

# Bimal Jain

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Dear Professional Colleague,

## **GST Council finalises tax rates for remaining items, States agree to July 1 rollout**

The all-powerful GST Council headed by the Hon'ble Finance Minister, Mr. Arun Jaitley met for the fifteenth time with an agenda to fix the rates for almost all the remaining items, such as precious metals (gold and silver), diamonds, biscuits, textiles, and footwear. Ahead of this meeting, sprint begins for GST rollout from July 1, 2017 as envisaged.

With the conclusion of the 15<sup>th</sup> GST Council meet on June 3, 2017, the gist of the key takeaways from the meeting of the GST Council are as under:

- **All other States have agreed to the July 1 timeline, despite reservations voiced by West Bengal:**

In this regard, the Hon'ble Finance Minister, Mr. Arun Jaitley has said that *"he was hopeful about the July 1 roll-out. He said the GST Network (GSTN), the information technology backbone of the new tax regime, had responded satisfactorily to various questions from state finance ministers."*

- **Finalized tax rates for most of remaining categories of goods:**

The GST Council has broadly approved the GST rates for most of remaining categories of goods.

Gist of the Schedule of GST Rates for Certain Goods:

Sl. No.	Category of Good	GST Rate
1.	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	3%
2.	Rough Diamond	0.25%
3.	Cotton Fabric, Cotton Yarn other than Khadi yarn (fall under tax slab of 0%) etc.	5%
4.	<b>Readymade Garment:</b>	
	- All goods of sale value not exceeding Rs. 1000 per piece	5%
	- All goods of sale value exceeding Rs. 1000 per piece	12%

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5.	<b>Fabrics of manmade textile materials, Fabrics of manmade staple fibres</b>	5% [With no refund of ITC accumulation]
6.	<b>Raw Silk, Silk Waste</b>	0%
7.	<b>Jute fibres, raw or processed but not spun</b>	0%
8.	<b>Footwear gaiters and the like; parts of such articles</b>	
	- Footwear having a retail sale price not exceeding Rs. 500 per pair, provided that such retail sale price is indelibly marked or embossed on the footwear itself	5%
	- In any Other case	18%
9.	<b>Biscuits</b>	18%
10.	<b>Biris</b>	28% (Without Cess)
11.	<b>Bidi Wrapper Leaves</b>	18% (Under reverse charge)
11.	<b>Agricultural Machinery</b> other than farm type machinery and parts thereof	5%

In respect of Supplies to Canteen Stores Department (CSD), it has been provided that-

- 50% concession from applicable GST rate on supplies to CSD [with no concession from Compensation Cess], which will be refunded to the CSD [under Section 55 of the CGST/SGST Act].
- Exemption from GST on supplies [sales] made by CSD to Unit Run Canteens and on supplies [sales] made by CSD or Unit Run Canteens to final consumer.

***GST Rate Schedule for Certain Goods as per discussions in the GST Council meeting held on June 3, 2017, can be accessed at below link:***

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/chapter-wise-rate-wise-gst-schedule-03.06.2017.pdf>

- **Final approval to Draft Rules for Return along with Return Formats and Transitional Rules:**

The GST Council has approved the following Draft Rules:

- a) Final Return - Rules and GSTP Formats, Mismatch Formats, Return Formats

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## b) Final Transitional Rules

However, as of now, 'Final Return - Rules and GSTP Formats, Mismatch Formats, Return Formats' have been uploaded immediately after the GST Council's decision, **which can be accessed at below link:**

a) **Final Return Rules:**<http://www.cbec.gov.in/resources//htdocs-cbec/gst/03062017-return-rules.pdf>

b) **Final GST Practitioner Formats:**<http://www.cbec.gov.in/resources//htdocs-cbec/gst/03062017-gstp-formats.pdf>

c) **Final Mismatch Formats:**<http://www.cbec.gov.in/resources//htdocs-cbec/gst/03062017-mismatch-formats.pdf>

d) **Final Return Formats:**<http://www.cbec.gov.in/resources//htdocs-cbec/gst/03062017-return-formats.pdf>

**Gist of the key changes made in the Final Transitional Rules (yet to be made available on public domain):**

- Where the tax rate exceeds 18%, traders and retailers can make claim of 60% against the CGST or SGST payable. For tax rate below 18%, it will be retained at 40%.
- Revenue Secretary, Dr. Hasmukh Adhia said, for transition stock, the Government will refund 100% Excise duty for goods costing above Rs. 25,000, which bears a brand name of the manufacturer and are serially numbered like TV, fridge or car chasis. It is being further stated that on all those items, even if it is coming through the dealer, the manufacturer will give the credit transfer document to the distributor and the distributor will be able to take 100% credit for the big ticket items.

- **Submission of Draft Rules for anti-profiteering for consideration:**

The Centre has submitted Draft Rules for anti-profiteering for consideration of the GST Council members in the 15<sup>th</sup> meeting.

Mr. Jaitley said that *"the Council has agreed to set up a Committee comprising officials from Centre and states to look into the complaints with regard to the anti-profiteering provision in CGST Act. The setting up of the Committee is part of the draft anti-profiteering rules that have been submitted to the Council for its approval. Following the approval of the rules by the Council, the draft rules shall be put in public domain and after the feedback, shall be again brought back to the Council for the final approval."*

- **IGST Exemptions/Concessions under GST:**

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The list of IGST Exemptions/Concessions under GST has been uploaded after the 15<sup>th</sup> GST Council meet, which are as under:

- a) Multilateral/Bilateral Commitments – Imports by Privileges Persons, Organizations, Authorities and Foreigners
- b) Exemption for goods in transit to and from Nepal Bhutan [land locked countries] Notification No. 38/96 –Customs dated July 23, 1996.
- c) Miscellaneous exemptions - Notification No. 12/2012-Customs dated March 17, 2012.
- d) Exemption from IGST on imports by a SEZ unit or SEZ developer for authorized operations
- e) Exemption from IGST from bonafide passenger baggage and transfer of residence

***List of IGST Exemptions/Concessions under GST can be accessed at below link:***

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/igst-exemption-concession-list-03.06.2017.pdf>

- **Amendment to previous rates fixed for certain goods for removing ambiguity:**

The GST Council has made amendments/additions in the GST Rate Schedule for certain Goods for providing more clarification. For e.g. as per the earlier GST Rate Schedule for Goods, Solar Panel was falling under the tax slab of 18% as well as 5%, now it has been clarified vide amendment that Solar Panel will be taxable at 5%.

***Addendum to the GST Rate Schedule for Goods can be access at below link:***

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/addendum-gst-rate-schedule-03.06.2017.pdf>

## **Our Comments:**

GST Council has made all decent efforts to ensure proper fitments of remaining categories of goods. New slab rate of 3% introduced for gold, silver and diamonds, marks an evidence that Government is keenly looking towards various concerns of the Industry. Similarly, concerns of textile industry have also been taken care of as most of the textile and yarn is taxable at 5%, except ready-made garments which will be taxed at 12%.

A Big sign of relief is granted in the form of increase in proportion of deemed transitional credits where duty paying documents are missing. Complete Industry Inc was pushing hard for increase in quantum of transitional credit, though increase in proportion is limited only to specified rate products.

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In the next meeting of the GST Council, which is scheduled to be held on June 11, 2017, the GST Council will review the rates on the basis of feedback to be received from Industry and also review the preparedness before the July 1 rollout. Pending Draft Rules like Accounts and Records, E-way Bill etc., may also be taken up in the next meeting.

All these series of events and upcoming events are going to end the marathon and enlighten the pave for rolling out of the biggest indirect tax reform from July 1, 2017. Nonetheless, it is time now for the Industry to gear up and join the marathon to ensure their hassle-free transition to GST.

*Source: Business Standard, Indian Express etc., and video capturing the press conference of Mr. Arun Jaitley after 15<sup>th</sup> GST Council Meet ends*

*Hope the information will assist you in your Professional endeavours. In case of any query/information, please do not hesitate to write back to us.*

Thanks & Best Regards,

**Bimal Jain**

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**[Author of a book on Goods and Services Tax, titled, "GUIDE TO REVISED MODEL GST LAW \(With Draft Rules on Registration, Payment, Invoice, Returns and Refund\)" \[3<sup>rd</sup> Edition\]](#)**

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