



GST updates

Date: 1 February 2019

Issues: Amendments to CGST Rules, 2017 (effective from 1 February 2019)

Residuary composition tax rate extended to services.

Entry 3 in table to Rule 7 specifies a composition CGST rate of 2.5% applicable on turnover of taxable intra-State supplies of goods. This is now extended to services as well.

Amendment to provisions for revised invoice (issued between the effective date of registration till the date of issuance of certificate).

For revised invoices, nature of document, value of taxable supply, rate of tax and the amount of the tax credited / debited to the recipient may not be specified.

Rule inserted for issuance of debit notes / credit notes.

A new Rule has been inserted specifying details to be mentioned on debit notes / credit notes. The details to be mentioned remain the same as specified earlier.

Exclusion of value of taxes paid on interstate sale / purchase for determining reversal of input credit.

Amendments have been made to Rules 42 and 43. While determining the value of exempt turnover and total turnover, taxes on interstate sale / purchase of goods (other than newspapers) shall not be considered. Such taxes should include IGST and Central Sales Tax. This amendment should have a positive impact on credit availment.

In addition, supply of services (against INR) having places of supply in Nepal or Bhutan would not be considered in the computation of exempt turnover. This amendment should also have a positive impact on credit availment.

Amendment to rule regarding export under Letter of Undertaking.

Rule 96A has been retitled as 'Export of goods or services under bond or Letter of Undertaking'.

In addition, suppliers receiving INR for exports, wherever permitted by RBI, would also be required to pay interest, if such amounts are not received within one year from the invoice date. Earlier, interest was applicable only on foreign currency receipts after one year from invoice date.

Refund applications for supplies to SEZ unit / developer.

An assessee filing a refund application, in relation to supplies to SEZ unit / developer, is now required to submit a declaration that GST on such supplies has not been collected from the SEZ unit / developer. Earlier, the declaration was required to state that the SEZ unit / developer has not availed credit of the GST paid by the supplier.



Amendment regarding provisional refund and final refund.

The amendment states that a provisional refund order issued in Form GST RFD-04 is not required to be revalidated by the proper officer. This should assist in faster processing of claims.

However, in case the amount of provisional refund is not disbursed within the same financial year as the provisional refund order, the proper officer is required to revalidate the payment advice issued in Form GST RFD-05.

In case where the final refund order has been issued in Form GST RFD-06, the same should not be revalidated by the proper officer.

Omission of provision for separate registration of SEZ unit / developer as a business vertical.

First proviso to Rule 8 of CGST Rules, 2017, regarding separate registration of SEZ unit / developer as a 'business vertical distinct from other units' has been omitted. This has been done to bring the Rules in line with the CGST Act, 2017, as the definition of 'business vertical' has been omitted. A new proviso has been inserted in the said Act stating that SEZ unit / developer is required to obtain a separate registration.

Substitution of Rule 11 regarding separate registration for multiple units in a State.

The substitution has been made to bring the CGST Rules in line with the CGST Act. The earlier Rule provided reference to registration for separate 'business vertical' in a State, which has now been omitted from the CGST Act. The new Rule provides for voluntary registration of separate units / offices in a State.

Rule inserted for suspension of registration upon submission for application for cancellation.

The new Rule provides for suspension of registration upon submission of application for surrender / cancellation of registration by the supplier. Till such time the registration is not cancelled, the assessee would not be permitted to make any taxable supply.

Insertion of new rule for transfer of credit to units separately registered in a State.

The new Rule provides that if an assessee has obtained separate registrations in a State for each of the units, he would be permitted to transfer the unutilized credit to such separate registrations. Transfer of such credit should be in the ratio of the value of assets held by the units at the time of registration. 'Value of assets' should be the value of the entire assets of the business whether or not input tax credit has been availed.

Filing of Annual return not applicable to some entities.

Rule 80 has been amended to bring it in line with Section 35(5) of the CGST Act. The said Rule has been amended to state that Central Government, State Government and local authorities whose accounts are audited by the Comptroller Auditor General or appointed auditor, should not be required to file annual returns.

Chapter II heading substituted.

Heading for Chapter II has been substituted as 'Composition Levy'. It earlier read as 'Composition Rules'.