

GST Regime - Recent Developments

After implementation of Goods and Services Tax (GST), the Government continues to make necessary changes and tweaks in key areas to ease the pain of taxpayers. Some key changes and updates are summarised below.

Exporters advised to file Table 6A and GSTR 3B for processing of IGST Refund and for Refund of the unutilized Input Tax Credit

The Government has clarified that the quantum of IGST refund claims as filed through Shipping Bills during the period July to October 2017, is approximately Rs. 6,500 crore and the quantum of refund of unutilized credit on inputs or input services, as per the RFD 01A applications filed on GSTN portal, is to the tune of Rs. 30 crore.

The Government has advised the exporters to immediately file the following forms/details to expedite refunds:

- a) Table 6A and GSTR 3B, if not already done, for processing of IGST refund;
- b) RFD 01A on GSTN portal for refund of the unutilized input tax credit on inputs or input services used in making exports and
- c) GSTR 1 for August, 2017 for amending details provided in July GSTR 1 wherever required.

Government appoints Shri B.N. Sharma as Chairman of the National Anti-profiteering Authority under GST

In an immediate follow up action of last week's Cabinet approval for creation of the posts of Chairman and Technical Members of the National Anti-profiteering Authority under GST, the Government issued orders appointing senior IAS officer Shri B.N. Sharma, as the first Chairman of this apex Authority in the rank of Secretary to Government of India.

Shri B.N. Sharma would be assisted by four senior officials of the rank of Joint Secretary and above, who have been appointed as Technical Members in the Authority. These officials are Shri J.C. Chauhan, Chairman Tax Tribunal, Himachal Pradesh; Shri Bijay Kumar, Principal Commissioner GST, Kolkata; Shri C.L. Mahar, Principal Commissioner GST, Meerut; and Ms. R. Bhagyadevi, ADG, Systems, Chennai.

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The Authority has been set up for a two-year period, which would begin from the date Shri B.N. Sharma assumes charge as Chairman. The Authority is mandated to ensure that the benefits of input credit and the reduction in GST rates on specified goods or services are passed on to the consumers by way of a commensurate reduction in prices. With the Chairman and Technical Members now having been appointed, the Authority becomes functional thereby reassuring consumers of Governments' commitment that GST would result in lower prices of goods and services.

Refund of Excess Balance in Electronic Cash Ledger

Due to non-availability of any mechanism for claiming refund of excess amount deposited in the electronic cash ledger, taxpayers were facing working capital constraints as they had to deposit additional tax if they made payment under wrong head of GST for e.g. Central GST (CGST) instead of Integrated GST (IGST).

As per the legal provisions of GST, the excess balance in electronic cash balance cannot be utilised against any other head. For example, the excess balance paid for CGST cannot be utilised against the liability of IGST.

Taxpayers can now claim refund of the excess balance deposited in the electronic cash ledger on the GST portal by filing RFD 01 online. This comes as a welcome relief as many taxpayers were facing this issue.

Manual Filing of Refund Claims and Application for Advance Ruling Prescribed

The Government has allowed exporters to manually file before tax officers, claims for GST refunds as it looks to fast-track clearance of dues to ease liquidity stress faced by them. Now exporters of services who paid IGST and those making zero rated supplies to SEZ units as well as those merchant exporters who want to claim refunds for input credit can approach their jurisdictional commissioner with their refund form.

The CBEC had last month started refunds for exporters of goods who have paid Integrated GST (IGST) and have claimed refund based on shipping bill by filling up Table 6A.

Now businesses making zero rated supplies or those who have paid IGST on exports or want to claim input credit will have to fill and take a print out of Form RFD 01A and approach the jurisdictional officer for refund claim. The provisional refund would be sanctioned by the tax officer within seven days.

The Government has also prescribed manual filing of application for advance ruling. GST authorities were challenged before the Courts in multiple writs filed in High Courts because of the delay in availability of mechanism for obtaining advance ruling.

Rs 83,346 crores collected under GST for the month of October 2017

A sum of Rs 83,346 crores has been collected as Total Revenue Collection under GST for the month of October, received in November till 27th November 2017. 95.9 lakh taxpayers have been registered under GST so far, of which 15.1 lakh are composition dealers who are required to file returns every quarter. 50.1 lakh returns have been filed for the month of October till 26th November 2017.

The reason for downward trend of tax revenue under GST could be attributed to the following factors :

- Because of the first time requirement of paying IGST on transfer of goods from one state to another state even within the same company, there was an additional cash flow of IGST in the first 3 months. As and when the final transaction of these goods takes place, the credit for IGST is being utilized for payment of SGST and CGST and therefore, the inflow of new taxes is low.
- Since the overall incidence of taxes on most of the commodities have come down under GST, it would naturally have some implication on the revenues of the Government.
- The tax administration of GST is now based on self-declared Tax Return, in which the assessee decides on his own how much tax liability he has and claims input tax credit as per his own calculations. Since implementation of some of the main features of GST such as, matching of returns, e-way bill as well as reverse charge mechanism have been postponed the tax compliance may not be up to the mark.

The total number of GSTR 3B returns filed for the return period July, August, September and October 2017 till 26th November is 58.7 lakh, 58.9 lakh, 57.3 lakh and 50.1 lakh respectively.

Transfer/sale of warehoused goods liable to IGST and Customs duty payable at ex-bonding

CBEC has clarified that transfer/sale of warehoused goods by importer to any other person falls within definition of “supply” as per Section 7 of CGST Act, taxable in terms of Section 9 of CGST Act r/w Section 20 of IGST Act.

Since any supply of imported goods which takes place before they cross customs frontier of India shall be treated as an ‘inter-state’ supply u/s 7(2) of IGST Act, such transaction of sale/transfer will be subject to IGST. Value of such supply shall be determined in terms of Section 15 of CGST Act r/w Section 20 of IGST Act and rules thereunder.

However, so long as such goods remain deposited in warehouse the customs duty to be collected shall be deferred. It is only when such goods are ex-bonded u/s 68 of Customs Act that same shall be collected at the value as had been determined u/s 14 of Customs Act in addition to IGST leviable on transfer/sale.

The information contained in this newsletter is solely intended to provide general guidance on matters of interest. Nothing herein constitutes professional or legal advice, nor does any information herein constitute a comprehensive or complete statement of the issues discussed. It is recommended that you seek a professional advice to confirm your understanding on the issues dealt above.