

GST NEWSLETTER OCTOBER 2019

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ARTICLES

CHANGES IN GST FROM 1ST OCTOBER 2019

The 37th GST council meeting held on 20th September, 2019 was, in the recent past, a much-awaited council meeting and on its conclusion was met with praise and euphemism for its decisions. The GST council meeting was crucial to all the taxpayers regarding compliance related issues, to hotel and food industry; to manufacturers of certain goods; to service providers in warehousing, pharma and freight industries and to service recipients of authors, musicians and cab services.

What has changed and when will the changes come into effect?

The most important change that brought cheers to taxpayers was the exclusion of taxpayers with up to Rs. 2 crore turnovers and composition dealers from filing GSTR 9 and 9A respectively. Further, the GST council also deferred the date of implementation of new returns from October 2019 to April 2020. The GST council has also announced withdrawal of its Circular regarding post-sales discount dated 28.06.2019. The GST council has also announced that in case risky taxpayers, both old and new, restrictions will be placed for claim of ITC by the customers of such risky taxpayers. These restrictions will also extend to taxpayers who have not filed their GST returns in time.

The following table emphasis some of the important changes which will be effective from **1st October, 2019**.

Job work Service		
Particulars	Present rate	New rate
Job work in relation to Diamonds	5%	1.5%
Machine Job work (e.g. Engineering industry) (Except bus body building services, which will remain at 18%)	18%	12%

Hotel Accommodation Service		
Particulars	Present rate	New rate
Room Rent up to Rs. 1000/day	Nil	Nil
Room Rent between Rs. 1000 to Rs. 2500	12%	12%
Room Rent between Rs. 2501 to Rs. 7500	18%	12%
More than Rs. 7500	28%	18%

Outdoor Catering		
Particulars	Present rate	New rate
Hotel having Room Rent up to Rs. 7500	18% (with ITC)	5% (without ITC)
Hotel having Room Rent more than Rs. 7500	18% (with ITC)	18% (with ITC)

No	Changes in goods rates	Present rate	New rate
1	Parts of slide fasteners	18%	12%
2	Marine Fuel 0.5% (FO)	18%	5%
3	Wet Grinders (consisting stone as a grinder)	12%	5%
4	Dried tamarind	5%	Nil
5	Plates and cups made up of leaves/ flowers/bark		
6	Cut and polished semi- precious stones	3%	0.25%
7	Specified Goods for petroleum operations undertaken under Hydrocarbon Exploration Licensing Policy (HELP)	Different rates	5%
8	On goods, falling under chapter 86 of tariff like railway wagons, coaches, rolling stock (without refund of accumulated ITC). This is to address the concern of ITC accumulation with suppliers of these goods	5%	12%

9	On caffeinated Beverages		18%	28% + 12% cess
10	Polypropylene/Polyethylene Woven and Non- Woven Bags and sacks, whether or not laminated, of a kind used for packing of goods (HSN 63059000)	Sale value up to Rs. 1000	5%	12%
		Sale value more than Rs. 1000	12%	
11	PP Non-woven Bags', specifically made from non-woven Polypropylene fabric (HSN 392329)		18%	12%

Export Promotion	
1. R&D services by Indian pharma companies to foreign recipients is zero-rated supply.	2. R&D Services on chip design software based on sample test kits provided by Indian companies to foreign clients is zero-rated supply.

Exemptions	
1. Intermediary services are exempted if both the supplier and recipient of goods are located outside India	3. Exemption for "BANGLA SHASYA BIMA" (BSB) crop insurance scheme of West Bengal Government.
2. Storage or warehousing services are exempt for 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	4. Life insurance provided or agreed to be provided to the Central Armed Paramilitary Forces members are exempt
	5. Services related to FIFA Under-17 Women's World Cup 2020 are exempt
	6. Conditional exemption of GST on export freight by air or sea is extended till 30.09.2020

Reverse Charge Mechanism	
1. Services by a music photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright relating to original dramatic, musical or artistic works to a music company, producer or the like.	1. Services provided by way of renting of a motor vehicle provided to a body corporate.
2. RCM payable by Music company, producer	2. The person providing the service must be a non-body corporate and must be charging 5% GST.
	3. RCM payable by body corporate who is receiving the services.
1. Services by an author by way of transfer or permitting the use or enjoyment of a copyright relating to original literary works to a publisher	1. Services of lending of securities under Securities Lending Scheme, 1997 ("Scheme") of Securities and Exchange Board of India ("SEBI"), as amended.
2. RCM payable by Publisher	2. RCM payable by the borrower of the securities.
3. However, author may choose to pay GST under forward charge, at his option, if registered under GST.	

Miscellaneous Changes	
1. Aerated drink manufacturers shall be excluded from composition scheme	2. Restriction on refund of compensation cess on tobacco products (in case of inverted duty structure)
Other Clarifications	
1. Mere heating of leguminous vegetables (gram/lentil) for removing moisture, or to soften and puff it or removing the skin, and not subjecting to any other processing or addition of any other ingredients (salt, oil etc.) would be classified under HS code 0713.	4. Exclusive parts and accessories suitable for use solely or principally with a medical device (falling under headings 9018, 9019, 9021 or 9022) would fall in respective headings and attract GST at the concessional rate of 12%.
2. All "mechanical sprayers" falling under HS Code 8424 would attract 12% GST	5. Almond milk is classifiable under HS code 22029990 and attracts GST rate of 18%.
3. Parts like Solar Evacuation tubes for solar power-based devices like solar water heater, solar steam, generation systems, would be eligible to 5% GST rate	6. Imported stores for Navy would be entitled to exemption from IGST.

Conclusion:

It seems that the GST council has recognised and understood the various issues that is ailing the taxpayers and has decided to take positive action on them. The GST council's decisions have brought relief to almost every segment of taxpayers, both big and small. These decisions were needed due to the fact that GST collections have been falling month-on-month since April 2019 and the collections in September 2019 has reached a 19-month low since the implementation of GST.

NOTIFICATIONS AND CIRCULARS FOR THE MONTH OF SEPTEMBER 2019

- **Two Central Tax Notification.**
- **Twelve Central Tax Rate Notification.**
- **One Integrated Tax Notification.**
- **Eleven Integrated Tax Rate Notification.**
- **Twelve Union Tax Rate Notification.**
- **Two Compensation Cess Rate Notification.**

Sl. No	Subject	Notifications/Circulars No. Date of Issue
1.	Seeks to amend notification No 14/2019- Central Tax dated 7.3.2019 so as to exclude manufacturers of aerated waters from the purview of composition scheme.	43/2019-Central Tax, dt. 30-09-2019
2.	Seeks to bring rules 10, 11, 12 and 26 of the CGST (Fourth Amendment) Rules, 2019 in to force.	42/2019-Central Tax, dt. 24-09-2019
3.	Seeks to notify the grant of alcoholic liquor licence neither a supply of goods nor a supply of service as per Section 7(2) of CGST Act, 2017.	25/2019-Central Tax (Rate), dt. 30-09-2019
4.	Seeks to amend notification No. 7/2019 - Central Tax (Rate), dated the 29th March, 2019 by amending the entry related to cement.	24/2019-Central Tax (Rate), dt. 30-09-2019
5.	Seeks to amend notification No. 4/2018 - Central Tax (Rate), dated the 25th January, 2018, by adding an explanation on the applicability of provisions related to supply of development rights.	23/2019-Central Tax (Rate), dt. 30-09-2019
6.	Seeks to amend notification No. 13/2017- Central Tax (Rate) so as to notify services under reverse charge mechanism (RCM) as recommended by GST Council in its 37th meeting held on 20.09.2019.	22/2019-Central Tax (Rate), dt. 30-09-2019
7.	Seeks to amend notification No. 12/2017- Central Tax (Rate) to exempt services as recommended by GST Council in its 37th meeting held on 20.09.2019	21/2019-Central Tax (Rate), dt. 30-09-2019
8.	Seeks to amend notification No. 11/2017- Central Tax (Rate) so as to notify CGST rates of various services as recommended by GST Council in its 37th meeting held on 20.09.2019.	20/2019-Central Tax (Rate), dt. 30-09-2019
9.	Seeks to exempt supply of goods for specified projects under FAO.	19/2019-Central Tax (Rate), dt. 30-09-2019
10.	Seeks to amend notification No 2/2019- Central Tax (Rate) dated 7.3.2019 so as to exclude manufacturers of aerated waters from the purview of composition scheme.	18/2019-Central Tax (Rate), dt. 30-09-2019
11.	Seeks to amend notification No 26/2018- Central Tax (Rate) dated 31.12.2018, so as to exempt CGST on supplies of silver and platinum by nominated agencies to registered persons.	17/2019-Central Tax (Rate), dt. 30-09-2019

12.	Seeks to amend notification No 3/2017- Central Tax (Rate) dated 28.6.2017 so as to extend concessional CGST rates to specified projects under HELP/OALP, and other changes.	16/2019-Central Tax (Rate), dt. 30-09-2019
13.	Seeks to amend notification No 2/2017- Central Tax (Rate) dated 28.6.2017 so as to grant exemption to dried tamarind and cups, plates made of leaves, bark and flowers of plants.	15/2019-Central Tax (Rate), dt. 30-09-2019
14.	Seeks to amend notification No 1/2017- Central Tax (Rate) dated 28.6.2017 so as to specify effective CGST rates for specified goods, to give effect to the recommendations of the GST Council in its 37th meeting dated 20.09.2019.	14/2019-Central Tax (Rate), dt. 30-09-2019
15	Seeks to notify the place of supply of R&D services related to pharmaceutical sector as per Section 13(13) of IGST Act, as recommended by GST Council in its 37th meeting held on 20.09.2019.	04/2019-Integrated Tax, dt. 30-09-2019
16.	Seeks to notify the grant of alcoholic liquor licence neither a supply of goods nor a supply of service as per Section 20(i) of IGST Act read with Section 7(2) of CGST Act.	24/2019-Integrated Tax (Rate), dt. 30-09-2019
17.	Seeks to amend notification No. 07/2019 - Integrated Tax (Rate), dated the 29th March, 2019 by amending the entry related to cement.	23/2019-Integrated Tax (Rate), dt. 30-09-2019
18.	Seeks to amend notification No. 04/2018 - Integrated Tax (Rate), dated the 25th January, 2018, by adding an explanation on the applicability of provisions related to supply of development rights.	22/2019-Integrated Tax (Rate), dt. 30-09-2019
19.	Seeks to amend notification No. 10/2017- Integrated Tax (Rate) so as to notify certain services under reverse charge mechanism (RCM) as recommended by GST Council in its 37th meeting held on 20.09.2019.	21/2019-Integrated Tax (Rate), dt. 30-09-2019
20.	Seeks to amend notification No. 09/2017- Integrated Tax (Rate) so as to exempt certain services as recommended by GST Council in its 37th meeting held on 20.09.2019.	20/2019-Integrated Tax (Rate), dt. 30-09-2019
21.	Seeks to amend notification No. 08/2017- Integrated Tax (Rate) so as to notify GST rates of various services as recommended by GST Council in its 37th meeting held on 20.09.2019.	19/2019-Integrated Tax (Rate), dt. 30-09-2019
22.	Seeks to exempt supply of goods for specified projects under FAO.	18/2019-Integrated Tax (Rate), dt. 30-09-2019
23.	Seeks to amend notification No 27/2018- Integrated Tax (Rate) dated 31.12.2018 so as to exempt IGST on supplies of silver and platinum by nominated agencies to registered persons.	17/2019-Integrated Tax (Rate), dt. 30-09-2019
24.	Seeks to amend notification No 3/2017- Integrated Tax (Rate) dated 28.6.2017 so as to extend concessional IGST rates to specified projects under HELP/OALP, and other changes.	16/2019-Integrated Tax (Rate), dt. 30-09-2019
25.	Seeks to amend notification No 2/2017- Integrated Tax (Rate) dated 28.6.2017 to grant exemption to dried tamarind and cups, plates made of leaves, bark and flowers of plants.	15/2019-Integrated Tax (Rate), dt. 30-09-2019

26.	Seeks to amend notification No 1/2017- Integrated Tax dated 28.6.2017 so as to specify effective IGST rates for specified goods, to give effect to the recommendations of the GST Council in its 37th meeting dated 20.09.2019.	14/2019-Integrated Tax (Rate), dt. 30-09-2019
27.	Seeks to notify the grant of alcoholic liquor licence neither a supply of goods nor a supply of service as per Section 21(i) of UTGST Act read with Section 7(2) of CGST Act, 2017.	25/2019-Union Territory tax(rate), dt. 30-09-2019
28.	Seeks to amend notification No. 07/2019 - Union Territory Tax (Rate), dated the 29th March, 2019 by amending the entry related to cement.	24/2019-Union Territory tax(rate), dt. 30-09-2019
29.	Seeks to amend notification No. 04/2018 - Union Territory Tax (Rate), dated the 25th January, 2018, by adding an explanation on the applicability of provisions related to supply of development rights.	23/2019-Union Territory tax(rate), dt. 30-09-2019
30.	Seeks to amend notification No. 13/2017- Union Territory Tax (Rate) so as to notify certain services under reverse charge mechanism (RCM) as recommended by GST Council in its 37th meeting held on 20.09.2019.	22/2019-Union Territory tax(rate), dt. 30-09-2019
31.	Seeks to amend notification No. 12/2017- Union Territory Tax (Rate) so as to exempt certain services as recommended by GST Council in its 37th meeting held on 20.09.2019.	21/2019-Union Territory tax(rate), dt. 30-09-2019
32.	Seeks to amend notification No. 11/2017- Union Territory Tax (Rate) so as to notify GST rates of certain services as recommended by GST Council in its 37th meeting held on 20.09.2019.	20/2019-Union Territory tax(rate), dt. 30-09-2019
33.	Seeks to exempt supply of goods for specified projects under FAO	19/2019-Union Territory tax(rate), dt. 30-09-2019
34.	Seeks to amend notification No 2/2019- Union territory Tax (Rate) dated 7.3.2019 so as to exclude manufacturers of aerated waters from the purview of composition scheme.	18/2019-Union Territory tax(rate), dt. 30-09-2019
35.	Seeks to amend notification No 26/2018- Union territory Tax (Rate) dated 31.12.2018 so as to exempt UTGST on supplies of silver and platinum by nominated agencies to registered persons.	17/2019-Union Territory tax(rate), dt. 30-09-2019
36.	Seeks to amend notification No 3/2017- Union territory Tax (Rate) dated 28.6.2017 so as to extend concessional UTGST rates to specified projects under HELP/OALP, and other changes.	16/2019-Union Territory tax(rate), dt. 30-09-2019
37.	Seeks to amend notification No 2/2017- Union territory Tax (Rate) dated 28.6.2017 so as to grant exemption to dried tamarind and cups, plates made of leaves, bark and flowers of plants.	15/2019-Union Territory tax(rate), dt. 30-09-2019
38.	Seeks to amend notification No 1/2017- Union territory Tax (Rate) dated 28.6.2017 so as to specify effective UTGST rates for specified goods, to give effect to the recommendations of the GST Council in its 37th meeting dated 20.09.2019.	14/2019-Union Territory tax(rate), dt. 30-09-2019
39.	Seeks to disallow the refund of compensation cess in case of inverted duty structure for tobacco and manufactured tobacco substitutes.	03/2019-Compensation Cess (Rate), dt. 30-09-2019
40.	Seeks to amend notification No. 1/2017-Compensation Cess (Rate), dated 28.6.2017 on the recommendations of the GST Council in its 37th meeting dated 20.09.2019.	02/2019-Compensation Cess (Rate), dt. 30-09-2019

DUE DATES OF GST FOR THE MONTH OF OCTOBER 2019

OCTOBER 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	5
6	7	8	9	10 *GSTR-7 & GSTR-8	11 *GSTR-1	12
13	14	15	16	17	18	19
20 *GSTR-3B/5/5A	21	22	23	24	25	26
27	28	29	30	31 *GSTR-1		

* Monthly return for taxpayers with Annual Turnover more than Rs.1.50 Crores or Taxpayer who has opted Monthly return option.

* Monthly return for taxpayers with Annual Turnover less than Rs.1.50 Crores or Taxpayer who has opted Quarterly return option.

Disclaimer:

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