

**Recent Changes made in GST Law**

37<sup>th</sup> Council meeting was held on 20.09.2019 in Goa, following decisions have been taken: -

Please note, that the effective date of applicability of all the following amendments in rates shall be 1.10.2019 and will be applicable for both intra as well inter-state transactions wherever applicable.

**I. Changes in GST Rate applicable on Certain services**

Rates for certain services have been restructured as under:

**1. Hospitality Industry**

A. Rates for hotel accommodation have been reduced as under:

Room Rate per day	Old Rate	New Rates
Rs. 1000 and Less	Nil	Nil
Rs. 1001 to 7500	18%	12%
Rs. 7501 or more	28%	18%

**B. Outdoor Catering**

Rates for Catering industry has been restructured as under:

Type	Old Rate		New Rates	
	Room rate is below 7501	Room Rate is above 7500	Room rate is below 7501	Room Rate is above 7500
Outdoor Catering in a hotel where	18% with ITC	18% with ITC	5% without ITC	18% with ITC

In case Outdoor catering service is supplied at a premises other than a hotel then from 1.10.2019 it will be taxed @ 5% without ITC. This is currently taxed at 18% with GST. A long pending demand of the catering industry has thus been agreed to. As per the press release issued after the council meeting, Rate of 5% without ITC is

**mandatory in nature and supplier will not have any option of choosing to go with rate of 18% with ITC.**

### **2. Jobwork Services**

Supply of job work services in relation to diamonds which was taxable at 5% will now be taxable at 1.5%

Supply of machine job work such as for engineering industry which was taxable at 18% will now be taxable at 12%

There is no change in rates for Supply of job work in relation to bus body building, it would continue to be taxed at 18%.

### **3. Warehousing**

Services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, rice, coffee and tea will be exempted from 1.10.2019

### **4. Transportation**

Increase the validity of conditional exemption of GST on export freight by air or sea by another year, i.e. till 30.09.2020

## **II. Changes for Auto Industry and other miscellaneous changes in rates**

- 1. Dreded circular 105/2019 dt 28.06.2019 which confused GST treatment on post sales discounts has been withdrawn ab-initio, apart from auto industry this circular was applicable all business which run on distributor/franchisee model. It's a good step to withdraw this circular.**
- 2. Currently Cars of engine capacity 1500 cc (diesel), 1200 cc (Petrol) and length not exceeding 4000mm designed for carrying upto 9 persons is taxed at Compensation Cess of 1% for petrol and 3% for diesel vehicle.**

Council recommended same compensation cess rate for vehicles having these specifications (length and engine capacity) but designed for carrying more than 10 persons but upto 13 persons. (Presently these vehicles attract cess at the rate of 15%)

3. **No other change in rates has been announced for auto industry, other than one discussed above**
4. Rates for Caffeinated Beverages have been increased to 40% (GST 28% + 12% Cess)
5. Aerated drink manufacturers will now not be allowed to avail composition scheme
6. Almond Milk is clarified to be taxed at 18%
7. Several Goods and Services have been identified for rationalisation of GST Rates. We shall share the details once notification are issued for this.

### III. Procedural Changes

1. Composition Scheme Taxpayers will not be required to file Annual Return GSTR 9A for 2 years being FY 2017-18 & 2018-19
2. Filing of GSTR 9 (Annual Return) made optional for Taxpayers having turnover upto 2 crores for 2 years being FY 2017-18 & 2018-19
3. Committee will be set up to simplify formats of Annual Return (GSTR 9 and 9A) and GST Reconciliation (GSTR 9C)
4. Extension of last date for filing of appeals against orders of Appellate Authority before the GST Appellate Tribunal as the Appellate Tribunals are yet not functional.
5. Restrictions on availing ITC will be notified in case the supplier do not file GSTR 1 (statement of outward supplies)
6. Integrated refund system with disbursal by single authority to be introduced from 24<sup>th</sup> September, 2019. This will do away with the hassle of approaching 2 authorities for refunds.
7. New return system which was going to be made applicable from October 2019 will now be introduced from April 2020, hence current system of filing GSTR 3B and GSTR 1 will continue till March 2020.
8. Aadhar shall be linked with registration of taxpayers.
9. **In order to tackle the menace of fake invoices and fraudulent refunds, in principle decision has been taken to prescribe reasonable restrictions on passing of credit by risky taxpayers including risky new taxpayers. Details of what this means are awaited.**

*Formulated by:*

*N J Jain & Associates*

**Chartered Accountants**

**CA Nitesh Jain**

Managing Partner

**CA Gaurav Khetan**

Partner

**CA Praveen Maheshwari**

Partner

**CA Jay Dalwadi**

Partner

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