tax linked to the sale value applies only to garments and not for sarees and suit lengths which are fabrics.

Question 19: I am an un-registered trader dealing in textile fabrics which was exempted from tax under the State VAT Act. If I get registered under the GST Act, will I be eligible to avail of input tax credit on my stock of goods lying on the appointed day?

Answer: Since the goods you are dealing with are exempted from tax under the State Act, you will not be eligible to avail input tax credit as SGST under the SGST Act, 2017 on your stock of goods lying on the appointed day. But, you will be eligible to enjoy CENVAT credit as Central Tax on your stock if you have invoices or other prescribed documents evidencing payment of excise duty under the existing law and such invoices/prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.

Your product was not unconditionally exempt from the whole of the duty of excise under the Central Excise Tariff. If you do not possess invoices/other documents evidencing payment of excise duty in respect of your stock of goods, you will be allowed to avail input tax credit on goods held in stock on the appointed day at the rate of 40% of the central tax on your intra-State supply of goods after the appointed day or 20% of the integrated tax on your inter-State supply of goods after paying central tax/integrated tax on such supply. You are allowed to enjoy the scheme for six months from the appointed day or till such stock is sold out, whichever is earlier, and tax paid by you shall be credited as central tax in your electronic credit ledger.

Question 20: I am a manufacturer of readymade garments. If I send any inputs to the job worker, will it be treated as taxable supply under the GST Act? Can I supply the goods after completion of job work from the place of business of the job worker?

Answer: You can send your inputs or capital goods to a job-worker for job work without payment of tax and also bring back the same, after completion of job work, within one year or three years respectively. You can also supply the inputs or capital goods from the place of business of the job worker subject to the condition that you have to declare the place of business of the job-worker as your additional place of business if the job-worker is not a registered person. However, if the inputs or the capital goods, other than moulds and dies, jigs and fixtures or tools, which have been sent to the job-worker are not received back within the specified time period, it shall be deemed that you have supplied the inputs or capital goods on the day when you have sent it to the job-worker and you have to pay tax on such supply accordingly.

Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also.

Ref.: CBEC's Booklet on GST FAQs (Textile Sector)

FAQ: EXPORTS

Question 1: How are exports treated under the GST Law?

Answer : Under the GST Law, export of goods or services has been treated as:

- ☐ inter-State supply and covered under the IGST Act.
- ☐ zero rated supply' i.e. the goods or services exported shall be relieved of GST levied upon them either at the input stage or at the final product stage.

Question 2: What will be the impact of GST on zero rating of export of goods?

Answer: This will make Indian exports competitive in the international market.

Question 3: Have the procedures relating to exports by manufacturer exporters been simplified in GST regime?

Answer: Yes. The procedures relating to export have been simplified so as to do away with the paper work and intervention of the department at various stages of export. The salient features of the scheme of export under GST regime are as follows:-

- ☐ The goods and services can be exported either on payment of IGST which can be claimed as refund after the goods have been exported, or under bond or Letter of Undertaking (LUT) without payment of IGST.
- ☐ In case of goods and services exported under bond or LUT, the exporter can claim refund of accumulated ITC on account of export.

In case of goods the shipping bill is the only document required to be filed with the Customs for making exports. Requirement of filing the ARE 1/ARE 2 has been

done away with. The supplies made for export are to be made under self-sealing and self-certification without any intervention of the departmental officer.

The shipping bill filed with the Customs is treated as an application for refund of IGST and shall be deemed to have been filed after submission of export general manifest and furnishing of a valid return in Form GSTR-3 by the applicant.

Question 4: For merchant exporters, is there any change in the Export Procedure under the GST regime?

Answer: The concept of merchant or manufacturer exporter would become irrelevant under the GST regime. The procedure in respect of the supplies made for export is same for both merchant exporter and a manufacturer exporter.

Question 5: The supplies to a SEZ unit or SEZ developer are treated as zero rated supplies in the GST Law. Then why there is no specific mention in the GST Law about not charging of tax in respect of supplies from DTA unit to a SEZ unit or SEZ developer?

Answer: Yes, supplies made to an SEZ unit or a SEZ developer are zero rated. The supplies made to an SEZ unit or a SEZ developer can be made in the same manner as supplies made for export:

either on payment of IGST under claim of refund;
or under bond or LUT without payment of any IGST.

Question 6: When a SEZ unit or SEZ developer procures any goods or services from an unregistered supplier, whether the SEZ unit or SEZ developer needs to pay IGST under reverse charge or these will be zero rated supplies?

Answer: Supplies to SEZ unit or SEZ developer have been accorded the status of inter-State supplies under the IGST Act. Under the GST Law, any supplier making inter-State supplies has to compulsorily get registered under GST. Thus anyone making a supply to a SEZ unit or SEZ developer has to necessarily obtain GST registration.

Question 7: How soon will refund in respect of export of goods or services be granted during the GST regime?

Answer:

(a) In case of refund of tax on inputs used in exports:

Refund of 90% will be granted provisionally within seven days of acknowledgement of refund application.

Remaining 10% will be paid within a maximum period of 60 days from the date of receipt of application complete in all respects.

Interest @ 6% is payable if full refund is not granted within 60 days.

(b) In the case of refund of IGST paid on exports: Upon receipt of information regarding furnishing of valid return in Form GSTR-3 by the exporter from the common portal, the Customs shall process the claim for refund and an amount equal to the IGST paid in respect of each shipping bill shall be credited to the bank account of the exporter.

Question 8: Will export of goods to Nepal and Bhutan treated as zero rated and thereby qualify for all the benefits available to zero rated supplies under the GST regime?

Answer: Export of goods to Nepal or Bhutan fulfils the condition of GST Law regarding taking goods out of India. Hence, export of goods to Nepal and Bhutan will be treated as zero rated and consequently will also qualify for all the benefits available to zero rated supplies under the GST regime. However, the definition of 'export of services' in the GST Law requires that the payment for such services should have been received by the supplier of services in convertible foreign exchange.

Question 9: What is deemed export under GST Law? Whether any supply has been categorized as deemed export by the Government?

Answer: Deemed export has been defined under Section 2(39) of CGST Act, 2017 as supplies of goods as may be notified under section 147 of the said Act. Under section 147, the Government may, on the recommendations of the Council, notify certain supplies of goods manufactured in India as deemed exports, where goods supplied do not leave India, and payment for such supplies is received either in Indian rupees or in convertible foreign exchange. However, till date, the government has not notified any supply as deemed export.

Question 10: Whether the EOU scheme will continue to be in operation in the GST regime and whether EOU is required to take registration under the GST Law?

Answer: EOU is like any other supplier under GST and all the provisions of the GST Law will apply. However, the benefit of Basic Customs Duty exemption on imports will continue.

Question 11: What tax benefits will be available to EOU scheme in GST regime?

Answer: The duty free imports under GST regime will be restricted to Basic Customs Duty. Exemption from the additional duties of Customs, if any, under section 3(1), 3(3) and 3(5) of the Customs Tariff Act, 1975 and exemption from Central Excise duty will be available for goods specified under the fourth Schedule to the Central Excise Act. IGST or CGST plus SGST will be payable by the suppliers who make supplies to the EOU. The EOU will be eligible, like any other registered person, to take Input Tax Credit of the said GST paid by its suppliers.

Question 12: Whether supplies to or from EOU will be exempted from GST?

Answer: No.

Under the GST Law, IGST or CGST plus SGST will be payable by the suppliers who make supplies to the EOU. The EOU will be eligible to take Input Tax Credit of the said GST paid by its suppliers. The supplies from EOU will not be exempted from GST, except in the case of zero rated supplies defined under section 16 of the IGST Act, i.e. supplies made by EOU in the form of physical export or supplies to a SEZ Unit or SEZ Developer for authorized Operations.

Question 13: What procedure will be followed by EOU to import goods without payment of Customs duty in the GST regime?

Answer: To avail such import benefits, EOUs will have to follow the procedure under the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

Question 14: Whether an EOU can clear goods to another EOU (inter-unit transfer)? And whether an EOU can send goods for carrying out job work on such goods? In such Situations, how will be the tax liability be discharged?

Answer: Supply of goods from one EOU to another EOU will be treated as any other supply under GST Law. An EOU can send goods for job work as per section 143 of the CGST Act, 2017 and rule 45 of the CGST Rules, 2017 and the tax liability shall be discharged accordingly.

Question 15: M/s XYZ is engaged in export of goods only having exports of approx. Rs. 5 crores and no clearances for home consumption are affected. M/s XYZ was not required to be registered under Central Excise. Whether M/s XYZ would be required to get itself registered under GST?

Answer: Yes, because exports have been treated as inter-State supplies under IGST Law.

Question 16: We are engaged in the manufacture of exempted excisable goods for export. We availed input stage rebate used in the manufacture of exported goods. How would our case be dealt under GST law if our supply remains an exempt supply?

Answer: Under IGST law a person engaged in export of goods which is an exempt supply is eligible to avail input stage credit for zero rated supplies. Once goods are exported, refund of unutilized credit can be availed under Section 16(3)(a) of IGST Act, 2017 and Section 54 of the CGST Act, 2017 and the rules made there under.

Question 17: *We are merchant exporters dealing in various products. As per current procedure, we purchase goods from a particular factory against CT1/ARE1 so that no excise is levied on us. After goods are exported, we provide proof of export and Form H (for sales tax exemption) to the concerned factory. How would GST impact us and what will be the process now?*

Answer: Taxable event in the GST regime is supply of goods. Exports being inter-State supply, you would be required to obtain GST registration. The manufacturer would be supplying you the goods on the payment of IGST or CGST and SGST/UTGST as applicable. You may avail of input stage credit of the tax paid on goods and services and export the goods under bond/LUT. Unutilized credit can be availed as refund. Alternatively, you may export the goods on payment of integrated tax and refund of integrated tax would be available to you.

Question 18: *I have stock of inputs, semi-finished goods and finished goods on the date on which GST comes into force. But I have no duty paying documents. How am I going to be compensated for the taxes paid on the said inputs, semi-finished goods, and finished goods before GST for the exports made after GST is implemented?*

Answer: A transition period of three months has been provided for availing of drawback. For exports during this period, higher rate of duty drawback (composite AIR) shall be available subject to conditions that no ITC of CGST/IGST is claimed, no refund of IGST paid on export goods is claimed and no CENVAT credit is carried forward.

Question 19: *I supply goods to SEZ units and developers. For such supplies, presently drawback is available to the recipient or to me (if recipient gives a disclaimer). What is status of such drawback under GST regime?*

Answer: There is no change except for the fact that if drawback is claimed by DTA supplier, the claim needs to be filed with the jurisdictional Customs Authorities.

Question 20: *Whether an EOU can clear goods in DTA?*

Answer: Yes, an EOU can clear goods in DTA in accordance with the provisions laid in the Foreign Trade Policy.

Question 21: *Will an exporter be required to pay GST in case of goods procured from unregistered persons (including unregistered job workers)?*

Answer: In case of supply by an unregistered person (including unregistered job workers), the registered person i.e., exporter shall be liable to pay GST under reverse charge mechanism. However the exporter can avail ITC of such GST paid and either utilise the ITC or claim refund of the same.

Question 22: *Is GST payable on Agency Commission earned by buying agents of foreign buyers?*

Answer: Yes. Since commission is received by agents in India, and the place of supply of service is in India, GST will be payable.



TRANSITION OF EXPORT PROMOTION SCHEME ON IMPLEMENTATION OF GST

Question 1: *Will duty Drawback scheme continue under GST regime? If yes, what will be the rates of Drawback?*

Answer: Yes. Duty Drawback scheme with certain modifications will continue under the GST regime. The changes in the said scheme are as follows:

The Drawback shall be available only of Customs duties on imported inputs and Central Excise duty on items specified in the Fourth Schedule to the Central Excise Act, 1944 (specified petroleum products, tobacco etc.) used as inputs or fuel for captive power generation.

As an export facilitation measure, for the transition period of 3 months, from July to September, 2017, Drawback at higher composite rates will continue to be granted subject to certain safeguards i.e. for claiming the higher rate of drawback, the exporter has to make a declaration and certificate is required that no Input Tax Credit (ITC) of CGST/IGST is claimed, no refund of IGST paid on export goods is claimed and no CENVAT credit is carried forward.

In absence of such certification, drawback will be restricted to the customs portion of drawback.

Question 2: *Is Drawback at a higher All Industry Rate (AIR) admissible if an exporter has not availed Input Tax Credit of*

GST or refund of IGST paid on exported goods ?

Answer: No. After 30th September 2017, drawback will be admissible only at lower rate determined on the basis of the custom duties paid on the goods imported for supplying goods for export.

Question 3: If an exporter has stock of GST paid inputs as well as inputs from pre-GST period and if inputs from both lots are used in export goods, what shall be Drawback on such exports?

Answer: During the transition period upto 30th September 2017, exporters can avail drawback at higher rate subject to the conditions that no Input Tax Credit (ITC) of CGST/IGST is claimed, no refund of IGST paid on export goods is claimed and no CENVAT credit is carried forward.

Question 4: Will brand rate of Drawback be admissible for Central Excise duty and Service Tax in respect of exports made prior to GST implementation, for which application is filed after 1st July 2017?

Answer: For the exports made prior to 1st July 2017, application for fixation of brand rate as per the Drawback scheme under the earlier law (defined as 'existing law' in section 2(48) of the CGST Act, 2017) can be filed even after 1st July 2017.

Question 5: Applications for fixation of brand rate used to be filed with jurisdictional Commissioner of Central Excise having jurisdiction over the factory where export goods were manufactured. Under GST regime, will there be any change regarding filing of application for fixation of brand rate?

Answer: With effect from 1st July 2017, applications for fixation of brand rate shall be filed with the Commissioner of Customs having jurisdiction over place of export of goods i.e the port/Airport/ICD etc. where Shipping Bill was filed. This shall be applicable even for exports made prior to 1st July 2017 for which application is yet to be filed. In case exports are from multiple places, application shall be filed with the Commissioner of Customs having jurisdiction over any one of the places of export of goods.

Question 6: Is there also a change under the GST regime in respect of filing of application for fixation of brand rate of Drawback for supplies to SEZ units and SEZ Developers?

Answer: Prior to 1st July 2017, applications for fixation of brand rate for supplies to SEZ units and SEZ Developers used to be filed with the jurisdictional Commissioner of Central Excise. With effect from 1st July 2017, applications for fixation of brand rate will be required to be filed with the Commissioner of Customs having jurisdiction over the principal place of business of the DTA supplier. This shall be applicable even for exports made prior to 1st July 2017 for which application for fixation of brand rate is yet to be filed.

Question 7: On re-export of imported goods, drawback of all duties paid at the time of importation was admissible earlier, as per the rates prescribed in this regard. What will be the position in respect of re-export made after 1st July 2017, of the goods imported prior to 1st July 2017? After 1st July 2017, IGST and Compensation Cess will also be payable on the imported goods. If such imported goods on which IGST and Compensation Cess were paid, are re-exported, whether Drawback of IGST and Compensation Cess will also be granted?

Answer: Drawback under Section 74 of the Customs Act, 1962 is available for duties paid at the time of importation. Therefore, whatever duties / taxes are paid at the time of importation of goods, Drawback of the same will be granted. Drawback of Basic Customs Duty plus Additional Duty of Customs (CVD) plus Special Additional Duty (SAD) paid on the goods imported prior to 1st July 2017 will be paid even if the re-export is made after 1st July 2017. Similarly, in respect of the goods imported after 1st July 2017, Basic Customs Duty plus IGST plus Compensation Cess will be paid and Drawback of all of these would be paid on re-export of such imported goods.

Question 8: Under the GST regime, will benefit of exemption from all duties available under Advance authorization scheme, EPCG scheme and duty credit scrips such as Merchandise

Exports from India Scheme (MEIS) & Service Exports from India Scheme (SEIS) will continue?

Answer: After 1st July 2017, the benefits under all the said schemes shall be restricted only to Basic Customs Duty, Safeguard Duty, Transitional Product Specific Safeguard Duty and Anti-dumping Duty in respect of goods leviable to IGST. For items specified in the Fourth Schedule to the Central Excise Act, 1944 (specified petroleum products, tobacco etc.) exemption from Additional Duty leviable under Sections 3(1), 3(3) and 3(5) of the Customs Tariff Act, 1975 shall be available.

Question 9: Under GST regime, can we get duty free benefit (all duties exempted) if we import capital goods using EPCG authorization?

Answer: Only basic customs duty will be exempted on imports made under EPCG Authorization. The EPCG holder will have to pay IGST on import of capital goods and take Input Tax Credit.

Question 10: Can duty credit scrips such as Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS) be used for payment of GST?

Answer: No. MEIS and SEIS scrip can be used only for payment of Basic Customs Duty or additional duties of Customs on items not covered under GST for imports under GST regime.

Question 11: What will be exemptions available for various authorizations/scrips which have been issued prior to 1.7.2017 and remain unutilized on 1.7.2017?

Answer: No exemption under GST Law is provided. The EXIM scrips under the export incentive schemes of chapter 3 of FTP (for example MEIS and SEIS) can be utilized only for payment of Customs duties or additional duties of Customs, on items not covered by GST, at the time of import. The scrips cannot be utilized for payment of Integrated Tax and Compensation Cess. Similarly, scrips cannot be used for payment of CGST, SGST or IGST for domestic procurements.

Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also.



Goods in respect of which no refund of unutilized input tax credit shall be allowed where credit has accumulated on account of input tax rate being higher than output tax rate

S. NO.	CHAPTER HEADING/ SUB-HEADING TARRIF ITEM	DESCRIPTION OF GOODS
1	5007	woven fabrics of silk or of silk waste
2	5111 to 5113	woven fabrics of wool or of animal hair
3	5208 to 5212	woven fabrics of cotton
4	5309 to 5311	woven fabrics of other vegetable textile fiber, paper yarn
5	5407 and 5408	woven fabrics of manmade textile materials
6	5512 to 5516	woven fabrics of manmade staple fibers
7	60	knitted or crocheted fabrics[all goods]
8	8601	rail locomotives powered from an external source of electricity or by electric accumulators
9	8602	other rail locomotives; locomotive tenders; such as diesel-electric locomotives , steam locomotives and tenders thereof
10	8603	self-propelled railway or tramway coaches, vans and trucks , other than those of heading 8604
11	8604	railway or tramway maintenance or service vehicles , whether or not self-propelled [for eg. Workshops, cranes, ballast tampers, trackliners, testing coaches and track inspection vehicles]
12	8605	railway or tramway passenger coaches, not self propelled; luggage vans, post office coaches and other special purpose railway or tramway coaches, not self propelled [excluding those of heading 8604]
13	8606	railway or tramway goods vans and wagons, not self propelled
14	8607	parts of railway or tramway locomotives or rolling stock ; such as bogies, bissel bogies, axles and wheels and, parts thereof
15	8608	railway or tramway track fixtures and fittings; mechanical [including electro mechanical] signalling , safety or traffic control equipment for railways , tramways, roads, inland waterways, parking facilities, port installations or airfields; parts of the forgoing.

NEW TAX REGIME WILL DELIVER A MIXED BAG WITH SOME ITEMS TURNING COSTLY

GST is a destination-based tax, applicable on supply of all goods and services. India has adopted a dual GST model which has two components namely state GST (SGST) and central GST (CGST).

History was created on July 1, 2017, when the country witnessed the biggest indirect tax reform, Goods and Services Tax (GST) come into existence, after a topsy-turvy journey of over 10 years. GST is not just a tax reform, but a reform for Indian business that will change the way businesses were done in the country so far. While some companies are still struggling to gear-up their ERP systems to make them tax compliant, some have already announced a price-drop on their products and services. As far as the common man is concerned, GST will have a far-reaching impact on the prices paid for goods and services that are consumed on a day-to-day basis. Let us try to understand what GST is all about, and how it is going to impact the common man. GST is a destination-based tax, applicable on supply of all goods and services. India has adopted a dual GST model which has two components namely state GST (SGST) and central GST (CGST). Any supply of goods or service within a particular state will attract both SGST and CGST, whereas, any supply of goods or service from one state to another will attract integrated GST (IGST) which is the summation of both SGST and CGST.

GST provides for a four-tier rate structure for both goods and services, and seamless flow of tax-credits across goods and services. GST seems to be a mixed bag for the common man, with some necessities becoming cheaper and others likely to get slightly expensive. In the long run, GST will ultimately result in reduction of prices and have a favorable effect on most of the sectors, but on the basis of the experience in other countries, GST may result in an initial inflationary impact which will pinch the common man's pocket for some time.

In order to understand the impact on the common man, let us categorize daily expenses into six buckets:

Food: Eating out or cooking at home has become relatively cheaper with reduction in tax rates on essential items and removal of cascading effect of tax on eateries and restaurant. For instance, most of the food items such as sugar, tea, edible oil, food grains, etc, will be charged a lower rate, of 5%. Essential items such as milk, curd, cereals, rice (unbranded) have been exempted from levy of GST. Today, eating out at a restaurant, a consumer pays both service tax and VAT on the invoice, apart from service charge collected additionally. Under GST, the rate of tax on the restaurant invoice could be either 5%, 12% or 18%, depending on whether the restaurant is under the composition scheme, non-air conditioned or air-conditioned, respectively.

Housing: Buying a new house under the GST regime is going to cost slightly higher in the short run. For under-construction property, the existing tax rates are broadly around 6% in most states, comprising service tax and VAT (other than a few where the VAT rate is higher). Under GST, the rate shall increase to 12%, with the ability of the builder to avail all input tax credits resulting in a reduction of his costs which may be passed on to buyers by commensurate reduction in prices. However, this may not be possible for the builder immediately, especially where the builder has already procured the construction material.

Transportation: Buying cars will burn smaller holes in customer's pocket under GST regime as compared to erstwhile regime. Key market players have already announced price-cuts owing to benefit on account of increased credits and marginal reduction in tax rates. Also, travel in radio taxis will cost less, with the GST rate applicable being 5% as against 6% under the erstwhile regime.

Entertainment: GST is a boom for all who like to spend weekend outdoors, as effective from July 1, going to the movies will be more economical with entertainment tax—that was as high as 50% in some states—subsumed under GST.

Communication: However, GST may not be good news for people who like spending time on their handsets as it is going to pinch the pockets with the rate on most services including communication going up by 3%, from a 15% service tax to 18% GST.

Other daily household items: FMCG goods will witness a mixed impact under the GST regime. On the one hand, aerated drinks purchased from nearby shops will become more expensive, with the GST rate applicable being 28%, along with a 12% additional cess. Personal care products such as soaps, kajal, tooth-paste and hair oil will see a drop of almost 10% in the effective tax rate applicable.

To sum-up, GST delivers about a mixed bag to the common man. To ensure that industry does not increase the prices of their goods and services even if the tax rates are marginally going up, the government has incorporated an anti-profiteering clause in the law which mandates that the supplier pass on all benefits received either on account of reduced tax rates or increased credits to consumers by way of reduced prices. GST is no-doubt a win-win situation, from India's economic standpoint—it will place the country in the list of nations which have simplified tax regimes, thereby attracting foreign investments, as well as from the common man's perspective with prices of products and services coming down in the long run. It will be interesting to see as to how the government manages to deliver on its promise of holistic economic growth and reduced inflation in the long run, courtesy of the 'one nation, one tax' regime.

LETTER TO NODEL OFFICER :- FEED BACK AFTER INTRODUCTION OF GST

Dated 07.07.2017

The Nodel officer
Central GST
Bhilwara -311001
Rajatshan

Sub: Feedback after introduction of GST.

Dear Sir,

After introduction of GST, we have collected feedback from our member units. In textile sector it includes feedback received from yarn dealers and agents, weaving units, process houses and trading units. It can be summarized as under :

A. Increase of Raw Material prices by 10 to 15%

After implementation of GST law, the situation has become very critical. Business activities of SME units, traders are closed. 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. There is no demand of raw material and finished material from manufacturer/consumers. Hence, there is no option but to close down the manufacturing units, SME sector units and traders business also. The process houses have reported closer of their units/manufacturing activities for last 4-5 days. The weaving units have this similar report. Due to implementation of GST, the imported fabrics will be 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 likely to increase 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.**

B. The large variance in input and output rate:-

The GST Rate on Man Made Textile Yarn is 18%, while out put rate of GST is only 5.00%. Perhaps fabric is the only commodity where aggregate tax on inputs is more than the tax on output **and no credit allowed**. Input tax works out to be around 11-12% as against the tax on output that is 5%. Neither this is the intention of law and nor it is in accordance with the theme of GST. There will be unutilized ITC around 5 to 8 %. There is no refund of accumulated ITC. If problem is not re-solved immediately, the situation will be out of control and very soon there may be a great problem for law and order due to unemployment of workers and staff. The many weaving units have reported that they are stopped to purchase yarn due to above reason.

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/Bank mode only** by the registered person i.e. there is no provision of payment through available accumulated Input Credit. In spite of having sufficient balance of ITC, they have to deposit the amount through cash/bank. 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 they carry the excess unutilized ITC then they have to pay Income Tax on this amount, because their 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. To exempt the job work from levy of GST in textile Sector.

Government has brought many services related to textiles like job weaving, processing etc. within 5% tax-net. But still many

services in the textile sector are left and taxed at 18%. It is expected that services be taxed at the rate as applicable on final product in which the taxpayer is dealing. It is requested to please exempt the entire job work of textile to compete the SME sector from others. In earlier provision of Central Excise and Service tax, entire job work of textile were exempted from levy of tax.

E. 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 inter-state 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. In support of our above submission, we are attaching here with summary of reactions received from a few prominent member units and also newspaper clippings of last 5 days.

With Best Regards

(CS R.K.Jain)

Hon'y Secretary General



EXPORTS ARE CLASSIFIED AS ZERO RATED SUPPLY UNDER GST LAW

Persons engaged only in the supply of goods (import and export) that is not liable to tax or is exempt from tax under the CGST or IGST Acts are not required to get registration. Further, Government may on the recommendation of the Council specify the class of person who need

not get GSTIN. In such cases PAN (which is allowed as IEC by DGFT) of the importer and exporter would satisfy conditions for shipment. Importers, Exporters and Customs Brokers may be guided to quote authorized PAN in the bills of entry or shipping bills for such clearances. Jurisdictional Commissioners of Customs may ensure that there is no stoppage of import and export consignments wherever GSTIN is not required. But to avail ITC or Refund of GST on exports then one must have GSTN code, one can apply for free via gst.gov.in



TAX SHALL NOT BE DEDUCTED ON SUCH GST ON SERVICES COMPONENT

The Central Board of Direct Taxes (CBDT) vide Circular No. 23/2017 dated July 19, 2017 clarified that wherever in terms of the agreement or contract between the payer and the payee, the component of GST on Services ☐ included in the amount payable to a resident is indicated separately, tax shall be deducted on the amount paid or payable without including such GST on Services component. In other words, tax shall not be deducted on such GST on Services component. Further, GST for these purposes will include IGST, CGST, SGST and UTGST. Moreover, any reference to ☐ Service tax ☐ in an existing agreement or contract which was entered prior to July 01, 2017 will be treated as ☐ GST on Services ☐ with respect to the period from July 01, 2017 onward till the expiry of such agreement or contract.

F. No. 349/82/2017-GST
Government of India Ministry of Finance Department of Revenue
Central Board of Excise and Customs (GST Policy Wing)

New Delhi, the 7th July, 2017

To,

The Principal Chief Commissioners / Chief Commissioners / Principal Commissioners/ Commissioners of Central Tax (All Madam/Sir,

Subject: Issues related to Bond/Letter of Undertaking for exports without payment of integrated tax – Reg.

Various communications have been received from the field formations and exporters that difficulties are being faced in complying with the procedure prescribed for making exports of goods and services without payment of integrated tax with respect to furnishing of bonds/Letter of Undertaking. Therefore, in exercise of powers conferred under section 168 (1) of the Central Goods and Services Tax Act, 2017, for the purpose of uniformity in the implementation of the Act, these issues are being clarified hereunder.

2. As per rule 96A of the Central Goods and Services Tax Rules, 2017 (The CGST Rules), any registered person exporting goods or services without payment of integrated tax is required to furnish a bond or a Letter of Undertaking (LUT) in FORM GST RFD-11.
3. Attention is invited to notification No. 16/2017-Central Tax dated 01-07-2017 vide which the category of exporters who are eligible to export under LUT has been specified along with the conditions and safeguards. All exporters, not covered by the said notification, would submit bond. The procedure for submission and acceptance of bond has already been prescribed vide circular No. 2/2/2017-GST dated 4th July, 2017. The bond shall be furnished on non-judicial stamp paper of the value as applicable in the State in which bond is being furnished.
4. A clarification has been sought as to whether bond to be furnished for exports is a running bond (with debit / credit facility) or a one-time bond (separate bond for each consignment / export). It is observed that consignment wise bond would be a significant compliance burden on the exporters. It is directed that the exporters shall furnish a running bond, in case he is required to furnish a bond, in FORM GST RFD -11. The bond would cover the amount of tax involved in the export based on estimated tax liability as assessed by the exporter himself. The exporter shall ensure that the outstanding tax liability on exports is within the bond amount. In case the bond amount is insufficient to cover the tax liability in yet to be completed exports, the exporter shall furnish a fresh bond to cover such liability.
5. FORM RFD -11 under rule 96A of the CGST Rules requires furnishing a bank guarantee with bond. Field formations have requested for clarity on the amount of bank guarantee as a security for the bond. In this regard it is directed that the jurisdictional Commissioner may decide about the amount of bank guarantee depending upon the track record of the exporter. If Commissioner is satisfied with the track record of an exporter then furnishing of bond without bank guarantee would suffice. In any case the bank guarantee should normally not exceed 15% of the bond amount.
6. As regards LUT, it is clarified that it shall be valid for twelve months. If the exporter fails to comply with the conditions of the LUT he may be asked to furnish a bond. Exports may be allowed under existing LUTs/Bonds till 31st July 2017. Exporters shall submit the LUTs/bond in the revised format latest by 31st July, 2017.
7. It is further stated that the Bond/LUT shall be accepted by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over the principal place of business of the exporter. The exporter is at liberty to furnish the bond/LUT before Central Tax Authority or State Tax Authority till the administrative mechanism for assigning of taxpayers to respective authority is implemented. However, if in a State, the Commissioner of State Tax so directs, by general instruction, to exporter, the Bond/LUT in all cases be accepted by Central tax officer till such time the said administrative mechanism is implemented. Central Tax officers are directed to take every step to facilitate the exporters.
8. Attention is further invited to circular No. 26/2017 – Customs dated 1st July 2017, vide which it has been clarified that the existing practice of sealing the container with a bottle seal under Central Excise supervision or otherwise would continue till 01st September, 2017. Such sealing shall be done under the supervision of the officer having physical jurisdiction over the place of business where the sealing is being done. A copy of the sealing report would be forwarded to the Deputy/Assistant Commissioner having jurisdiction over the principal place of business.
9. These instructions shall apply to exports on or after 1st July, 2017. It is requested that suitable trade notices may be issued to publicize the contents of this circular. Difficulty, if any, in the implementation of the above instructions may please be brought to the notice of the Board. Hindi version would follow.

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CUSTOMS

(Upender Gupta) Commissioner (GST)

COPY OF- INSTRUCTION NO.10/2017-CUSTOMS Dated 6th July, 2017

Government of India

Ministry of Finance Department of Revenue, Central Board of Excise and Customs

Notification No. 16/2017 – Central Tax

New Delhi, the 7th July, 2017

G.S.R... ()E.- In exercise of the powers conferred by sub-rule (5) of rule 96A of the Central Goods and Services Tax Rules, 2017, the Central Board of Excise and Customs hereby specifies the conditions and safeguards for the registered person who intends to supply goods or services for export without payment of integrated tax, for furnishing a Letter of Undertaking in place of a Bond.

- i. The following registered person shall be eligible for submission of Letter of Undertaking in place of a bond:-
- (a) a status holder as specified in paragraph 5 of the Foreign Trade Policy 2015- 2020; or
- (b) who has received the due foreign inward remittances amounting to a minimum of 10% of the export turnover, which should not be less than one crore rupees, in the preceding financial year, and he has not been prosecuted for any offence under the Central Goods and Services Tax Act, 2017 (12 of 2017) or under any of the existing laws in case where the amount of tax evaded exceeds two hundred and fifty lakh rupees.
- ii The Letter of Undertaking shall be furnished in duplicate for a financial year in the annexure to FORM GST RFD – 11 referred to in sub-rule (1) of rule 96A of the Central Goods and Services Tax Rules, 2017 and it shall be executed by the working partner, the Managing Director or the Company Secretary or the proprietor or by a person duly authorised by such working partner or Board of Directors of such company or proprietor on the letter head of the registered person.

[F. No. 349/74/2017 – GST]

(Dr. Sreeparvathy S. L.)

Under Secretary to the Government of India

Subject: Insolvency and Bankruptcy Board of India (IBBI) invites comments from public on the Regulations notified under the Insolvency and Bankruptcy Code, 2016

Considering the implementation difficulties being faced by the stakeholders on The Insolvency and Bankruptcy Code, 2016 (“Code”) the Insolvency and Bankruptcy Board of India (IBBI) has invited public comments on the Regulations made under the code. The comments received between 4th July, 2017 to 31st December, 2017 shall be taken into consideration and following the due process, Regulations will be modified to the extent considered necessary. It is anticipated that IBBI will come out with the modified regulations by 31st March, 2018 and the same will come into force on 1st April, 2018. We request all the professionals to widely participate and provide their valuable comments on the Regulations as this is the right time to fine tune to smoothen the process under the Code and to incorporate the best practices. You may send your views/observations in the below mentioned format at mehreen.rahman@icsi.edu to enable us to collate the same and forward to IBBI.

FORMAT FOR PROVIDING COMMENTS

Sr.	Particulars	Details
1.	Name	
2.	E-Mail ID	
3.	Stakeholder Category(Financial Creditor/Operational Creditor/Insolvency Professional/Insolvency Professional Entity/Others)	
4.	Name of Regulation	
5.	Regulation Number	
6.	Comments	

Stakeholders may also provide their general comments on the below mentioned categories:

- a. Inconsistency, if any, between the provisions within the regulations (intra-regulations);
- b. Inconsistency, if any, between the provisions in different regulations (inter-regulations);
- c. Inconsistency, if any, between the provisions in the regulations with those in the rules;
- d. Inconsistency, if any, between the provisions in the regulations with those in the Code;
- e. Inconsistency, if any, between the provisions in the regulations with those in any other law;
- f. Any difficulty in implementation of any of the provisions in the regulations; and
- g. Any provision that should have been provided in the regulations, but has not been provided; or
- h. Any provision that has been provided in the regulations, but should not have been provided.

The link for the press release issued by IBBI in this regard is given below: http://ibbi.gov.in/Inviting_Public_Comments_7_July_R.pdf

INSTRUCTION NO. 5/2017
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
CENTRAL BOARD OF DIRECT TAXES
NEW DELHI, Dated: July 7, 2017

To

All Pr. Chief-Commissioners of Income-tax/Chief-Commissioners of Income-tax

All Pr. Directors-General of Income-tax/Directors-General of Income-tax

Subject: Guidelines for selection of cases for scrutiny during the financial-year 2017-2018-regd.-

1. In supersession of earlier Instructions on the above subject, the Board hereby lays down the following procedure and criteria for compulsory manual selection of returns/cases requiring scrutiny during the financial-year 2017-2018:-
 - (i) Cases involving addition in an earlier assessment year(s) on a recurring issue of law or fact of following amounts:
in excess of 25 lakhs in eight metro charges at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune, while at other charges, quantum of such addition should exceed 10 lakhs;
 - 1 for transfer pricing cases, quantum of such addition should exceed 10 crore and where:
 - a. such an addition in assessment has become final as no further appeal was/has been filed; or
 - b. such an addition has been confirmed at any stage of appellate process in favour of revenue and assessee has not filed further appeal; or
 - c. such an addition has been confirmed at 1st appeal stage in favour of revenue or subsequently and further appeal of assessee is pending.
 - (ii) All assessments pertaining to Survey under section 133A of the Income-tax Act, 1961 ('Act') excluding those cases where books of accounts, documents etc. were not impounded and returned income [excluding any disclosure made during the Survey) is not less than returned income of preceding assessment year. However, where the assessee retracts from disclosure made during the Survey, such cases will not be covered by this exclusion.
 - (iii) Assessments in search and seizure cases to be made under section(s) 158B, 158BC, 158BD, 153A & 153C read with section 143(3) of the Act and also for the returns filed for the assessment year relevant to the previous year in which authorization for search and seizure was executed u/s 132 or 132A of the Act.
 - (iv) Return filed in response to notice u/s 148 of the Act.
 - (v) Cases where registration/approval under various sections of the Act such as 12A, 35(1)(ii)/(iii), 10(23C) etc. of the Act have not been granted or have been cancelled/withdrawn by the competent authority, yet the assessee has been claiming tax-exemption/deduction in the return. However, where such order of withdrawal of registration/approval has been reversed/set-aside in appellate proceedings, those cases will not be selected under this clause.
 - (vi) Cases in respect of which specific and verifiable information pointing out tax-evasion is given by any Government Department/Authority. However, before selecting a case for scrutiny under this criterion, Assessing Officer shall take prior administrative approval from the concerned jurisdictional Pr. CIT/Pr.DIT/CIT/DIT.
2. Computer Aided Scrutiny Selection (CASS): Cases are also being selected under CASS-2017 on the basis of broad based selection filters and in a non-discretionary manner in two categories viz. Limited Scrutiny & Complete Scrutiny. List of such cases is being separately intimated by Pr.DGIT(Systems) to the concerned jurisdictional authorities for further action in these cases.
3. These instructions may be brought to the notice of all concerned for necessary compliance.
4. Hindi version to follow.

[F. No. 225/180/2017/ITA.II]

(Rohit Garg)

Director-ITA.II, CBDT

मेवाड़ चेम्बर ऑफ कॉमर्स एण्ड इण्डस्ट्री, भीलवाड़ा
कार्यकारिणी समिति की बैठक दिनांक 29.07.2017

मेवाड़ चेम्बर ऑफ कॉमर्स एण्ड इण्डस्ट्री की कार्यकारणी समिति की बैठक दिनांक 29.07.2017 को शगुन बैक्वेंट हॉल, आर के कॉलोनी में सायं 4.00 बजे आयोजित की गई। बैठक की अध्यक्षता अध्यक्ष श्री दिनेश नौलखा ने की।

- मानद महासचिव श्री आर के जैन ने बताया कि 29 जून 2017 को आयोजित कार्यकारणी समिति की बैठक का कार्यवाही विवरण चेम्बर पत्रिका के जून 2017 के अंक में प्रकाशित किया गया है। उपस्थित सदस्यों ने दिनांक 29.07.2017 की बैठक की कार्यवाही विवरण की पुष्टि की।

श्री जैन ने बताया कि गत बैठक में लिये गये निर्णय अनुसार—वर्ष 2016–2017 के ऑडिटेड एकाउन्ट्स में ऑडिटर द्वारा समिति में लिये गये निर्णय अनुसार परिवर्तन किये जाकर बेलेन्स शीट आदि फाइनल कर दिये गये हैं एवं रिटर्न भी भर दिया गया है।

गत बैठक में निर्णय अनुसार आईसीआईसीआई बैंक में बचत खाते में रखे गये राशि में से 30 लाख रुपये की एफडी सेन्ट्रल बैंक ऑफ इण्डिया में करा दी गई है।

- निम्न सदस्यों ने अनुपस्थिति चाही जो स्वीकृत की गई —

श्री वी के सोडानी	संगम इण्डिया लिमिटेड
श्री अनिल मानसिंहका	शारदा स्पनटेक्स प्रा लि
श्री एम डी गगराणी	मंजुश्री सिन्टेक्स प्रा लि
श्री राजेन्द्र गौड़	जिन्दल शॉ लिमिटेड
श्री जे के बागडोदिया	मंगलम यार्न एजेन्सीज

- जीएसटी पर कार्यक्रम का आयोजन—

मानद महासचिव श्री आर के जैन ने बताया कि वस्त्र मंत्रालय भी जीएसटी पर कार्यक्रम आयोजित करवाना चाहते हैं, साथ ही सीआईआई एवं फीक्की भी ऐसा चाहते हैं। वस्त्र मंत्रालय से चर्चा अनुसार 19 अगस्त को एक कार्यक्रम करना तय किया गया। श्री दिनेश नौलखा ने सुझाव दिया कि इस बार विशेषरूप टेक्सटाइल पर ही केन्द्रीत करें एवं एफ ए क्यू पहले से ही सदस्यों से मंगवा लेवे। यह भी निश्चित किया गया कि सीआईआई एवं फीक्की में से एक ही संस्था को इसमें जोड़ा जाए।

- रीको की ओर से जिला स्तर पर प्रदूषण नियन्त्रण के उपाय हेतु प्रस्तावित एसपीवी —

रीको की ओर से यह कहा गया कि इस तरह की एसपीवी बनाने के लिए मेवाड़ चेम्बर जिम्मेदारी लेवे एवं उसके नेतृत्व में ही एसपीवी बने एवं संचालित हो। इस विषय में विचार विमर्श में सभी सदस्यों की यह राय थी कि चेम्बर को यह जिम्मेदारी नहीं लेनी चाहिए, क्योंकि कोई भी कम्पनी बनाने के बाद ही कई तरह की कानूनी जिम्मेदारियां आ जाती हैं। यह निर्णय किया गया कि इस संबंध में रीको के अधिकारियों के साथ बैठक कर इस विषय को समझाकर यह जिम्मेदारी लेने से बचा जाए।

- नये सदस्यता प्रस्ताव :—

मानद महासचिव ने निम्न नये सदस्यता प्रस्ताव कार्यकारणी समिति के सामने रखे। उन्होंने बताया कि गत कार्यकारणी समिति की बैठक में निर्णय के अनुसार उक्त प्रस्ताव स्क्रिनिंग कमेटी से मंजूर करवा लिये गये हैं। उपस्थित सदस्यों ने सर्वसम्मति से निम्न नये सदस्यता प्रस्ताव स्वीकार किये —

श्रेणी	इकाई का नाम	प्रतिनिधि का नाम	विवरण
एसोसियेट्स	अडिग जेमटेक्स प्रा लि	श्री सौरभ जैन	साइजिंग एवं विविंग इकाई
एसोसियेट्स	चि गौड़गढ़ अरबन कॉपरेटीव बैंक लिमिटेड, चि गौड़गढ़	श्रीमति वन्दना विजरानी—एमडी डॉ आई एम सेठिया—चेयरमेन	बैंक
एसोसियेट्स	हितकर पाउचेज प्रा लि	श्री मधुसुदन काबरा	आर्युवेदिक औषधि निर्माता
एसोसियेट्स	गुरुकृपा इन्टरप्राइजेज	श्री शिशिर माथुर	टेक्सटाइल ट्रेडिंग
साधारण	बी एल चौरडिया एण्ड कम्पनी	श्री पारसमल जैन	सी ए

- 5 अन्य बिन्दु अध्यक्ष महोदय की अनुमति से –
अध्यक्ष महोदय की अनुमति से श्री वी के मानसिंगका ने बताया कि चेम्बर के विगत कई समय से प्रयासों के फलस्वरूप एवं माननीय सांसद श्री सुभाष बहेडिया जी के प्रयासों से अजमेर-हरिद्वार त्रिसप्ताहिक ट्रेन अब उदयपुर से संचालित होगी। 28 जुलाई को इसका फ्लेग ऑफ हो चुका है। उन्होंने बताया कि अजमेर-बान्द्रा ट्रेन को सप्ताह में 6 दिन संचालित करने के प्रस्ताव पर रेलवे बोर्ड से स्वीकृति प्राप्त हो चुकी है एवं आशा है निकट भविष्य में इसकी क्रियान्विति हो जाएगी। सभी सदस्यों ने इन प्रयासों के लिए श्री वी के मानसिंगका को धन्यवाद ज्ञापित किया।

अन्त में बैठक सधन्यवाद समाप्त हुई।

(आर के जैन)

मानद महासचिव

कार्यकारणी समिति की दिनांक 29.07.2017 को उपस्थित सदस्यों की सूची निम्नानुसार है –

- | | | |
|---|-----------------------|--------------------------------|
| 1 | श्री दिनेश नौलखा | नितिन स्पिनर्स लिमिटेड |
| 2 | श्री आर के जैन | आर के जैन एण्ड एसोसियेट्स |
| 3 | श्री योगेश लढ्ढा | मनोमय टेक्स इण्डिया लिमिटेड |
| 4 | श्री सन्मति जैन | श्री गुड्स केरियर |
| 5 | श्री मोहन सिंह | ए इन्फ्रास्ट्रक्चर लिमिटेड |
| 6 | श्री के के मोदी | मोडटेक्स टेक्सटराइजर्स प्रा लि |
| 7 | श्री एस एल पोखरना | राजस्थान कॉमर्शियल कॉर्पोरेशन |
| 8 | श्री रामगोपाल अग्रवाल | फर्नीचर हाउस |
| 9 | श्री वी के मानसिंगका | |



दिनांक 27.07.2017 को राजस्थान पुलिस के महानिदेशक श्री मनोज भट्ट का अभिनन्दन करते हुए
पूर्वाध्यक्ष श्री आर पी सोनी, श्री आर एल नौलखा, श्री एस एन मोदानी।



12 जुलाई 2017 को संगम उद्योग समूह द्वारा शहर को हरा-भरा बनाने के लिए निःशुल्क एक लाख पौध वितरण के कार्यक्रम का शुभारम्भ करते हुए जिला कलक्टर श्री मुक्तानन्द अग्रवाल।



26 जुलाई 2017 को माननीय सांसद श्री सुभाष बहेडिया की नई दिल्ली में माननीय रेलमंत्री श्री सुरेश प्रभु से मुलाकात।



दिनांक 29.07.2017 को रीको लिमिटेड की प्रबन्ध निदेशक श्रीमती मुग्धा सिन्हा का स्वागत करते हुए चेम्बर अध्यक्ष श्री दिनेश नौलखा, पूर्वाध्यक्ष श्री एस एन मोदानी, मानद महासचिव श्री आर के जैन।



दिनांक 29.07.2017 को कार्यकारी समिति की बैठक।

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