

ॐ सह नाववतु ।
सह नौ भुनक्तु ।
सह वीर्यं करवावहै ।
तेजस्वि नावधीतमस्तु मा विद्विषावहै ।
ॐ शान्तिः शान्तिः शान्तिः ॥

Om, May God Protect us Both (the Teacher and
the students),

May God Nourish us Both,

May we Work Together with Energy and Vigour,
May our Study be Enlightening and not give rise
to Hostility,

Om, Peace, Peace, Peace.

UPDATES UNDER GST ACT- CA – PREETAM BATRA



PRINCIPLES OF PROFESSIONALISM

- **If you think compliance is expensive try non-compliance**

NOTIFICATIONS – CIRCULARS - ORDERS

- **Notification** – Section 2(80) *“notification” means a notification published in the Official Gazette and the expressions “notify” and “notified” shall be construed accordingly;*
- 2(87) *“prescribed” means prescribed by rules made under this Act on the recommendations of the Council;*
- Thus wherever the words Notification, notify or notified are used in the Act – in relevance to those provisions notifications may be issued.
- Further wherever the words prescribed is used in the Act, rules may be issued and they are generally issued by way of notification.

NOTIFICATIONS – CIRCULARS - ORDERS

- **Circulars** – *It is in the nature of clarification in interpretation of certain provisions etc. There will no enabling provision to issue circular in the Act. However it must be in line with the law.*
- Out of 30 circulars issued till date – 18 are clarifacatory in nature. However there are few circulars which are issued to prescribe the procedures like –
 - 07/07/2017 & 26/26/2017 – relating to Returns
 - 17/17/2017;18/18/2017 & 24/24/2017 – relating to Refunds
 - 23/23/2017 – relating to Books of Accounts
 - 25/25/2017 – relating to Advance ruling

NOTIFICATIONS – CIRCULARS - ORDERS

- Orders – Section 11, 168, 172
- Section 11(2) –
- Where the Government is satisfied that
- it is necessary in the public interest so to do,
- it may, on the recommendations of the Council,
- by special order in each case, under circumstances of an exceptional nature to be stated in such order,
- exempt from payment of tax any goods or services or both on which tax is leviable

- Section 168 - The Board may, if it considers it necessary or expedient so to do
- for the purpose of uniformity in the implementation of this Act,
- issue such orders,
- instructions or
- directions to the central tax officers
- as it may deem fit, and thereupon all such officers and all other persons employed in the implementation of this Act shall observe and follow such orders, instructions or directions.

EFFECTIVE DATE OF NOTIFICATIONS

- If specified – then as specified
- Else Date of Notification

AMENDMENTS

CHANGES MADE IN VARIOUS SECTIONS.

GST

DEFINATIONS

REGISTRATIONS

APPEAL

SUPPLY

GST AUDIT

JOB WORK

SCHEDULES

GST RETURNS

DISTINCT WORK

COMPOSITION
LEVY

ITC UTILISATIONS

RCM

REFUND

INPUT TAX CREDIT

TRANSITIONAL
CREDIT

EXPORT

PRINCIPLES OF PROFESSIONALISM

**“ When you learn how much
you’re worth,
You’ll stop giving people
discounts”**

DEFINATIONS

- **BUSINESS**

Sec 2(17)(h) “business” includes—

services provided by activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club; and

- **BUSINESS VERTICAL**

Definition of Business Vertical is omitted

- Now law allows GST multiple registration for multiple place of business within one state. Therefore, definition of business vertical is removed, as it is not required now

SCHEDULE I AND II

- **SCHEDULE I**

Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

- **SCHEDULE II**

Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into the taxable territory.

8 (a) Supply of warehoused goods to any person before clearance for home consumption.

(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.

Explanation.- For the purposes of this clause, the expression “warehoused goods” shall have the meaning as assigned to it in the Customs Act, 1962 .

PRINCIPLES OF PROFESSIONALISM

“ Quality is not an act, it is a Habit ”

COMPOSITION

LEVY

- THE LIMIT IS BEING RAISED FROM RS. 1 CRORE TO RS. 1.5 CRORES.
- A REGISTERED PERSON CAN OPT FOR THE SCHEME EVEN IF THEY SUPPLY SERVICES OF VALUE NOT EXCEEDING 10% OF THE TURNOVER IN THE PRECEDING FINANCIAL YEAR IN A STATE/UNION TERRITORY OR RS. 5 LAKHS, WHICHEVER IS HIGHER

PRINCIPLES OF PROFESSIONALISM

“ The Purpose of a business is to create a customer who creates customers. ”

ITC

UTILIZATION



- ITC UTILIZATION METHOD BEFORE AMENDMENT:**

Credit of CGST
can be utilised
for:
CGST LIABILITY
IGST LIABILITY

credit of SGST
can be utilised
for:
SGST LIABILITY
IGST LIABILITY

Credit of IGST can
be utilised
for:
IGST LIABILITY
CGST LIABILITY
SGST LIABILITY
UTGST LIABILITY

Credit of UTGST
can be utilised
for:
UTGST LIABILITY
IGST LIABILITY

- ITC UTILISATION METHOD AFTER AMENDMENT:**

First use IGST credit
Fully as per given below

Then use CGST credit fully as per
given below

Then use SGST/UTGST credit as per
Given below

Credit of IGST can be
utilised for:
IGST LIABILITY
CGST LIABILITY
SGST LIABILITY
UTGST LIABILITY

Credit of CGST
can be utilised
for:
CGST LIABILITY
IGST LIABILITY

Credit of SGST
can be utilised
for:
SGST LIABILITY
IGST LIABILITY

Credit of UTGST
can be utilised
for:
UTGST LIABILITY
IGST LIABILITY

MONTH	1	2
INPUT -- IGST	7000	10000
CGST	4000	5000
SGST	4000	5000
OUTPUT -- IGST	-	-
CGST	7000	9000
SGST	7000	9000

OLD RULE

CGST	0	0
SGST	0	0
IGST	1000	3000

NEW RULE

CGST	4000	9000
SGST	(3000)	(3000)
IGST	0	0

REMOVAL OF DIFFICULTIES ORDERS

REMOVAL OF DIFFICULTY ORDERS – ORDER NO.2

- In sub-section (4) of section 16 of the said Act, the following proviso shall be inserted, namely: -
- “Provided that the registered person shall be entitled to take input tax credit after the due date of furnishing of the return under section 39 for the month of September, 2018 till the due date of furnishing of the return under the said section for the month of March, 2019 in respect of any invoice or invoice relating to such debit note for supply of goods or services or both made during the financial year 2017-18, the details of which have been uploaded by the supplier under sub-section (1) of section 37 till the due date for furnishing the details under sub-section (1) of said section for the month of March, 2019.”.

REMOVAL OF DIFFICULTY ORDERS – ORDER NO. 2

- 3. In sub-section (3) of section 37 of the said Act, after the existing proviso, the following proviso shall be inserted, namely:
—
- “Provided further that the rectification of error or omission in respect of the details furnished under sub-section (1) shall be allowed after furnishing of the return under section 39 for the month of September, 2018 till the due date for furnishing the details under sub-section (1) for the month of March, 2019 or for the quarter January, 2019 to March, 2019.”.

REMOVAL OF DIFFICULTY ORDERS – ORDER NO. 3

- Due date for Annual Return extended to 30th June 2019

PRINCIPLES OF PROFESSIONALISM

- **When you learn how much you're worth,
You'll stop giving people discounts**

CIRCULARS

CGST CIRCULAR – 76 – FEW CLARIFICATIONS

- Whether the supply of used vehicles, seized and confiscated goods, old and used goods, waste and scrap by Government departments are taxable under GST?
- If sold to RP – Then RCM
- If sold to URP – Then the Govt Dept must register subject to 22 & 24 of CGST Act

CGST CIRCULAR - 76

- Whether penalty in accordance with section 73 (11) of the CGST Act should be levied in cases where the return in **FORM GSTR-3B** has been filed after the due date of filing such return?
- Penalty under the provisions of section 73(11) of the CGST Act is not payable in such cases.
- A general penalty under section 125 of the CGST Act may be imposed after following the due process of law

CGST CIRCULAR - 76

- In case a debit note is to be issued under section 142(2)(a) of the CGST Act or a credit note under section 142(2)(b) of the CGST Act, what will be the tax rate applicable – the rate in the pre-GST regime or the rate applicable under GST?
- The rate as per the provisions of the GST Acts (both CGST and SGST or IGST) would be applicable.

CGST CIRCULAR - 76

- Applicability of the provisions of section 51 of the CGST Act (TDS) in the context of notification No. 50/2018-Central Tax dated 13.09.2018.
- the provisions of section 51 of the CGST Act are applicable only to such authority or a board or any other body set up by an Act of parliament or a State legislature or established by any Government in which fifty one per cent. or more participation by way of equity or control is with the Government.

CGST CIRCULAR - 76

- What is the correct valuation methodology for ascertainment of GST on Tax collected at source (TCS) under the provisions of the Income Tax Act, 1961?
- It is clarified that as per the above provisions, taxable value for the purposes of GST shall include the TCS amount collected under the provisions of the Income Tax Act since the value to be paid to the supplier by the buyer is inclusive of the said TCS. (Section 15(2) – taxes under other Act)

CGST CIRCULAR - 76

- Who will be considered as the “owner of the goods” for the purposes of section 129(1) of the CGST Act?
- It is hereby clarified that if the invoice or any other specified document is accompanying the consignment of goods, then either the consignor or the consignee should be deemed to be the owner. If the invoice or any other specified document is not accompanying the consignment of goods, then in such cases, the proper officer should determine who should be declared as the owner of the goods.

PRINCIPLES OF PROFESSIONALISM

- **A Head full of fears has no space for Dreams**

NOTIFICATIONS

CT 74/2018 – CGST RULES

AMENDMENT

GST

- RFD 01 Substituted – Refund Forms
- Now
- (a) Excess balance in Electronic Cash Ledger
- (b) Exports of services- with payment of tax
- (c) Exports of goods / services- without payment of tax (accumulated ITC)
- (d) **On account of order**
- (e) ITC accumulated due to inverted tax structure [clause (ii) of first proviso to section 54(3)]
- (f) On account of supplies made to SEZ unit/ SEZ developer (with payment of tax)
- (g) On account of supplies made to SEZ unit/ SEZ developer(without payment of tax)
- (h) Recipient of deemed export supplies/ Supplier of deemed export supplies
- (i) **Tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued (tax paid on advance payment)**
- (j) **Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice versa(change of POS)**
- (k) **Excess payment of tax, if any**
- (l) **Any other (specify)**

LATE FEE WAIVERS

- CT – 75 – GSTR 1 Late fee waiver those who could not file within due date
(From July 2017 to September 2018) – Filed between Dec 22nd 2018 to March 31st 2019
- CT – 76 – GSTR 3B Late fee waiver those who could not file within due date
(From July 2017 to September 2018) – Filed between Dec 22nd 2018 to March 31st 2019
- CT – 77 – GSTR 4 Late fee waiver those who could not file within due date
(From July 2017 to September 2018) – Filed between Dec 22nd 2018 to March 31st 2019

IMPORTANT DUE DATES!!!

Type of Form	Period	Due Date	Exception
FORM ITC-04	July, 2017 to December, 2018	31-03-2019	NA
FORM GSTR-3B (For Newly Migrated Assesseees)	July, 2017 to February, 2019	31-03-2019	NA
FORM GSTR-1 (For Newly Migrated Assesseees)	July, 2017 to February, 2019	31-03-2019	NA
FORM GSTR-3B (Other than above)	a. July, 2017 to September 2018 b. December, 2018	20 th of the succeeding month 20 th of the succeeding month	Late Fee waived Late Fee applicable
FORM GSTR-1 (Other than above)	a. July, 2017 to September 2018 b. December, 2018 c. October 2018 to December 2018	a. 11 th of the succeeding month. b. 11 th of the succeeding month c. 31-01-2019	Late Fee waived Late Fee applicable Late Fee applicable

IMPORTANT DUE DATES!!!

Type of Form	Period	Due Date
FORM GSTR-7	October, 2018 to December, 2018	31-01-2019
FORM GSTR-10	Registration has been cancelled on or before 30th September, 2018	31-12-2018
FORM GST ITC -01	Registered persons who have filed the application in FORM GST-CMP-04 of the said rules between the 2 nd day of March, 2018 and the 31 st day of March, 2018	Period of 30 days from the date of publication of this notification in the Official Gazette (04-09-18)
FORM GSTR-8	October to December, 2018	31-01-2019
FORM GSTR-9	FY 2017-2018	30-06-2019
FORM GSTR-9A	FY 2017-2018	
FORM GSTR-9C	FY 2017-2018	FORM GST ITC-01

PRINCIPLES OF PROFESSIONALISM

**“ Quality is not an act, it is a
Habit ”**

**Important changes in
GST Law to be effective
from 1st April 2019**

Central Board of Indirect Taxes and Customs (CBIC) had issued series of notification on 7th March 2019 bringing into effect, major announcements made by the GST Council in its 32nd meeting. Key highlights of these notifications are follows:

- ❑ **Composition Scheme under GST extended to the supplier of services (or mixed suppliers).**
- ❑ **Threshold limit for opting normal Composition Scheme under GST increased to Rs. 1.5 Crore | Rs. 75 Lakhs (For few States).**
- ❑ **Threshold limit for registration under GST increased to Rs 40 lakhs except for few States.**
- ❑ **Due date prescribed for filing Form GSTR-1, both quarterly and monthly, for the period April'19-June'19
Due date prescribed for filing Form GSTR-3B for the period April'19-June'19.**

Changes notified vide these notifications shall be applicable from 1st April 2019. Essence of this changes in GST Law have been tabulated below:

Threshold limit for registration under GST increased to Rs 40 lakhs - Notification No. 10/2019-CT dt. 07.03.2019

Applicable To - Any person who is engaged in exclusive supply of goods and whose aggregate turnover in the financial year does not exceed Rs. 40 lakhs may not take registration under GST.

Not Applicable To - This increase in the threshold limit shall not be applicable to:

- ❖ Persons who are required to take compulsory registration under Sec. 24 of CGST Act 2017
- ❖ Persons engaged in supply of goods falling under tariff head - 2105 00 00, 2106 90 20 & 24
- ❖ Persons making supplies within the State of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura & Uttarakhand
- ❖ Persons who are registered voluntarily under Sec. 25 (3) of CGST Act 2017 or who intend to continue with their registration.

due date prescribed for filing Form GSTR-1 on quarterly basis for the period April'19-June'19
 For taxpayers having aggregate turnover of up to Rs. 1.5 Crore - Notification No. 11/2019-CT dt. 07.03.2019

Quarter	Due Date
April'19 - June'19	31st July 2019

Due date prescribed for filing Form GSTR-1 on monthly basis for the period April'19-June'19 - For taxpayers having aggregate turnover of more than Rs. 1.5 Crore - Notification No. 12/2019-CT dt. 07.03.2019

MONTH	DUE DATE
APRIL'19	11TH MAY 2019
MAY'19	11TH JUNE 2019
JUNE'19	11TH JULY 2019

Threshold limit for opting Composition Scheme under GST increased to Rs. 1.5 Crore | Rs. 75 Lakhs (For few States) - Notification No. 14/2019-CT dt. 07.03.2019

Increase in threshold limit to Rs. 1.5 Crore - Persons who are eligible in terms of Sec. 10 (1) of CGST Act 2017 and whose aggregate turnover in the preceding financial year did not exceed Rs. 1.5 Crore, may opt for the Composition Scheme under GST.

Increase in threshold limit to Rs. 75 Lakhs - The threshold limit for opting Composition Scheme is Rs. 75 Lakhs in the States - Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand.

Manufacturers not eligible to opt Composition Scheme - Manufacturer of goods falling under tariff head - 2105 00 00, 2106 90 20 & 24 are not eligible to opt for the Composition Scheme under GST

Composition Scheme under GST extended to the supplier of services (or mixed suppliers) - Notification No. 02/2019- CT (Rate dt. 07.03.2019)

Current scenario of Composition Scheme - Presently, the privilege of opting composition scheme under GST is available to the manufacturer or supplier of goods. Composition Scheme is not available to the service providers except for the restaurant service providers.

Scenario of Composition Scheme w.e.f 01.04.2019 - With this notification in place, effective from 1st April 2019, service providers (except restaurant service providers) or mixed suppliers, engaged into supply of goods or services or both, shall be eligible to opt for the Composition Scheme under the GST.

Threshold limit to opt for this Composition Scheme - Registered person having an aggregate turnover of up to Rs. 50 Lakhs from 1st day of April of a financial year, from "First supplies of goods or services or both" may opt for this Composition Scheme.

Applicable Rate of Tax for this Composition Scheme - 6% (CGST-3% + SGST-3%)

Conditions for opting this Composition Scheme - Below mentioned the conditions to be satisfied by a registered person in order to opt this Composition Scheme:

GST

(i) Aggregate turnover in the preceding financial year was Rs. 50 Lakhs or below

(ii) He is not eligible to pay tax under Sec. 10 (1) of CGST Act 2017 i.e. he is not eligible not pay tax under normal Composition Scheme

(iii) He is not engaged in making supply which is not leviable to tax under GST

(iv) He is not engaged in making any inter-state outward supply

(v) He is neither a casual taxable person nor a non-resident taxable person

(vi) He is not engaged in making supply through an electronic commerce operator, who is required to collect TCS

(vii) He is not engaged in making supplies of goods falling under tariff head - 2107 00 00, 2106 90 20 & 24

(viii) All registered persons under the same PAN have opted for this Composition Scheme

(ix) He shall not collect any tax from the recipient nor shall be entitled to claim any input tax credit

(x) Instead of "Tax Invoice", he shall issue a "Bill of supply" containing particulars as specified u/r 49 of CGST Rules 2017

(xi) He shall mention the following words at the top of the "Bill of supply" - 'taxable person paying tax in terms of notification No. 02/2019-Central Tax (Rate) dated 07.03.2019, not eligible to collect tax on supplies'.

xii) He shall be liable to pay tax @ 6% (CGST-3% + SGST-3%) on all outward supplies as specified in this notification.

xiii) He shall be liable to pay tax at an applicable rate on account of inward supplies falling under reverse charge u/s 9(3) and 9(4) of CGST ACT 2017

BELOW MENTIONED ARE FEW IMPORTANT POINTS TO BE NOTED FOR THIS COMPOSITION SCHEME:

- **For the purposes of determining eligibility of a person to opt for this Composition Scheme -** Turnover of “First supplies of goods or services or both” shall include: turnover of supplies from the first day of April of a financial year to the date from which he becomes liable for registration.
- **For the purpose of determination of tax payable by a registered person under this Composition Scheme -** Turnover of “First supplies of goods or services or both” shall not include: the turnover of supplies from the first day of April of a financial year to the date from which he becomes liable for registration.
- **For the purpose of computing aggregate turnover in order to determine eligibility of a registered person to opt for this Composition Scheme -** Value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.

SR. NO.	CIRCULAR NO.	SUMMARY OF CIRCULAR
1.	92/11/ 2019-GST	<p>There has been several doubts in the Industry on sales promotion schemes as well as samples and gifts distributed. There has been industry practice to provide Post sales discounts which was not known at the time of sale .</p> <p>CBIC has issued a clarification on the aforesaid issues related to treatment of sales promotion schemes .</p> <p><u>A) FREE SAMPLES AND GIFTS:</u></p> <p>It is clarified that samples which are supplied free of cost, without any consideration, do not qualify as “supply” under GST, except where the activity falls within the ambit of Schedule I of the said Act</p>

ITC shall not be available on Inputs, Input Services and Capital Goods in respect of goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples. ITC so availed shall have to be reversed as per Sec 17(5)(h) of the CGST Act, 2017 Where the activity of distribution of gifts or free samples falls within the scope of “supply” as per Schedule I of the Act, the supplier would be eligible to avail of the ITC.

B. BUY ONE GET ONE FREE OFFER:

It is prevalent in FMCG, Pharma and some industry to offer such schemes of providing free quantities along with taxable supplies. Many companies offer either Buy one, Get one Free offer or provide free item along with the product.

CBIC has clarified that in the aforesaid cases, the items are not offered free of cost but single price is charged for all the goods.

Such supplies may not be treated as an individual supply of free goods but a case of two or more individual supplies where a single price is being charged for the entire supply.

Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply. In case of composite supply, same shall be taxed at the rate charged for principal supply. However, in case of mixed supply, all the goods shall be taxed at the rate of the product which attracts highest rate of tax.

ITC shall be available on inputs, input services and capital goods to the supplier for such offers.

C. DISCOUNTS INCLUDING 'BUY MORE, SAVE MORE' OFFERS:

It is Industry practice to offer more discount with the increase as volume, sometimes termed as “Quantity discount”, “Volume Discount” or “Lifting Discount”, etc. Such discounts are passed on by the supplier through credit notes.

Such discounts offered by the suppliers to customers (including staggered discount under “Buy more, save more” scheme and post supply / volume discounts established before or at the time of supply) shall be excluded to determine the value of supply provided that conditions as laid down in Section 15(3) of the CGST Act, 2017 is satisfied including reversal of ITC by the recipient.

D. SECONDARY DISCOUNTS:

In some cases discounts are not known at the time of supply or are offered post such supply is over.

Section 34(1) – Credit or Debit Notes – where post issuance of tax invoice, taxable value or tax payable has exceeded the taxable value or tax charged in that invoice or goods are returned or supply is deficient, the registered person may issue a credit note to the recipient for supplies made in financial year.

Further, it is clarified that such secondary discounts shall not be excluded while determining the value of supply as such discounts are not known at the time of supply.

This shall not impact any input tax credit availability in the hands of supplier provided conditions laid down in Section 15(3) (b) of the CGST Act, 2017.

KEY FEATURES OF PROPOSED RETURNS

Particular	Regular	Sahaj	Sugam	Quarterly
Turnover	Any	Up To 5 Crs	Up To 5 Crs	Up To 5 Crs
Frequency	Monthly	Quarterly	Quarterly	Quarterly
Buyer	Any	B To C	B To B + B To C	Any
Supply Annexure	Yes	No	Yes	Yes
Export / Import	Yes	No	No	Yes
Pending Invoice	Yes	No	No	No
ITC On Missing Inv	Yes	No	No	Yes
Payment of Taxes	Monthly	Monthly	Monthly	Monthly
Non - Payment	Int + Late Fee	Interest	Interest	Interest
Non GST Supply	Monthly	Annually	Annually	Annually

PRINCIPLES OF PROFESSIONALISM

- **Never depend on single
Income make Investment
To create a second Source**

RECOMMENDATION
OF 33RD COUNCIL
MEETING.

GST RATE FOR THE RESIDENTIAL SECTOR OF THE REAL ESTATE SECTOR

GST

Press release dated 24.02.2019

What is Affordable housing property ?



Non-metropolitan cities/towns

Residential house/flat of carpet area of upto 90 sqm (968.752 sq ft)

Consideration upto Rs. 45.00 Lakhs

Metropolitan cities

Residential house/flat of carpet area of upto 60 sqm (645.835 sq.ft)

Consideration upto Rs. 45.00 Lakhs

Metropolitan cities :Bengaluru, Chennai, Delhi NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurgaon, Faridabad), Hyderabad, Kolkata and Mumbai (whole of MMR)

***The detailed scheme is awaited yet , the above are only ascertain based on press release dated 24.02.2019**

GST RATE FOR THE RESIDENTIAL SECTOR OF THE REAL ESTATE SECTOR

GST

Press release dated 24.02.2019



RESIDENTIAL SECTOR

Affordable housing property

Effective combined rate of GST @ 1 % (CGST 0.5% & SGST 0.5%) without input tax credit.

Other housing properties

Effective combined rate of GST @ 5 % (CGST 2.5% & SGST 2.5%) without input tax credit.

Commercial projects would still be liable to net effective GST combined rate of 12% (18% with 1/3rd value for land deduction) with the benefit of the input tax credit.

*The proposed new scheme is mandatory or optional is not clear till now.

**This new scheme of taxation for the real estate sector shall become applicable from 1st April, 2019*

RECOMMENDATION
OF 34TH COUNCIL
MEETING.

Key highlights of the decision taken in the 34rd GST Council meeting are summarized below:

- **Options given to promoters to either opt to new rates or continue with existing rates for the ongoing projects.**
- **New tax rates and conditions thereof are prescribed for both affordable and other than affordable construction projects.**
- **Transition for ongoing projects opting for new tax rates.**
- **Treatment of TDR/ FSI and Long term lease for projects commencing after 01.04.2019.**
- **Amendment to ITC rules.**

OPTION IN RESPECT OF ONGOING PROJECTS:

Ongoing project means buildings where construction and actual bookings both started before 01.04.2019.

One time option to pay tax at old rate	The promoters shall be given a one -time option to continue to pay tax at the old rates on ongoing projects
Effective tax rate at present	Rate of 8% or 12% with ITC will be applicable

Whether option to pay tax on ongoing projects at old rates is exercised within prescribed time frame?

Yes	No
Promoters will pay tax at the Old rates	Promoters will pay tax at New tax rates.

New Tax rate structure:

GST

The new tax rates which shall be applicable to new projects or ongoing projects which have exercised the above option to pay tax in the new regime:

New rate prescribed	Applicability
GST @ 1% without ITC	<p>All houses which meet the definition of affordable houses as decided by GSTC (area 60 sqm in non- metros / 90 Sqm in metros and value upto RS. 45 lakhs), and</p> <p>Affordable houses being constructed in ongoing projects under the existing central and state housing schemes presently eligible for concessional rate of 8% GST (after 1/3rd land abatement).</p>
GST @ 5% without ITC	<p>All houses other than affordable houses in ongoing projects whether booked prior to or after 01.04.2019. In case of houses booked prior to 01.04.2019, new rate shall be available on instalments payable on or after 01.04.2019</p> <p>All houses other than affordable houses in new projects.</p> <p>Commercial apartments such as shops, offices etc. in a residential real estate project (RREP) in which the carpet area of commercial apartments is not more than 15% of total carpet area of all apartments</p>

New tax rates of 1% and 5% shall be available subject to following conditions

Input tax credit (ITC) shall not be available.

- 80% of inputs and input services (other than capital goods, TDR/ JDA, FSI, long term lease (premiums)) shall be purchased from registered persons.
- On shortfall of purchases from 80%, tax shall be paid by the builder @ 18% on RCM basis.
- However, GST on cement purchased from unregistered person shall be paid @ 28% under RCM and on capital goods under RCM at applicable rates.

TRANSITION FOR ONGOING PROJECTS OPTING FOR NEW TAX RATE

Ongoing projects (buildings where construction and booking both had started before 01.04.2019) and have not been completed by 31.03.2019 opting for new tax rates shall transition the ITC as per the prescribed method.

Transition formula

Residential projects other than affordable houses (attracting 5% GST)

ITC, on pro-rata basis, in proportion to booking of the flat and invoicing done for the booked flat, is available subject to a few safeguards

Mixed Project

ITC on pro-rata basis in proportion to carpet area of the commercial portion in the ongoing projects (on which tax will be payable @ 12% with ITC even after 1.4.2019) to the total carpet area of the project.

TREATMENT OF TDR/ FSI AND LONG TERM LEASE FOR PROJECTS COMMENCING AFTER 01.04.2019:

GST

Supply of TDR/ FSI and Long term lease for projects commencing after 01.04.2019

Supply of TDR, FSI, long term lease (premium) of land by a landowner to a developer shall be exempted subject to following conditions: a) the constructed flats are *sold before issuance of completion certificate* b) tax is paid on the constructed flats.

Withdrawal of exemption on supply of TDR, FSI, Long term (premium) by land owner to developer.

Exemption of TDR, FSI, long term lease (premium) shall be withdrawn in case of flats *sold after issue of completion certificate* to the following extent –

- a) 1% of value in case of affordable houses.
- b) 5% of value in case of other than affordable houses

Builder shall be liable to pay tax on TDR, FSI, Long term lease (premium) in respect of flats sold on *reverse charge basis on the date of issue of completion certificate.*

The liability of builder to pay tax on construction of houses given to land owner in a JDA is also being shifted to the date of completion

Note: Above decisions are expected to address the problem of cash flow in the sector.

AMENDMENT TO ITC RULES:

GST

AMENDMENT OF ITC RULES

ITC rules shall be amended to bring greater clarity on monthly and final determination of ITC and reversal thereof in real estate projects

The change would clearly provide procedure for availing input tax credit in relation to commercial units as such units would continue to be eligible for input tax credit in a mixed project.

PRINCIPLES OF PROFESSIONALISM

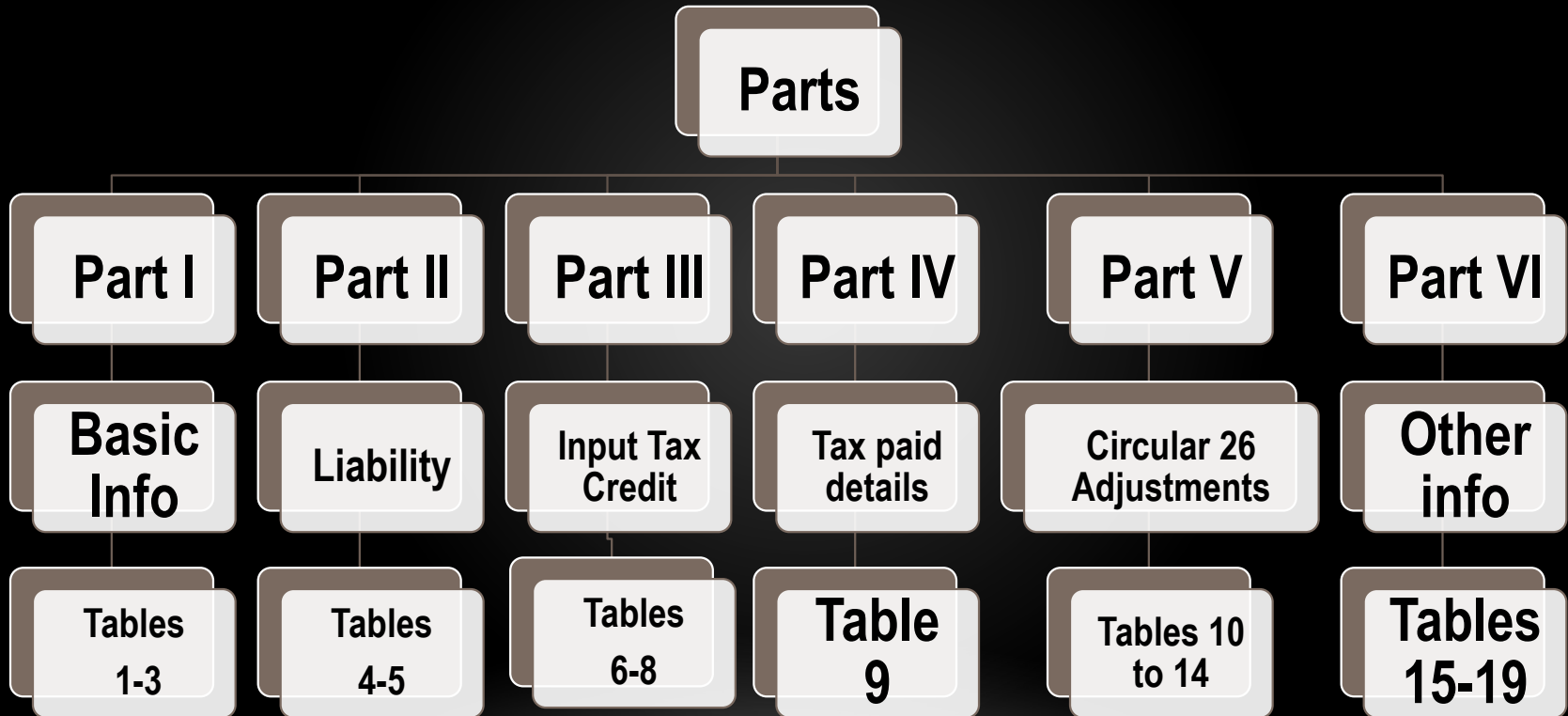
**The Purpose of a business
is to create a customer who
creates customers**

ANNUAL RETURN

ANNUAL RETURN – GSTR 9

BROAD VIEW 6 PARTS 19 TABLES

GST



GSTR 9 - CHANGES

- GSTN has finally enabled the facility to file GST Annual Return in Form GSTR-9 (applicable for regular taxpayers) for the FY 2017-2018 at the common portal. The same can be prepared using “Prepare online” mode. The excel utility or the “Prepare offline” feature is yet to be enabled.
- **Key features of the facility made available at the common portal for filing Form GSTR-9:**
 - NIL Form GSTR-9 can be filed by meeting few parameters.
 - Annual return in Form GSTR-9 once filed cannot be revised.
 - Computation of ITC based on GSTR-2A shall be auto-populated by the System based on GSTR-1 filed by the corresponding suppliers. As on 06/3/2019, it has been auto-populated based on GSTR-1 filed by the corresponding suppliers upto 29/01/2019. Next auto-updation of GSTR-2A will be carried on 01/03/2019. If the taxpayer senses some missing credits in GSTR-2A, he may like to wait till next updation.

GSTR 9 - CHANGES

- System computed Form GSTR-9 summary based on the auto populated data from Form GSTR-1 and Form GSTR-3B can be downloaded from the dashboard.
- System generated summary of Form GSTR-1 and Form GSTR-3B can be downloaded from the dashboard.
- The fields, where the system computed values would be modified by more/less than 20%, shall be highlighted by the system in 'Red' for reference and attention.
-

GSTR 9 - CHANGES

- Part II title declared replaced with **made**
- 5C – RCM Outward Supplies – **Tax amount not required so also 5H,I,J,K**
- 5F – Non GST Supply (**includes No Supply**)
- Part III title –
- **Old** - Details of ITC (as declared in the returns filed during the FY)
- **New - Details of ITC for the financial year**
- Table - 6
- **Old** - Details of ITC availed as declared in returns filed during the financial year
- **New - Details of ITC availed during the financial year**

GSTR 9 - CHANGES

- Table 7 –
- **Old** – Details of ITC Reversed and Ineligible ITC as declared in returns filed during the financial year
- **New - Details of ITC Reversed and Ineligible ITC for the financial year**
- 7I (**Sum of** A to H above)
- 8E & 8F (Out of D removed)
- Part IV – As declared filed – No changes (Part IV)

GSTR 9 – CHANGES IN INSTRUCTIONS

- 2. It is mandatory to file all your **FORM GSTR-1** and **FORM GSTR-3B** for the FY 2017-18 before filing this return. The details for the period between July 2017 to March 2018 are to be provided in this return.
- 3. It may be noted that additional liability for the FY 2017-18 not declared in **FORM GSTR-1** and **FORM GSTR-3B** may be declared in this return. However, taxpayers cannot claim input tax credit unclaimed during FY 2017-18 through this return.
- 4. Part II consists of the details of all outward supplies & advances received during the financial year for which the annual return is filed. It may be noted that all the supplies for which payment has been made through **FORM GSTR-3B** between July 2017 to March 2018 shall be declared in this part. The instructions to fill Part II are as follows

GSTR 9 – CHANGES IN INSTRUCTIONS

- 8D – Instruction Inserted
- Aggregate value of the input tax credit which was available in **FORM GSTR-2A** (table 3 & 5 only) but not availed in **FORM GSTR-3B** returns shall be computed based on values of 8A, 8B and 8C.
- However, there may be circumstances where the credit availed in **FORM GSTR-3B** was greater than the credit available in **FORM GSTR-2A**. In such cases, the value in row 8D shall be negative
- 8E & 8F The credit which was available and not availed in **FORM GSTR-3B** and the credit was not availed in **FORM GSTR-3B** as the same was ineligible shall be declared here. Ideally, if 8D is positive, the sum of 8E and 8F shall be equal to 8D.

GSTR 9 – CHANGES IN INSTRUCTIONS

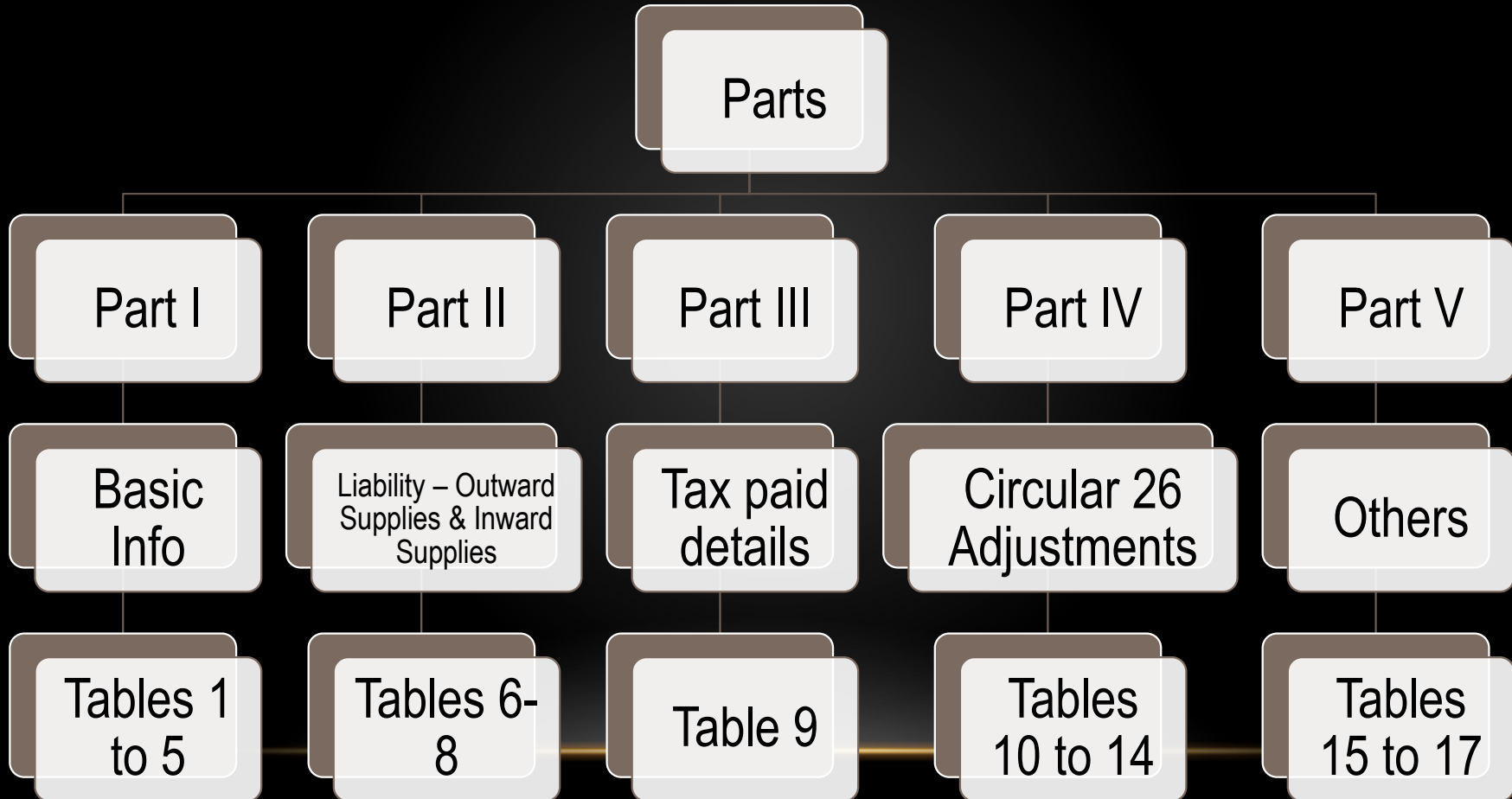
- Instruction for Table 13
- 13 Details of ITC for goods or services received in the previous financial year but ITC for the same was availed in returns filed for the months of April to September of the current financial year or date of filing of Annual Return for the previous financial year whichever is earlier shall be declared here. Table 4(A) of **FORM GSTR-3B** may be used for filling up these details. However, any ITC which was reversed in the FY 2017-18 as per second proviso to sub-section (2) of section 16 but was reclaimed in FY 2018-19, the details of such ITC reclaimed shall be furnished in the annual return for FY 2018-19.

GSTR 9 – CHANGES IN INSTRUCTIONS

- Table 18 – HSN Inward Supply Summary
- It may be noted that this summary details are required to be declared only for those inward supplies which in value independently account for 10 % or more of the total value of inward supplies.
- Towards the end of the return, taxpayers shall be given an option to pay any additional liability declared in this form, through **FORM DRC-03**. Taxpayers shall select —Annual ReturnII in the drop down provided in **FORM DRC-03**. It may be noted that such liability can be paid through electronic cash ledger only.

ANNUAL RETURN – GSTR 9A – FOR COMPOSITION BROAD VIEW 5 PARTS 17 TABLES

GST



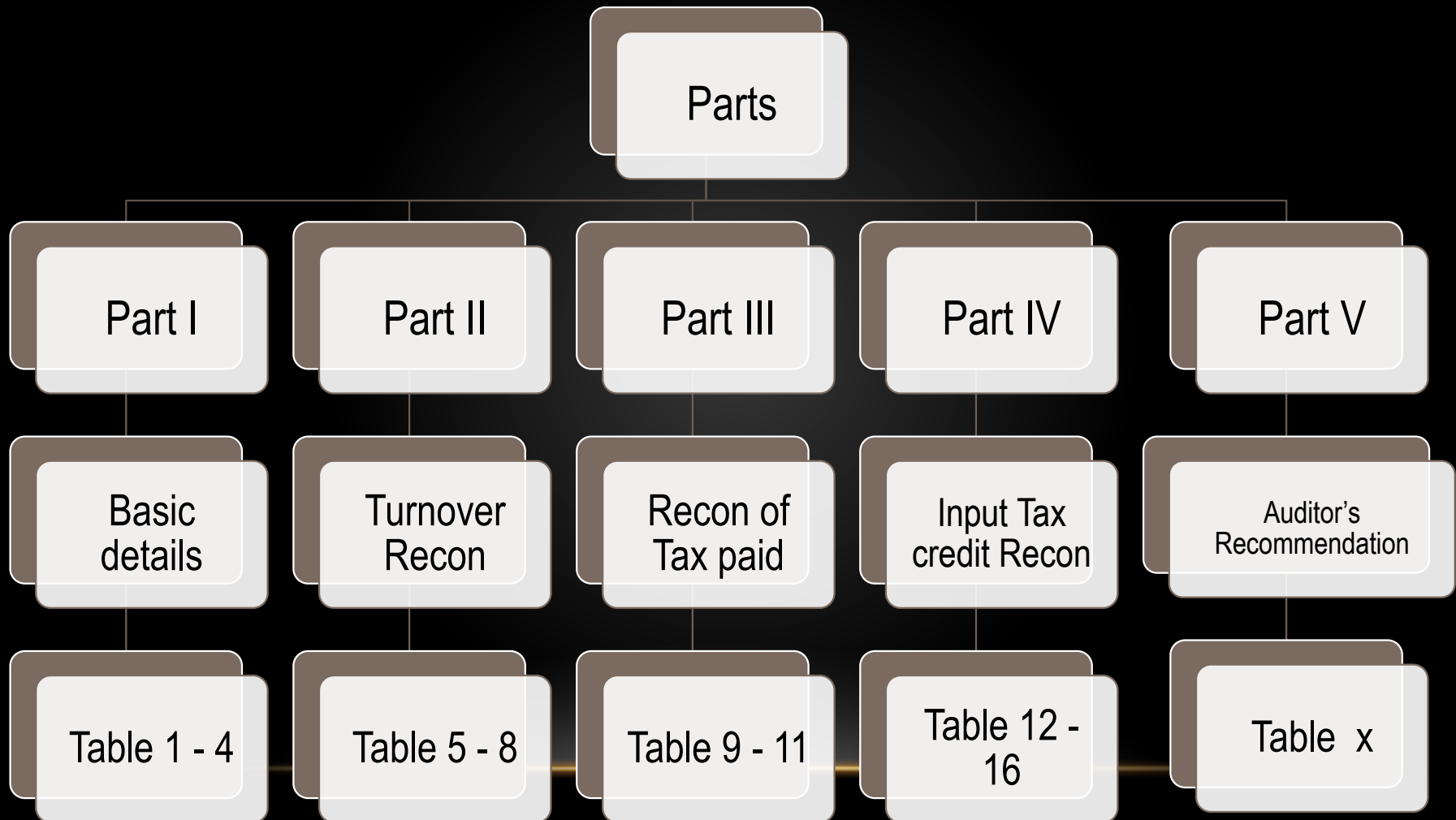
GSTR 9A – CHANGES

- Similar title changes in form
- It is mandatory to file all your **FORM GSTR-4** for the FY 2017-18 before filing this return. The details for the period between July 2017 to March 2018 shall be provided in this return.
- It may be noted that additional liability for the FY 2017-18 not declared in **FORM GSTR-4** may be declared in this return.
- Towards the end of the return, taxpayers shall be given an option to pay any additional liability declared in this form, through **FORM DRC-03**. Taxpayers shall select —Annual Return in the drop down provided in **FORM DRC-03**. It may be noted that such liability shall be paid through electronic cash ledger only. ll.

RECONCILIATION STATEMENT – GSTR 9C

BROAD VIEW 5 PARTS 16 TABLES

GST



GSTR 9C – CHANGES

- 5E – GST Credit Notes (+ changed to -)
- 5J – Financial Credit Notes (- changed to +)
- Verification of registered person inserted:
- I hereby solemnly affirm and declare that I am uploading the reconciliation statement in **FORM GSTR-9C** prepared and duly signed by the Auditor and nothing has been tampered or altered by me in the statement. I am also uploading other statements, as applicable, including financial statement, profit and loss account and balance sheet etc.

GSTR 9C – CHANGES IN INSTRUCTIONS

- It is mandatory to file all your **FORM GSTR-1**, **FORM GSTR-3B** and **FORM GSTR -9** for the FY 2017-18 before filing this return
- Towards the end of the return, taxpayers shall be given an option to pay any additional liability declared in this form, through **FORM DRC-03**. Taxpayers shall select —Reconciliation StatementII in the drop down provided in **FORM DRC-03**. It may be noted that such liability shall be paid through electronic cash ledger only.

RECONCILIATION OF TURNOVER DECLARED IN AUDITED ANNUAL FINANCIAL STATEMENTS WITH TURNOVER DECLARED IN ANNUAL RETURN GSRT9

- **There can be following reason for difference**
- 1. Sale of fixed assets recorded as Sales in GST Returns only
- 2. Sale wrongly recorded as - Cr to expenses
 - Cr to other expenses
 - Cr to transportation
 - Cr to assets
 - Cr to interest income for delay payment
- 3. Insurance claims received recorded in financials only.

RECONCILIATION OF TURNOVER DECLARED IN AUDITED ANNUAL FINANCIAL STATEMENTS WITH TURNOVER DECLARED IN ANNUAL RETURN GSRT9

- 4. Sale for pre GST period - Pre GST Period 1-4-17 to 30-6-17
- 5. Sale for pre GST period - Pre GST Period 1-7-17 to Registration Period
- 6. Sale recorded directly in capital A/c
- 7. Purchase Return (outward supply) recorded in purchase credit (Without GST)
- 8. Credit note issued to customer without GST. (Without GST)
- 9. Sale return received recorded as reduced from sale. (Without GST)
- 10. Exchange rate Difference. Export

RECONCILIATION OF TURNOVER DECLARED IN AUDITED ANNUAL FINANCIAL STATEMENTS WITH TURNOVER DECLARED IN ANNUAL RETURN GSRT9

- 11. Gifts and sample distributed free.
- 12. Inter Branch Transfer
- 13. Adv Recd & GST Paid
- 14. Turnover of Composition Period

PRINCIPLES OF PROFESSIONALISM

**Clients do not come first.
Employees come first. If you
take care of employees,
they will take care of the
clients.**

QUESTIONS ?



**ARE
YOU
READY
FOR
GST?**

गुरु ब्रह्मा गुरुर् विष्णुः
गुरु देवो महेश्वरः ।
गुरु साक्षात् परब्रह्मा
तस्मै श्री गुरवे नमः॥

CA PREETAM BATRA

91-9689581000

GST

