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C.No. IV/16/40/2017-CC(HZ)-Tech PF-2

DATE: 08.11.2017

**MINUTES OF THE MEETING OF THE REGIONAL ADVISORY COMMITTEE,
HYDERABAD ZONE HELD ON 23.10.2017**

Meeting of the Regional Advisory Committee (RAC) of Hyderabad Zone was held on 23.10.2017 at 16.00 hrs in the Conference Hall, 1st Floor, GST Bhavan, Hyderabad for the third quarter ending September 2017. The meeting was presided over by Shri. Bankey Behari Agrawal, Chief Commissioner of GST & Customs, Hyderabad Zone, Hyderabad and was attended by the following Members of Regional Advisory Committee :-

1. Shri Devendra Surana, Federation of Telangana Chamber of Commerce and Industry (FICCI)
2. Shri V.V. Parsuram, Confederation of Indian Industry (CII)
3. Shri Gowra Srinivas, Federation of Telangana and Andhra Pradesh Chamber of Commerce and Industry (FTAPCCI)
4. Dr. Hanumantha Rao, Federation of Telangana Small Scale Industries Association (FETSIA)
5. Shri Ashok Surana, All India Manufacturers Organization.
6. Shri M.S.V. Krishna, Medak Small Scale Entrepreneurs Association
7. Shri Tulasi D. Prasad, Air Cargo Agents Association of India (ACAAI)
8. Shri Adil Khan & Shri T. Abhimanyu, Customs Brokers Association

2. Following Departmental Officers were also present:-

1. Shri Anil Kumar Jain, Principal Commissioner, Hyderabad Customs Commissionerate, Hyderabad.
2. Shri Naresh Penumaka, Principal Commissioner, Hyderabad GST Commissionerate, Hyderabad.
3. Shri M. Srinivas, Commissioner, Medchal GST Commissionerate, Hyderabad.
4. Shri A.R.S. Kumar, Commissioner, Ranga Reddy GST Commissionerate, Hyderabad.
5. Shri Sunil Jain, Secunderabad GST Commissionerate, Hyderabad.
6. Shri K. Bala Kishan Raju, Additional Commissioner, Medchal GST Commissionerate, Hyderabad.
7. Ms. G. Rashmi, Joint Commissioner, Customs Commissionerate, Hyderabad.
8. Shri Raghu Kiran, Joint Commissioner, Medchal GST Commissionerates, Hyderabad.
9. Shri D. Sai Ramesh, Assistant Commissioner, CCO, Hyderabad Zone, Hyderabad.
10. Shri Ravi Jarpula, Assistant Commissioner, CCO, Hyderabad Zone, Hyderabad.
11. Shri M.V.S.N. Vamsidhar, Superintendent, CCO, Hyderabad zone, Hyderabad.

3. The Chief Commissioner welcomed all the members/participants of the Regional Advisory Committee (RAC) for the Organized Sector and Small Scale Industries of Hyderabad Zone to the meeting. Before commencing the discussion on

NOTE: Please call the toll free number: 1800 599 5399 or mail to gstqueries.medchal@gmail.com to seek clarifications regarding GST issues, if any. (Initiatives of Central GST, Hyderabad Zone)

the points of agenda, Chief Commissioner informed the members about the initiatives taken up by the Commissioner, Medchal GST Commissionerate for addressing the issues of the trade on GST through a dedicated email-id (gstqueries.medchal@gmail.com), a whatsapp group created with the members of various associations, pamphlets being issued regarding rates on common items and comparative rates of some items. The Chief Commissioner made a special mention and appreciated the initiative of the Principal Commissioner, Hyderabad GST Commissionerate for putting in place a **toll free help line (1800 599 5399 – 5 lines)** on GST for the benefit of trade and industry. The members of RAC were requested to convey all their members to utilize the toll free number and the e-mail facility to seek clarification on any issue related to GST.

Thereupon the following agenda points were taken up for discussion:-

3.1) **Issues raised by FTAPCCI, Hyderabad**

a) **M/s. Ortin laboratories Limited**

M/s. Ortin laboratories Limited, CIN No. L24110TG1986PLOO6885 Dt. 27/10/1986 have two manufacturing units, one situated at Pashmylaram Industrial Area, Medak district and another unit situated at Malkapur village, Choutuppall mandal, Yadadri District. They hold two different registrations for Central excise/ service tax under Central Excise Act and common TIN No. under VAT Act. The details under Pre-GST regime are mentioned below:

Type Registration	Registration No	Date of Registration
Corporate Identity	L24110TG1986PLOO6885	27/10/1986
Valued Added Tax-TIN	36870157564	02/06/2014
Central Excise Registration No (Unit At MalkapurChoutuppall- Yadadri Dist)	AAACO2401LEM003	09/08/2011
Central Excise Registration No (Unit At Pashamylaram – Medak Dist.)	AAACO2401LXM002	09/08/2011
Service Tax Registration No (Unit At Malkapur Choutuppall- Ydadri Dist)	AAACO2401LSD002	09/08/2011
Service Tax Registration No (Unit At Pashamylaram – Medak Dist.)	AAACO2401LST001	09/08/2011

They had successfully migrated into GST regime on receipt of provisional ID from VAT and have been allotted with GSTIN No. 36AAACO2401L1ZP issued vide certificate in Form No. GST REG- 6. Dt.21/09/2017. While migrating to GST Regime, they migrated by indicating only CIN number in the non-core field area and the same were amended by filling GST Reg-14 by indicating all registrations under old regime on 18/09/2017 which has been approved.

They faced the problem in getting the carried forward credit balances under Pre-GST regime of Rs. 2,72,93,532/- (Rupees Two Crore Seventy two lakhs ninety three thousand five hundred and thirty two only) balance CENVAT Credit as per the June'17 ER 1 Returns of both units. And Rs. 4,76,800/- (Rupees Four Lakh seventy six thousand eight hundred only) as per the VAT Return June'17. The TRAN 1 was filed on 04/09/2017 which was acknowledged by Commercial Tax Department – Telangana by generating ARN is AA360817065718K. But, the same was not reflected in the electronic credit ledger showing error as “proceed with Error” in the status Column. As there is a liability around Rs.50 lakhs (Fifty Lakhs) in the months of July and Aug'17' to be set off with carried forward credit, the taxpayer is seeking advice of the department.

Reply: The matter has already been referred to ADG Systems, Chennai to pursue with GSTN. It was clarified that the problem was because of non-availability of the registration information of CENVAT in the taxpayer form. The credit will not be carried forward in respect of the registration number which was missing in the taxpayer form. The issue can be resolved by amending the relevant fields or making the omissions good in the registration (amendment of core & non-core fields were enabled on GSTN) as well as making amendment to TRAN-1. ADG systems Chennai conveyed that TRAN-1 amendment will be made available shortly, which the taxpayer may like to avail and claim the missing credit.

b) Sri Sainath Plastek,IDA Cherlapally, Hyderabad (Manufacturers of Plastic Items):

- a. The assessee had closing balances in Central Excise Return (ER-1) in CENVAT, ED-CESS, SHED-CESS and Service Tax as on 30.06.2017. They wanted to know, whether they were eligible to take credit of ED-CESS & SHED-Cess in TRAN-1. If not how this amount could be claimed.
- b. The assessee had closing balance in PLA A/c (excise) also in CENVAT, ED-CESS & SHED-CESS. He raised the question as to whether this amount can be claimed in TRAN-1. If not, he sought an alternate way to claim it.

Reply to Point (a): In terms of Rule 117 of CGST Rules, 2017 read with Section 140 of CGST Act, 2017, every registered person is entitled to take credit of input tax of the levies specified in the Explanation 2 of the said Section 140 of CGST Act, 2017. But, Explanation 2 to Section 140 does not include any Cess. So, Krishi Kalyan Cess, Education (ED-Cess) and Secondary & Higher Secondary Education Cess (SHED-Cess) are not allowed to be carried forward as transit credit.

Reply to Point (b): It was clarified that the closing balance in current account (PLA) cannot be carried forward in TRAN-1. However, one can claim cash refund of unutilized balance of PLA, for which the doctrine of unjust enrichment [clause (b) of under the proviso to Sec 11B(2) of CEA,1944] and the limitation of time, are not applicable. Hence, a claim for unspent balance of PLA, with proof of payment and documents evidencing the balance would suffice to get the cash refund.

Regarding ED & SHED Cess – refer to the reply to Point (a) above.

c) Sri Sai Tattva

Recommend to the Board for reduction of GST on Ayurvedic medicines from 12% to 5%. The Ayurvedic products would make traditional or classical formulations more affordable to common man and help improve in national healthcare offerings. Moreover, this will promote further research on Indian System of Medicine and definitely support the Make-in-India policy of the Government of India.

Before introduction of GST, some of the products were exempt from Excise Duty. For some products, concessional rate Excise Duty of 2% on 65% of the MRP was levied. With addition of VAT @ 5.5% levied by State Governments, the effective rate worked out to 5.5% to 6.87%. GST has increased the tax rate to 12%, which worked out to 100% increase.

The assessee, therefore, requested to recommend to the Board for reduction of GST on Ayurvedic medicines from 12% to 5%.

Reply: The rate of GST has already been reduced to 5% (CGST 2.5%+SGST/UTGST 2.5% or 5% of IGST) vide Notification No.34/2017-Central Tax (Rate) dated 13.10.2017, read with the corresponding notification of the respective SGSTA / UTGSTA; and IGSTA.

d) The Telangana Roller Flour Mills Association :-

Clarification was sought on whether printing of manufacturers' company name, which is unregistered under Copy Right Act/ Trade Mark Act on the bag/container of the product (like Aata, Maida and Suji) will constitute to be an "Actionable Claim" or not.

Reply: As per clause (ii)(a) of the Explanation under Notification No: 01/2017 – CT (R) dtd: 28.06.2017 as amended vide No: 27/2017 – CT (R) dtd: 22.09.2017 –

“The phrase “brand name” means brand name or trade name, that is to say, a name or a mark, such as symbol, monogram, label, signature or invented word or writing which is used in relation to such specified goods for the purpose of indicating, or so as to indicate a connection in the course of trade between such specified goods and some person using such name or mark with or without any indication of the identity of that person.

Therefore, once the name of the manufacturer is printed on the contained / package of the product, it falls with the meaning of “Brand Name”. A brand name could be a registered one or unregistered. As per the Nfn. No: 2/2017-CT (R) dtd: 28.06.2017 as amended vide Nfn. No: 28/2017- CT (R) dtd: 22.09.2017, any 'brand name' is deemed to be a “registered brand name: , if the concerned has an actionable claim on it.

Therefore, once the name of the manufacturer is affixed / printed on the container/package of the product, it generally provides scope for an actionable claim. However, if a supplier using an “unregistered brand name” voluntarily foregoes any actionable claim or enforceable right on such unregistered brand name, affixed on the product, it is not treated as a registered Brand Name/mark, for the purpose of levy of GST, subject to the following conditions as prescribed under Notification No: 1/2017-Central Tax (Rate) dated 28.06.2017, as amended vide Notification No: 27/2017-Central Tax (Rate) dated 22.09.2017:-

(a) *the person undertaking packing of such goods in unit containers which bear a brand name shall file an affidavit to that effect with the jurisdictional commissioner of Central tax that he is voluntarily foregoing his actionable claim or enforceable right on such brand name as defined in Explanation (ii)(a); and*

(b) *the person undertaking packing of such goods in unit containers which bears a brand name shall, on each such unit containers, clearly print in indelible ink, both in English and the local language, that in respect of the brand name as defined in Explanation (ii)(a) printed on the unit containers he has foregone his actionable claim or enforceable right voluntarily.”*

3.2 Issues raised by Federation of Indian Chambers of Commerce and Industry (FICCI)

a) Delay in Import Clearance at ICD, Hyderabad:

There was inordinate delay in clearance of material at ICD, Hyderabad. Material reached India on 15.09.2017, duty paid on 22.09.2017 but the container could be cleared only on 04.10.2017. This type of delay deters industry from using ICD, Hyderabad. (Details enclosed along with suggestions)

Reply: It was informed that the issue has been examined and as per the details available on record, there was no delay on the part of Customs. The goods were cleared on the same day when they were registered at the ICD. The details of the cargo movement along with the time taken between goods registration and Out of Charge was presented to the member to clarify that there was no delay on the part of the Customs.

b) GST Adjustments: Adjustment of IGST against either CGST or SGST should be allowed before clearing IGST liability. The IGST liability could then be adjusted with the backlog of CGST or IGST.

Reply: As per the provisions of Section 49(5) of CGST Act, 2017, Integrated tax (IGST shall first be utilized towards payment of Integrated tax and the amount remaining, if any, may be utilized towards the payment of Central tax and State tax, or as the case may be, Union territory tax, in that order (similar provisions exist in SGSTA/UTGSTA and the provisions of CGSTA are applicable to IGSTA). The relevant module of GSTN is also programmed to ensure compliance to the said statutory requirement. In fact, it is a policy matter and as per the law, based on the recommendation of GST- Council. Hence, the issue raised cannot be addressed.

c) Transitional Provisions under GST/Activation of Declaration form GST TRAN2: GST TRAN 2 is not yet activated to enable the traders to submit the details of stock held by them and claim ITC.

GST Tran2 has to be immediately activated to enable the traders to submit the declaration form GST Tran-2

Reply: GST Tran 2 is not yet activated by GSTN. As and when activated by GSTN, the trade will be informed.

3.3) Issues raised by Federation of Telangana Small (MSME) Industries Association:

a) A DTA supplier supplying goods to an SEZ unit on payment of IGST, with an intention of claiming "Refund". The documents for claim of refund are (a) Statement of Copies of Invoice (b) declaration from SEZ unit stating that they have not availed ITC and (C) endorsement from proper officer evidencing receipt of such goods into the SEZ.

In case of document mentioned at c), is it enough if an officer / authorized signatory of SEZ unit signed and send the endorsement document on the reverse side of the invoice copy, or the customs officer has to give an endorsement in the invoice copy. Earlier the customs officer was giving endorsement and signing on the ARE-1. Now ARE-1 is dispensed.

PROBLEM: Now the customs officers of the SEZ units are refusing to give endorsement on the invoice copy, on the plea they have no instructions to endorse the invoice copy. The customs officers of the SEZ units inform that they are making an entry in the GST portal, hence they need not give any endorsement and they have no such instructions.

But as per rules the DTA supplier has to file an endorsement from proper officer, evidencing receipt of such goods in the SEZ, along with his claim application. Kindly resolve the problem.

Reply: An e-flier on refund of Integrated Tax paid on account of zero rated supplies is available on CBEC website and the member was requested to go through the same. Further, it was informed that Joint Development Commissioner, SEZ assured to issue a Circular insisting the specified officers to endorse invoices as proof of receipt of goods into SEZ. Further, refund of tax paid on the supplies made to SEZ would be automatically processed through GSTN network, once GSTN is electronically linked to ICEGATE which is under process; which is expected to be completed in the near future.

b) A company is paying GST on GTA, but sometimes engaging a private individual truck or DCM vehicle i.e. truck owner who keeps his vehicle on road side / adda, who

does not possess any invoice book or bill book and does not give any consignment note or L.R., for transporting of goods to other state i.e. Vijayawada. The company will pay to the individual truck operator (say about Rs.8,000/-) on company's payment voucher. In such cases whether GST is exempted or payable.

Reply: It was informed that transportation of Goods by road, other than those by GTA and courier agency, are exempted vide Sl.No.18 of Notification No. 12/2017-CT(R). Hence, in respect of such supplies Reverse Charge Mechanism is not applicable. [Attention was invited to the e-flier on GTA – issued by CBEC).

c) "X" company is paying an amount (say Rs.12,000/-) to an agent at Vijayawada by cheque for booking an order to "X" company, after deducting and paying the eligible TDS to I.T. Department. Here the agent is an individual does not have an office, operates from his residence. He goes to the company's / industry, uses his good offices and get orders. The total payment to the agent per year is Rs.2 – 3 lakhs and the agent's business per year is less than Rs.5.00 lakhs. In such cases whether GST is applicable, if so what is the percentage?

Reply: An agent who merely mediates the supplies (falling under SAC: 996111/996211 – **services provided for a fee or commission or on contract basis**, in wholesale or in retail), who doesn't fall within the definition of 'Recipient' or the 'supplier' (Sec. 2(93) and Sec. 2(105) of CGSTA, respectively) and is having an annual aggregate turnover of less than Rs. 20/10 lakhs is not liable to pay GST in terms of Sec. 22 read with Sec. 23 of CGSTA, read with Notification No: 10/2017-IGST dated 13.10.2017 (read with corresponding provisions of SGSTA/UTGSTA).

But an Agent who is making taxable supplies of Good/Services or both on behalf of other taxable person, is liable to take registration [Sec. 24(vii) of CGST Act, 2017], irrespective of turnover, and pay GST.

However, the levy in terms of the provisions of Section 9(4) is exempted from 13.10.2017 to 31.03.2018 vide Notification No.38/2017-Central Tax (Rate) dated 13.10.2017. But, there is no such exemption for the period 01.07.2017 to 12.10.2017.

d) One factory is located in a leased premises and paying rent of about Rs.50,000/- per month for the premise and building by deducting the TDS and also paying TDS to I.T. department. The owner of the factory shed is a proprietary firm and regularly files his I.T. returns. In such cases, whether GST is applicable. If so, who has to pay GST and at what percentage.

Reply: The owner of the premises is required to take registration and pay GST @ 18%, only in case his aggregate turnover crosses Rs. 20/10 lakhs, either from the subject premises or from all such premises rented/leased for furtherance of business as well as the turnover any other taxable supply. If the owner (lessor) is not registered for any reason, company (lessee) is liable to discharge GST on the same in terms of Section 9(4) of CGSTA. However, the levy in terms of the provisions of Section 9(4) is exempted from 13.10.2017 to 31.03.2018 vide Notification No.38/2017-Central Tax (Rate) dated 13.10.2017. But, there is no such exemption for the period 01.07.2017 to 12.10.2017.

e) One factory every month paying incentive to certain / some staff workers towards maximum attendance, maximum production at a machinery (out of machine), highest quality production, highest power savings at machinery etc. apart from his regular monthly salary. In such cases, whether GST is applicable. If so, how much GST needs to be paid.

Reply: It was explained that the consideration paid by an employer to an employee for the services in connection with the employment, which is in the nature of pay and allowances of the employees, do not attract GST by virtue of Sl.No.1 of schedule III to

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CGST Act. 2017 (Similar provisions exist in SGSTA/UTGSTA and the provisions of CGSTA are applicable to IGSTA).

f) In some factories workers allowances such as food allowance, washing allowance, conveyance allowance, dress allowance, night duty allowance etc. are paid. In such cases, whether GST is payable?. If so, at what percentage.

Reply: Refer to the reply to point (e) above.

g) In some factories, the management is arranging morning Tiffin and coffee for the night duty workers, snacks and tea for day duty workers, meals to the overtime duty staff, workers. These items are provided by a road side tea stall or Tiffin center or a small tikkywala, who doesn't have bills.

The payment will be made by the factory management once in a month, by taking his signature in the voucher. The amount payable per month is about Rs.10,000/- to Rs.12,000/- In such cases whether GST is payable. If so details of GST payable.

Reply: If the supplier of tea/coffee/tiffin/meals etc., is not required to be registered as per GST law, the company is liable to discharge GST on such supplies in terms of Section 9(4) of CGST Act. However, the levy in terms of the provisions of Section 9(4) is exempted from 13.10.2017 to 31.03.2018 vide Notification No.38/2017-Central Tax (Rate) dated 13.10.2017.

But, during the period 01.07.2017 to 12.10.2017 such supplies of goods/services/both, by unregistered person to a registered person, was exempted from the said levy under Sec. 9(4) of CGSTA, only if the aggregate value was less than Rs. 5000/- per day from any or all such suppliers in terms of the Nfn. No: 8/2017-CT (R) dtd: 28.06. 2017.

h) In GST rules, staff amenities are at Zero rated GST, kindly clarify what are the items covered under the staff amenities, the management can provide.

Reply: The staff amenities are not at Zero rate of GST; and the expression "Staff amenities" has a very wide connotation. In case of cash incentives as referred in point (e) above, the reply thereunder holds good. However, in case of free gifts (Goods/services/both) given by an employer, GST is not liable to be paid if the value in a financial year does not exceed Rs. 50,000/- per employee, as provided under proviso to Clause 2 of Schedule-I to CGSTA (Similar provisions exist in SGSTA/UTGSTA and the provisions of CGSTA are applicable to IGSTA).

I) In a factory one purohit regularly performs Pooja. He also brings one coconut, banana, flowers and other Pooja-items for pooja. The management is paying Rs.10,000/- per month for the activity, and take voucher from purohit. In such case, whether GST is applicable, if so give us details.

Reply: The said Pooja qualifies as a religious ceremony. The consideration received towards the services by a person by way of conduct of any religious ceremony is exempted from GST vide Sl.No:13 of the Notification No: 12/2017-Central Tax (Rate) dated 28.06.2017. Hence, the amounts paid to purohit / poojari for performing Puja which qualifies as a religious ceremony, is exempted. The consideration for supply of coconut, banana, flowers etc. is in conjunction with the principal supply (Pooja /

Religious ceremony); and hence exempted, as they were supplied in conjunction to the principal supply.

Even if the coconut, banana and flowers are billed separately, they are exempted supplies vide Notification No. 02/2017-Central Tax (Rate) dated 28.06.2017 and hence there is no liability of GST under RCM too even for the period 01.07.2017 to 12.10.2017. Further, other specified Puja items are also exempted vide sl. No: 148 of the Notification No: 2/2017- Central Tax (Rate) dated 28.06.2017. (Corresponding Nfn. exist under SGSTA/ UTGSTA / IGSTA).

j) If a company's Managing Director / Director tours in the country on company's work, submits bill for re-imburement. In such bill some bills like Air Tickets, 3 star accommodations etc are GST charged. But some bills like food expenses, local conveyance, out of pocket expenses, laundry etc. are without GST and some are vouchers certified by Managing Director / Director. In such cases how should we show the GST structure, can we take the ITC on such bills.

Reply: ITC of GST paid can be claimed if the recipient is a registered person i.e: if the bills are in the name of the company, subject to the limitations envisaged in Sec. 17(5) of CGST Act, 2017.

However, if the company is not registered in the place of supply (Accommodation service in a State/UT, where the company is not registered), ITC is not admissible as cross utilization of ITC across the states is not permissible.

In fact, in the above case each service has to be examined in the light of place of supply rules to determine the eligibility to claim ITC. The provisions of Section 9(4) are deferred till 31.03.2018 vide Notification No.38/2017-CT (Rate) dated 13.10.2017 in respect of out of pocket expenses.

k) Government is giving incentives to the Industries, such as Investment Subsidy, Reimbursement of Land cost, Pavala Vaddi, Reimbursement of VAT, Reimbursement of power cost, Transfer of duty etc. The amounts sanctioned are released as per availability of funds with Government, and credited to the account of Industries, directly. In such cases, whether GST is payable or not.

Reply: There is no GST liability on such receipts from the Government, since the said amounts are not towards any taxable supply. Even if such subsidies / incentives are directly linked to the price of any specific supply, such amounts need not to be included to the transaction value of the supplies, in terms of sub-section (2)(e) of Section 15 of CGST Act, 2017. (Similar provisions exist in SGSTA/UTGSTA and the provisions of CGSTA are applicable to IGSTA).

l) In some factories, certain works as shown below, are not given as Works contracts, but entrusted to some individual on lump sum payment, and obtain voucher for the payment made to him.

- | | | |
|---|---|------------------------|
| a. Septic Tank clearing / cleaning | - | Scavenger |
| b. Drainage canals cleaning | - | Scavenger. |
| c. Plumbing works / Arresting of leakages | - | Plumber. |
| d. Building repairs | - | Masonry. |
| e. Floor cleaning, wastage cleaning | - | Cleaning person. |
| f. Packing of finished goods | - | One Individual Labour. |
| g. Stitching of packed Bags & Labeling | - | One Individual Labour. |

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The payment will be made once in a week or once in fortnight. The amount payable sometimes is less than Rs.5,000/- and sometimes it is Rs.8,000/- to Rs.10,000/-.In such cases, whether GST is applicable and at what percentage.

Reply: There is no GST liability in such supplies from casual workers, unless the service provider has an aggregate turnover exceeding the threshold limit. Even if the service provider is not registered, there is no GST liability under RCM w.e.f 13.10.2017, as mentioned at Answer to Question (g) above. However, for the period 01.07.2017 to 12.10.2017, GST is payable under RCM, if the amount from all or any such payments to unregistered persons, together is above Rs. 5000/-, per day, as per the Nfn. No 8/2017 – CT (R) dtd: 28.06.2017.

3.2) Issues raised by All India Manufacturers Organization (APSB), Hyderabad

GST provides for supplies to be made to SEZ units with or without payment of duty. However, in 'GSTR1/b2b/invoice/add' screen on the website, the radio buttons – 'SEZ supplies with payment' and 'SEZ supplies without payment' have been disabled. The only supply variants other than regular B2B sales on this screen are 'Deemed Exports' and 'Supply attracts reverse charge'

Kindly examine the conflict and advise how to enter SEZ sales with payment of duty on the GST website.

Reply: In respect of the supplies to SEZ, payment buttons get enabled only when the recipient is registered as a SEZ unit (based on the GSTIN of the recipient in B2B invoices). If the problem still persists, the recipient may be asked to send an e-mail to GSTN- helpdesk or gstqueries.medchal@gmail.com along with screenshots for further action.

3.3) Points sponsored by The Air Cargo Agents Association of India

a) POST EXPORT/IMPORT CLEARANCE DOCUMENTS – At Air Cargo, the shipping bills and post export documents are signed and stamped by Customs. Whereas, the same is discontinued in other ports. Attached the Public Notice No.31/2017 issued by Mumbai Commissionerate of Customs Air Cargo which is self-explanatory. Therefore, request your good office arrange suitable Public Notice to that extent which will relieve both agents and customs officials from additional work load.

Reply: A Public Notice similar to the Mumbai Commissionerate Public Notice No. 31/2017 dated 16.08.2017 will be issued shortly by Hyderabad Customs Commissionerate.

b) Perishable exports hampered during the ICEGATE down time – The perishable shipments could not be moved due to ICEGATE down time and non-generation of shipping bill numbers during the down time. As such we request you to permit manual permission only for commodities such as vegetables, fruits, fish and meat which are falling under perishable category. Also request you to extend such permission for Pharma temperature controlled shipments and time sensitive cargo which will be of great help to trade.

Reply: The matter was discussed and it was conveyed that the manual permissions will be extended in all deserving cases.

c) Cargo Dwell times at Hyderabad Airport – the dwell time published in Customs website doesn't include Hyderabad related information. Therefore request your good office to get the same published along with other stations information which will help the trade and department to review the same and go for corrective actions to reduce the delays wherever required.

Reply: The Dwell time information pertaining to Hyderabad airport will be uploaded in CBEC website, as desired by the members.

The Chief Commissioner suggested that the points sponsored by Hyderabad Menzies can be taken up separately with Customs Commissionerate in the forthcoming PTFC/CCFC meetings.

3.5) Issue raised by Medak Small Scale Entrepreneurs Association

a) **Job Works:** Earlier there was no tax on job works. Presently 18% GST is introduced. This is making a lot of impact on MSMEs as they are paying tax within 15 to 20 days of end of billing month whereas customers in normal course pay the amount in 45 to 90 days depending upon order terms. This is causing heavy requirement of working capital. At present customers (particularly BHEL) are not even prepared to pay the GST component but they are paying only bill amount before GST keeping aside GST component on the pretext that they are unable to view the auto generated GTR 2. Apparently this is because the GST council has not yet closed the GSTR 1 for the month of July 2017.

Reply: The last date for filing GSTR-1 for the month of July, 2017 was 10.10.2017. Hence, M/s BHEL can now view the invoice details of the job workers in their GSTR-2A and act accordingly. The member was also told to flag other issues of concern, separately with all relevant details and supporting documents, for necessary action.

b) **Reverse Charge:** Reverse charge also is causing heavy burden on working capital.

Reply: Payment of tax on reverse charge mechanism under Section 9(4) of CGST Act, 2017 and under Section 5(4) of IGST Act, 2017 has been exempted from 13.10.2017 to 31.03.2018 vide Notification No.38/2017-Central Tax (Rate) dated 13.10.2017 and Notification No.32/2017-IT(Rate) dated 13.10.2017, for immediate relief. Further extension of the exemption or otherwise is expected to be decided based on the report of the committee of experts set up by GST Council, in this regard, as mentioned in the press release dtd: 06.10.2017 issued by CBEC. (Source: http://cbec.gov.in/resources//htdocs-cbec/gst/20171006_PressRelease_22ndGSTCMeeting.pdf)

c) **Composite Scheme:** BHEL is not allowing small vendors using composite scheme on the pretext that they are not in a position to take ITC and thus, this scheme which is actually meant for helping small units is not coming to real use.

Reply: Composition Scheme is optional; and whether to opt for the same or not is a commercial decision of the taxable supplier. Therefore, the issue is not within the scope of RAC. However, if any specific suggestion is given, the same can be examined.

d) **Difficulty in compliance:** Suddenly we are all required to enhance our skills towards computerization and invest huge amounts on hardware and software in addition to engaging knowledgeable employees / consultants. In view of this, it is

requested that the mechanism be simplified in such a way that even less qualified persons are able to comply with the system without depending on others.

Reply: In order to address the problems of the small and medium businesses, a number of measures have been taken in the 22nd GST Council meeting held on 06.10.2017. The same are mentioned below:

- i Exemption of service providers whose annual aggregate turnover is less than Rs. 20 lakhs (Rs. 10 lakhs in special category states except J & K) from obtaining registration even if they are making inter-State taxable supplies of services. This measure is expected to significantly reduce the compliance cost of small and medium businesses. (Nfn. No: 10/2017 – IT dtd: 13.10.2017)
 - ii To facilitate the ease of payment and return filing for small and medium businesses with annual aggregate turnover up to Rs. 1.5 crores, it has been decided that such taxpayers shall be required to file quarterly returns in FORM GSTR-1, 2 & 3 and pay taxes only on a quarterly basis, starting from the third quarter of this financial year i.e. October-December, 2017. The registered buyers from such small taxpayers would be eligible to avail ITC on a monthly basis. (Source: press release dtd: 06.10.2017 issued by CBEC. http://cbec.gov.in/resources//htdocs-cbec/gst/20171006_PressRelease_22ndGSTCMeeting.pdf);
 - iii Levy under Reverse charge mechanism under sub-section (4) of section 9 of the CGST Act, 2017 and under Section 5(4) of IGST Act, 2017 has been exempted from 13.10.2017 to 31.03.2018 vide Notification No.38/2017-Central Tax (Rate) dated 13.10.2017 and Notification No.32/2017-IT(Rate) dated 13.10.2017, respectively , for immediate relief.
 - iv Services provided by a GTA to an unregistered person have been exempted for immediate relief. (Nfn. No: 32/2017 – CT (R) dtd: 13.10.2017)
4. The meeting ended with thanks to all the members of the Committee from the Chair.
5. This issues with the approval of the Chief Commissioner of GST & Customs, Hyderabad Zone, Hyderabad.


(Rashmi.G)
Joint Commissioner (CCO)

To
All the RAC Members (by e-mail)

Copy submitted to :

- 1) The Indirect Tax Ombudsman, Chennai, 26/1, Mahatma Gandhi Road, Nungambakkam, Chennai, 600 034 w.r.to letter F.No. ITOM/RAC-Hyderabad/2015 dated 08.04.2016.
- 2) The Principal Commissioner of Customs /
Principal Commissioner/Commissioner of GST, Hyderabad/Medchal/
Secunderabad/Ranga Reddy/Audit-I/Audit-II /Appeals-I / II, Hyderabad - with
a request to give wide publicity.

NOTE: Please call the toll free number: 1800 599 5399 or mail to gstqueries.medchal@gmail.com to seek clarifications regarding GST issues, if any. (Initiatives of Central GST, Hyderabad Zone)