



GST Update – GST Council approves CGST Bill and IGST Bill

The Government's resolve to introduce GST by 1 July 2017 has received an impetus with the GST Council approving the draft CGST Bill and IGST Bill in a meeting held on 4 March 2017. The Ministry of Finance has issued a press release highlighting some of the key features of the two Bills, as finalised by the GST Council. It is apparent from the press release that a separate Union Territory GST Bill would be introduced, which would almost be a replica of the CGST Act. This seems to be a fall out due to Article 246A of Constitution of India, as inserted by Section 2 of the Constitution (One Hundred and First Amendment) Act, 2016, which defines 'State' to *include a Union territory with Legislature*. As the definition of 'State' for the purposes of GST does not include the Union territory *'without'* Legislature, there was concern on applicability of GST on supplies in/from/to the Union territories without Legislature. Currently, there are seven Union territories; of which, two (Delhi and Puducherry) are having Legislature. The remaining five union territories without legislature would have become 'tax havens'. The Union Territory GST would plug the loophole and avoid any disparity in unanimous applicability of GST through the sub-continent.

Some of the key features of the two bills, as finalised by the GST Council are encapsulated below:

- **Features deviating from the Revised Model GST Law released in November 2016:**

Sl.No.	Key provision	Dhruva comments
1	Composition scheme would be available for all traders, select manufacturing sectors and restaurants.	As per the Revised Model GST Law, Composition Scheme was not available to various taxable person, which included person engaged in supply of service and manufacturer of notified goods.



2	Provisional refund of 90% amount claimed as refund by the exporter, within seven days of filing the refund application.	Time limit of seven days was not prescribed under Revised Model GST Law.
3	Officers of the tax administrations of Centre and the States have been authorised to exercise the powers conferred under all Acts.	This seems to resolve the unrest among the tax officials of Centre and State in respect of power sharing.
4	Commissioners empowered to allow payment of taxes in instalments.	Such a specific facilitation measure for assessee was absent in the Revised Model GST Law.

- **Other key features, in line with the Revised Model GST Law released in November 2016:**

- State-wise single registration for a tax-payer for filing returns, paying taxes and undertake other compliance requirements.
- One single return, state-wise, by a taxpayer to report all supplies (within / outside the State / exports outside the country) and pay all the taxes (CGST / SGST / IGST / UTGST)
- Registration limits for business entities specified as follows:

Annual turnover upto Rs. 20 lakh	Business entity, other than in specified states mentioned below.
Annual turnover upto Rs. 10 lakh	Business entity in specified states (Arunachal Pradesh, Sikkim, Uttarakhand, Himachal Pradesh, Assam and the other States of the North-East)

- Input tax credit would be admissible on all goods and services used in the course or furtherance of business. Restriction on certain items would be specified in the law.
- Input tax credit entitlement arising out of taxes paid under the Central Law can be cross-utilised for payment of taxes under the laws of the States or Union Territories in a pre-defined order.
- Input Service Distributor mechanism existing in the current Service Tax law has been retained to allow the flow of input tax credit in respect of input services within a legal entity.



- Agriculturist not liable to take registration in the GST regime to the extent of supply of produce out of cultivation of land.

- The following provisions, have been agreed upon by the GST Council:
 - (a) Provisions pertaining to Advance Ruling Authority;
 - (b) Provisions pertaining to appellate mechanism;
 - (c) Transitions provisions; and
 - (d) Anti-profiteering provisions.



ADDRESS

Mumbai

1101 & 1102, One India Bulls Centre,
11th Floor, Tower 2B,
841, Senapati Bapat Marg,
Elphinstone Road (West),
Mumbai 400 013
Tel: +91 22 6108 1000 / 1900
Fax: +91-22-6108 1001

Ahmedabad

B3, 3rd Floor, Safal Profitaire,
Near Auda Garden,
Prahlanagar, Corporate Road,
Ahmedabad - 380 015
Tel: +91-79-6134 3434
Fax: +91-79-6134 3477

Bengaluru

Prestige Terraces, 2nd Floor
Union Street, Infantry Road,
Bengaluru 560 001
Tel: +91-80-4660 2500
Fax: +91-80-4660 2501

Delhi / NCR

101 & 102, 1st Floor, Tower 4B
DLF Corporate Park
M G Road, Gurgaon
Haryana - 122 002
Tel: +91-124-668 7000
Fax: +91-124-668 7001

Singapore

Dhruva Advisors (Singapore) Pte. Ltd.
One Raffles Place, #41-01
Singapore 048616
Tel: +65 6812 1600

KEY CONTACTS

Dinesh Kanabar (Mumbai)

Chief Executive Officer
dinesh.kanabar@dhruvaadvisors.com

Ritesh Kanodia (Mumbai)

Partner
ritesh.kanodia@dhruvaadvisors.com

Niraj Bagri (Mumbai)

Partner
niraj.bagri@dhruvaadvisors.com

S Srinath (Bangalore)

Associate Partner
srinath.s@dhruvaadvisors.com

Disclaimer:

This information contained herein is in summary form and is therefore intended for general guidance only. This publication is not intended to address the circumstances of any particular individual or entity. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. This publication is not a substitute for detailed research and opinion. Before acting on any matters contained herein, reference should be made to subject matter experts and professional judgment needs to be exercised. Dhruva Advisors LLP cannot accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication