

## In brief

Registration compulsory for persons liable to deduct tax at source even in the States wherein they do not have physical presence



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## Notifications - CGST

### CGST (5<sup>th</sup> Amendment) Rules, 2019

#### Notification No. 33/2019-Central Tax, Dated: 18-07-2019

Rule/Form	Subject	Description
Rule 12 (1A)	Registration of persons required to deduct tax at source or to collect tax at source	Persons who are liable to deduct tax at source are required to get registration also in the States wherein they do not have any physical presence.
Rule 138E	Restrictions regarding furnishing of information in GST Form EWB 01	Rule 138 E states that the information as required in the Part A of the Form GST EWB 01 shall not be allowed to be furnished in respect of a registered person, whether as a supplier or a recipient who has defaulted in filing of returns for specified time period. With the introduction of this amendment, the Government has notified the Forms for availing an option/ facility regarding submission of the information as required in Part A of Form GST EWB 01 even if restricted under Rule 138E.
Form GST EWB-05		Application for unblocking of the facility for generation of E-way Bill.
Form GST EWB-06		Order for permitting or rejecting application for unblocking of the facility for generation of E-way Bill.

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Rule 138E restricting generation of E-way Bills by defaulters of Tax returns to be applicable from 21-11-2019

Form ITC-04 waived for the F.Y. 17-18 and F.Y. 18-19.

Single authority to disburse refund

Place of supply shall be the location of the recipient

Introduced new rate of cess and reduced rate of Compensation Cess on some items.

**Extension of the date from which the provision of Rule 138E of CGST Rules, 2017 shall be brought into force**

[Notification No. 36/2019-Central Tax, Dated: 20-08-2019](#)

Applicability of the facility of blocking and unblocking of e-way bill facility as per the provision of Rule 138E of CGST Rules, 2017 has been extended to 21.11.2019 from 21-08-2019.

**Waiver of requirement to file ITC 04 for the F.Y. 17-18 and F.Y.18-19**

[Notification No. 38/2019-Central Tax, Dated: 31-08-2019](#)

Registered persons required to furnish the details of challans in FORM ITC-04 in respect of goods dispatched to a job worker or received from a job worker, shall not be required to furnish the same for the period from July 2017 to March 2019.

Provided they shall furnish the details of all the challans in respect of goods dispatched to a job worker in the period July 2017 to March 2019 but not received from a job worker or not supplied from the place of business of the job worker as on the 31.03.2019, in serial number 4 of Form ITC-04 for the quarter April-June, 2019.

**Disbursement of refund by single authority enabled**

[Notification No. 39/2019-Central Tax, Dated: 31-08-2019](#)

Provisions of section 103 of the Finance (No. 2) Act, 2019 became effective from 01.09.2019 enabling disbursement of refund by single authority.

**The place of supply of R&D Services shall be the location of the recipient**

[Notification No.4/2019-Integrated Tax, Dated: 30-09-2019](#)

Notification under Section 13(13) of IGST Act notifying the place of supply of specified R&D service provided by Indian pharma companies to foreign service recipients, as the place of effective use and enjoyment of a service i.e. location of the service recipient.

It is clarified that the place of supply of chip design software R&D services provided by Indian companies to foreign clients by using sample test kits in India is the location of the service recipient and section 13(3)(a) of IGST Act, 2017 is not applicable for determining the place of supply in such cases.

**Changes in Compensation Cess for specified goods**

[Notification No.2/2019-Compensation cess \(Rate\), Dated: 30-09-2019](#)

- ♦ Cess on Petrol Motor Vehicles (1200 cc and length not exceeding 4000mm)-Capacity of 10-13 passengers [Previously capacity was 9 persons] reduced to 1%w.e.f 1.10.2019 (Earlier it was 15%)
- ♦ Cess on Diesel Motor Vehicles (1500 cc and length not exceeding 4000mm)-Capacity of

## In brief

GST rate on Electric Vehicles reduced to 5%

Services of giving electrical vehicle on hire exempted from GST

GST rates of certain goods revised

10-13 passengers [Previously capacity was 9 persons] reduced to 3% w.e.f 1.10.2019 (Earlier it was 15%)

- ♦ Caffeinated Beverages (introduced new cess rate @12%)

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## Notifications – CGST (Rate)

**GST rate on Electric Vehicles, and charger or charging stations for Electric vehicles reduced**

Notification No. 12/2019-Central Tax (Rate), Dated: 31-07-2019

In view of the commitment of the Government to cleaner environment and to encourage use of Electric Vehicles, GST on Electrical Vehicles and charger or charging stations for Electric vehicles has been reduced to 5% with effect from 01.08.2019.

**Following Service by local authorities exempted from GST**

Notification No. 13/2019-Central Tax (Rate), Dated: 31-07-2019

Services by way of giving on hire to a local authority an electrically operated vehicle which is meant to carry more than 12 passengers has been exempted from GST.

**Changes in rates of certain goods**

Notification No. 14/2019-Central Tax (Rate), Dated: 30-09-2019

The GST rate has been amended for the following Goods which are effective from 01.10.2019.

- ♦ Marine Fuel 0.5% (FO) – 5%,
- ♦ Wet grinder consisting of stone as grinder – 5%,
- ♦ Woven and non-woven bags and sacks of polyethylene or polypropylene strips or the like – 12%,
- ♦ Railway wagons, coaches, rolling stock, parts thereof – 12%,
- ♦ Caffeinated beverages – 28%,
- ♦ Precious stones (other than diamonds) and semi-precious stones – 0.25%
- ♦ Parts of Slide fasteners – 12%
- ♦ Railway Wagons, Coaches and Rolling Stocks – 12%

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Rates of certain services revised

Certain additional services under reverse charge u/s 9 (3)

### Changes in rate of certain services

#### Notification No.20/2019-Central Tax (Rate), Dated: 30-09-2019

The following are the list of services which have been changed w.e.f 01.01.2019.

- ♦ Hotel accommodation (above Rs. 1,000 and not exceeding Rs. 7,500 per day) @ 12%,
- ♦ Outdoor catering @ 5% (no ITC)
- ♦ Supply of goods, being food or any other article for human consumption or any drink, by the Indian Railways or Indian Railways Catering and Tourism Corporation Ltd. or their licensees, whether in trains or at platforms – 5% (No ITC)
- ♦ Other professional, technical and business services relating to exploration, mining or drilling of petroleum crude or natural gas or both – 12%
- ♦ Services by way of job work in relation to diamonds – 1.5%
- ♦ Services by way of job work in relation to bus body building – 18%
- ♦ Other services by way of job work (Other than above) – 12%

### CBIC notifies certain services under Reverse Charge Method u/s 9(3) of the CGST Act

#### Notification No.22/2019-Central Tax (Rate), Dated: 30-09-2019

Certain services have been included in the reverse charge list u/s 9(3), which are as follows.

- ♦ Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of subsection (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher. Option to be given to the registered authors to pay GST on royalty charged from publishers under forward charge and observes regular GST compliance.
- ♦ Services provided by way of renting of a motor vehicle provided to a body corporate.
- ♦ Services of lending of securities under Securities Lending Scheme, 1997 (“Scheme”) of Securities and Exchange Board of India (“SEBI”), as amended- reverse charge mechanism (RCM) @18% on payment of GST payment on securities lending service.
- ♦ Supply of services by a music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original dramatic, musical or artistic works to a music company, producer or the like, located in the taxable territory.

All these above services are effective from 1.10.2019 under RCM u/s 9(3).

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RCM on purchase from unregistered dealers

Intermediary services to exclude agency services provided by an agents on own account.

Issues related to ITeS by a supplier located in India for and on behalf of client located abroad clarified.

### RCM on Builders on purchase of Cement from Unregistered Dealers

Notification No.24/2019-Central Tax (Rate), Dated: 30-09-2019

#### Position on or after 1.10.2019

The builder has to pay tax under RCM on all unregistered purchase of cement irrespective of rate of GST he charges and irrespective of percentage of registered cement purchase.

In other words, all builders have to pay the tax under RCM on all unregistered purchase of cement.

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## Circulars- CGST

### Clarification of issues related to supply of IT enabled services (ITeS) to overseas entities and intermediary services to overseas entities under GST Law

Circular no. 107/26/2019-GST Dated: 18-07-2019

It has been clarified that the supplier of services would not be treated as “intermediary”, even where the supplier of services qualifies to be an agent/ broker or any other person if he is involved in the supply of services on his own account.

Circular makes a reference to the definition of IT enabled services (ITeS) under Income Tax Rules, 1962 and clarifies which activities are covered and which activities are excluded from the scope of IT enabled services.

Various situations which may arise in case of supply of ITeS services, by a supplier located in India, for and on behalf of a client located abroad have been explained:

Scenario 1	Supply of ITeS services by the supplier on his own account to the client or customer of the client on clients' behalf.	Such services would not be treated as intermediary services.
Scenario 2	Supplier of backend services arranges or facilitates the supply of goods or services or both by the client located outside India to the customers of the client.	Such backend services of arranging or facilitating supply of goods or services or both between the client and its customer would be intermediary services.

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Scenario 3	Supply of ITeS services by the supplier on his own account along with arranging or facilitating the supply of various support services during pre-delivery, delivery and post-delivery of supply for and on behalf of the client located outside India.	Treatment of such supply as intermediary services would be determined keeping in view which set of services is the principal / main supply.
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The circular also clarifies that supplier of ITeS services, who is not an intermediary, can avail benefits of export of services if he satisfies the criteria mentioned section 2(6) of the IGST Act.

### Clarification in respect of goods sent/taken out of India for exhibition or on consignment basis for export promotion

[Circular no. 108/27/2019-GST Dated: 18.07.2019](#)

This circular addresses issues faced by exporters who take goods out of India for exhibition or on consignment basis for export promotion. These goods are sold only when approved by the prospective customers abroad and the unsold goods are then brought back to India.

Following are the main points clarified by this circular:

- ♦ The removal of goods in such scenario will not constitute supply under GST as no consideration is involved.
- ♦ Their movement out of India should be accompanied by Delivery Challan. Execution of Bond or Letter of Undertaking (LUT) is not required in this case as it will not be covered under zero-rated supply.
- ♦ The goods taken out of India in this manner are required to be either sold or brought back to India within a period of 6 months from the date of removal.
- ♦ The supply would be deemed to have taken place if the goods are neither sold abroad nor brought back within the period of 6 months. In this case, the sender shall issue a tax invoice on the date of expiry of 6 months from the date of removal, in respect of the quantity of goods which have neither been sold nor brought back. The benefit of zero-rating, including refund, shall not be available in respect of such supplies.

Sending/taking goods out of India for exhibition purpose not a supply.

Procedure to be followed in case of goods being sent/taken out of India for exhibition or on approval basis defined.

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Due date for furnishing GSTR 9, GSTR 9A and GSTR 9C for the F.Y. 2017-18 has been extended to 30.11.2019

- ♦ If the specified goods are sold abroad, fully or partially, within the period of 6 months, the supply shall be held to have been effected, in respect of the quantity so sold, on the date of such sale. In this case, the sender shall issue a tax invoice in respect of such quantity of goods which has been sold. These supplies shall become zero-rated supplies at the time of issuance of invoice. However, refund in relation to such supplies shall be available only as refund of unutilized ITC and not as refund of IGST.

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## Removal of Difficulties Order, 2019

**Extension of the due date for furnishing Form GSTR-9, Form GSTR-9A and Form GSTR-9C for the FY 2017-18**

**Removal of Difficulties Order No. 7/2019-GST Dated: 26.08.2019**

The due date for furnishing Form GSTR-9, Form GSTR-9A and Form GSTR-9C for the FY 2017-18 has been extended to 30.11.2019.

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## Key Take Away

- Form ITC-04 waived for the F.Y. 17-18 and F.Y. 18-19
- Electric Vehicles and its chargers and charging stations subject to reduced GST Rate of 5%
- Due date for furnishing Form GSTR-9, Form GSTR-9A and Form GSTR-9C for the FY 2017-18 has been extended to 30-11-2019.
- RCM on Builders on Purchase of Cement from Unregistered Dealers
- Services rendered by suppliers for body corporate entities on renting vehicles, a registered person other than LLP, proprietorship can avail 5% GST under reverse charge mechanism.
- Security lending services can be filed at 18% under the reverse charge mechanism. For security lending services filed before the reverse charge mechanism, GST charges can be filed on a forward charge basis.

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## Contact Us:

### Mumbai

Mistry Bhavan, 3rd Floor  
Dinshaw Vachha Road,  
Churchgate  
Mumbai 400 020  
Tel No. +91 22 6623 0600

### Mumbai (Suburban Office)

501/502, Narain Chambers,  
M.G. Road, Vile Parle  
(East) Mumbai 400 057  
Tel No +91 22 6250 7600

### Ahmedabad

Tel No. +91 79 2630 6530

### Bengaluru

Tel No. +91 80 2535 1353

### Chennai

Tel No. +91 44 4384 9695

### New Delhi

Tel No. +91 11 2735 7350

### Vadodara

Tel No. +91 265 234 3483

### Dubai

Tel No. +971 04 355 9533