



Summary of the key notifications which effectuate the recommendation made by the GST Council in the 22nd meeting held on 6 October 2017

Procurement from unregistered supplier

- Exemption has been granted on goods/services received by a registered person from an unregistered supplier. Earlier such exemption was restricted to procurement value of Rs. 5,000 per day.
- Exemption is available for intra-state as well as inter-state procurements by the registered person.
- The exemption is effective from 13 October 2017 and applicable till 31 March 2018.

Dhruva Comments:

- *Since the notifications granting the above exemption are effective from 13 October 2017, determination of time of supply of such goods/services becomes critical. The time of supply for goods and services, in case of supplies attracting reverse charge mechanism, provided under the Central Goods and Services Tax Act 2017 is tabulated below:*

Nature	Time of supply
Goods	<i>Earliest of the following:</i> (a) <i>Date of receipt of goods</i> (b) <i>Date of payment entered in the books of accounts of recipient</i> (c) <i>Date on which payment debited in recipient's bank account</i> (d) <i>Date immediately following 30 days from date of issuance of invoice or any such documents in lieu thereof</i>
Services	<i>Earliest of the following:</i> (a) <i>Date of payment entered in the books of accounts of recipient</i> (b) <i>Date on which payment debited in recipient's bank account</i> (c) <i>Date immediately following 60 days from date of issuance of invoice or any such documents in lieu thereof</i>



- *If time of supply is not determinable as per the above table, the time of supply shall be date of entry in the books of account of the recipient of supply.*
- *The Company may have to compute and pay applicable GST under reverse charge on procurements from unregistered supplier whereby time of supply falls prior to 13 October 2017.*

Abated rate in respect of supply of motor vehicle purchased prior to 1 July 2017

- Rate of tax on supply of motor vehicle falling under Chapter 87 of Customs Tariff Act 1975 ('CTA') has been notified at 65% of the applicable tax rate including cess, if any, subject to the condition that the supplier of motor vehicle is a registered person and such supplier had purchased the motor vehicle prior to 1 July 2017 and has not availed input tax credit of Central Excise Duty, Value Added Tax or any other taxes paid on such vehicles.

Dhruva Comments:

- *The press release indicated that the given rate of 65% shall be applicable from 1 July 2017. However, the Notification issued suggests that the rate is effective from the date of issue of the Notification i.e. 13 October 2017. The exemption is effective from 13 October 2017 and applicable till 1 July 2020.*

Abated rate in respect of supply of motor vehicle on lease:

- Supply of motor vehicle ('Chapter 87 of CTA') on lease which is purchased and leased prior to 1st July 2017 shall attract GST at the rate of 65% of the applicable tax rate.

Dhruva Comments:

The press release indicated that the given rate of 65% shall be applicable from 1 July 2017. However, the Notification issued suggests that the rate is effective from the date of issue of the Notification i.e. 13 October 2017.

Reverse charge:

- Supply of following goods by Central Government, State Government, Union Territory or local authority to a registered person shall attract GST under reverse charge mechanism:
 - (a) Used vehicles
 - (b) Seized and confiscated goods
 - (c) Old and used goods
 - (d) Waste and scrap
- This is effective from 13 October 2017.



Exemption:

- Duty credit scrips
- Supply of goods / services by a **'Government entity'** to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority, against consideration received from Central Government, State Government, Union territory or local authority in the form of grants.

'Government Entity' shall mean an authority or a board or any other body including a society, trust, corporation, which is:

(a) set up by an Act of Parliament or State Legislature; or

(b) established by any Government, with 90 percent or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State government, Union territory or a local authority.

- Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the specified persons.
- Service by way of access to a road or a bridge on payment of annuity.
- Scope of exemption expanded in respect of upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease of thirty years, or more).
- The exemptions are effective from 13 October 2017.

Miscellaneous changes:

- Facility of making payment of GST on issuance of invoice and not on receipt of advance extended to following registered person subject to conditions:
 - registered person whose aggregate turnover in the preceding financial year did not exceed Rs. 1.50 crores; or
 - registered person whose aggregate turnover in the year in which such person has obtained registration is likely to be less than Rs. 1.50 crores.
- Return filing dates extended for the following assesses:

Assessee	Return	Period	Due date
Input service distributor	GSTR 6	July-September 2017	15 November 2017
Person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient	GSTR 5A		20 November 2017
Composition supplier	GSTR 4		15 November 2017



- A registered person, who is supplying taxable as well as exempted goods or services to an unregistered person, shall be allowed to issue a single 'invoice-cum-bill of supply' for all such supplies.
- An insurer, banking company, financial institution, NBFC could issue a consolidated tax invoice at the end of the month in respect of the services provided during the month.
- GST rates of various goods and services have been reduced.
- Threshold limit for Composition scheme increased as per recommendations of the GST Council.
- Person making inter-state supplies of taxable services and having an aggregate turnover (on all India basis) not exceeding Rs. 20 Lakh in a financial year exempted from obtaining registration. For special category States (except Jammu and Kashmir) this limit is Rs. 10 lakh.



ADDRESS

Mumbai

1101 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

Dubai

U-Bora Tower 2,
11th Floor, Office 1101, Business Bay P.O. Box
127165, Dubai, UAE
Tel: +971 56900 5849

Singapore

Dhruva Advisors (Singapore) Pte. Ltd.
20 Collyer Quay
#23-01
Singapore 049319
Tel: +65 9105 3645

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

Pratik Shah (Dubai)

Partner
pratik.shah@dhruvaadvisors.com

S. Srinath (Bengaluru)

Associate Partner
srinath.s@dhruvaadvisors.com

www.dhruvaadvisors.com

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