

CONFIDENTIAL

Minutes of the 13th GST Council Meeting held on 31st March 2017

The thirteenth meeting of the GST Council (hereinafter referred to as 'the Council') was held on 31 March 2017 in Vigyan Bhavan, New Delhi under the Chairpersonship of the Hon'ble Union Finance Minister, Shri Arun Jaitley. The list of the Hon'ble Members of the Council who attended the meeting is at **Annexure 1**. The list of officers of the Centre, the States, the GST Council and the Goods and Services Tax Network (GSTN) who attended the meeting is at **Annexure 2**.

2. The following agenda items were listed for discussion in the 13th Meeting of the Council –

1. Confirmation of the Minutes of the 12th GST Council Meeting held on 16 March 2017

2. Approval of the Draft GST Rules on:

- (a) Input Tax Credit
- (b) Valuation
- (c) Transitional Provisions
- (d) Composition

3. Approval of amendments to the following Draft GST Rules approved in the 2nd Meeting of the GST Council held on 30 September 2016:

- (a) Registration
- (b) Return
- (c) Payment
- (d) Refund
- (e) Invoice, Debit/Credit Note

4. Any other agenda item with the permission of the Chairperson

5. Date of the next meeting of the GST Council

3. The Hon'ble Chairperson welcomed all the Members to the Council meeting. He extended a warm welcome to the four new Members of the Council from Goa, Punjab, Uttar Pradesh and Uttarakhand. He then commenced discussion on the various agenda items.

Discussion on Agenda Items**Agenda Item 1: Confirmation of the Minutes of the 12th GST Council Meeting held on 16 March, 2017:**

4. The Hon'ble Chairperson invited comments of the Members on the draft Minutes of the 12th Meeting of the Council (hereinafter referred to as 'Minutes') held on 16 March 2017 before its confirmation.

4.1. The Hon'ble Minister from Karnataka stated that the version of the Secretary to the Council (hereinafter referred to as 'Secretary') in paragraph 12.6 of the Minutes, in regard to levy of Value

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Added Tax (VAT) on 'Bidi', though recorded correctly, created an impression that VAT was charged only in six States. He stated that upon further inquiry, it had come to his notice that VAT on 'Bidi' was levied in about 21 States, namely, Rajasthan (65%), Jammu & Kashmir (40%), Himachal Pradesh (22%), Delhi (20%), Tamil Nadu (14.5%), Punjab (14.3%), Uttar Pradesh (14%), Madhya Pradesh (65%), Chandigarh (20%), Haryana (13.125%), Maharashtra (13.5%), Andhra Pradesh (exempt), Telangana (exempt), Karnataka (exempt), Chhattisgarh (5%), Odisha (10%), Assam (30%), West Bengal (exempt), Jharkhand (5%), Bihar (15%), Uttarakhand (20%), Goa (25%), Puducherry (14.5%), Kerala (14.5%) and Gujarat (22.5%). The Secretary stated that in order to avoid any confusion, his version recorded in this paragraph could be slightly modified and the word 'like' (before the word 'Rajasthan') in the 5th line could be replaced by the words 'for example'. The Council agreed to this suggestion.

5. In view of the above discussion, for **Agenda item 1**, the Council decided to adopt the Minutes of the 12th Meeting of the Council with the change as recorded below:

5.1. In paragraph 12.6 of the Minutes, to modify the version of the Secretary recorded in the 5th line by replacing the word 'like' (appearing before the word 'Rajasthan') with the words 'for example'.

Agenda Item 2: Approval of the Draft GST Rules on: (a) Input Tax Credit; (b) Valuation; (c) Transitional Provisions; and (d) Composition:

6.1. Introducing this agenda item, the Secretary informed that he had a very constructive meeting with the officers of the Centre and the States in the morning lasting from 11 A.M. to 4.30 P.M. during which all the nine Rules on the agenda were discussed in detail and the officers made certain suggestions to amend the various provisions of the Rules. He stated that the Rules would be revised on the basis of these suggestions and circulated to the States within a day. He then invited Shri Upender Gupta, Commissioner (GST Policy Wing), Central Board of Excise and Customs (CBEC) to make a brief presentation on these four Rules. In his presentation, the Commissioner (GST Policy Wing), CBEC, outlined the salient features of the GST Rules on (a) Input Tax Credit; (b) Valuation; (c) Transitional Provisions; and (d) Composition. The presentation is attached as **Annexure 3** to the Minutes.

6.2. The Secretary informed that the comments of the officers on these four Rules had already been taken note of and invited further comments of the Hon'ble Members of the Council. The Hon'ble Minister from Kerala pointed out that Rule 5 of the Valuation Rules relating to supply of lottery tickets was complex and enquired whether this stood deleted in light of the officers' level discussion today. The Secretary stated that during the discussion in the officers' meeting, it was decided that the proposed Rule 5 on valuation of supply of lottery tickets would be deleted and the lottery tickets would be taxed on the face value of its sale. The Hon'ble Minister from Uttar Pradesh stated that the language of the Rules was complex and this could cause problems in interpretation. He observed that simple and clear words should be used while formulating the Rules.

6.3. The Hon'ble Deputy Chief Minister of Delhi observed that while the GST law provided a broad framework, the GST Rules dealt with the nitty-gritty of procedures and they needed more time to study the Rules. The Secretary stated that the industry and business had been demanding three clear months after the finalisation of the GST Laws and Rules to prepare themselves for the change-over to the GST regime. He recalled that the five GST Rules on Registration, Return, Payment, Refund and Invoice and Debit/Credit Note had been put in the public domain earlier and


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the four new Rules also needed to be put in the public domain at the earliest. He suggested that the Council could approve the four new Rules and authorise the Law Committee of Officers to make minor changes and inform the Council. The Hon'ble Chairperson stated that a more appropriate approach would be for the Council to approve these four draft Rules along with the changes agreed upon today by the officers. These Rules could then be circulated to the States and also put in the public domain and after taking note of the comments received from the public, final version of the Rules would be brought to the Council for its approval. The Council agreed to this suggestion.

6.4. The Hon'ble Minister from Jammu & Kashmir stated that the Goods and Services Tax Network (GSTN) should be open to incorporating small changes that might arise in the Jammu & Kashmir GST Rules drafted in exercise of the powers conferred under their Constitution. The Hon'ble Chairperson stated that presently the Central Goods and Services Tax (CGST) Act would apply to all States except Jammu & Kashmir but once the Jammu & Kashmir law on GST integrated itself to the CGST, the existing exception in regard to the State of Jammu & Kashmir in CGST would be removed by exercising the power under Section 172 of the CGST Act regarding removal of difficulties. The Hon'ble Minister from Jammu & Kashmir informed that Section 173 and 174 of the Model SGST Bill relating to amendments and repeal and saving of existing law would not apply to his State as there were no such provisions in their legislation to be deleted. He further added that his State would draft its SGST Law in consultation with the Law Committee of officers and the Council and that they hoped to enact their SGST law by the end of May, 2017.

7. For **agenda item 2**, the Council approved, in principle, the four draft GST Rules, namely, Input Tax Credit; Valuation; Transitional Provisions; and Composition along with the changes agreed upon during the meeting of the officers held on 31 March, 2017. The Council further approved that these Rules would be circulated to the States and would be put in the public domain, and after taking note of the comments received from the public, final version of these Rules would be brought to the Council for its approval.

Agenda Item 3: Approval of amendments to the five Draft GST Rules approved in the 2nd Meeting of the GST Council held on 30 September 2016, namely (a) Registration; (b) Return; (c) Payment; (d) Refund; and (e) Invoice and Debit/Credit Note:

8.1. Introducing this agenda item, the Secretary informed that the five GST Rules relating to Registration; Return; Payment; Refund; and Invoice and Debit/Credit Note had been approved by the Council in its 2nd Meeting held on 30 September, 2016, but subsequently changes had to be made to them for various reasons like comments from stakeholders, changes in the Model GST Law as approved by the Council, changes on account of a new Union Territory Goods and Services Tax (UTGST) Act and minor editorial corrections for coherence in the revised law. He informed that these changes were discussed in the meeting of the officers held today and the suggestions made by them for making certain changes in these five Rules were taken note of and would be incorporated suitably. He then invited Commissioner (GST Policy Wing), CBEC to make a brief presentation on the changes made in these five Rules. The presentation made before the Council is enclosed as **Annexure 3** to the Minutes.

8.2 The Secretary invited comments of the Members on the changes proposed in the five draft Rules. The Hon'ble Minister from Nagaland stated that Rule 1(e) of the Tax Invoice Rules provided that the name and address of an unregistered recipient should be recorded in the tax invoice only where the value of taxable supply was Rs. 50,000 or more. He observed that as per the Business Process Report on Return, it was provided that where the value of an outward supply of a taxpayer


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was less than Rs. 50,000, and it did not have the address on record of the purchaser, it would be treated as an intra-State supply. He stated that this would be detrimental to the revenue interest of the smaller States of the North-East region and that this provision could be misused by the unscrupulous persons to escape threshold for registration or to stay within the Composition threshold. He added that this issue was discussed in a meeting chaired by the Revenue Secretary on 20 October, 2016 where it was agreed that the Law Committee of Officers would re-examine this issue but the provision had remained unchanged. He suggested that the monetary limit should be lowered from Rs. 50,000 to Rs. 20,000. He added that this was also proposed by some other smaller States of North-East like Meghalaya and Arunachal Pradesh during the officers' meeting held in the morning. The Secretary stated that during the morning meeting of the officers, this issue was discussed and it was recognised that reduction in the monetary limit from Rs. 50,000 to Rs. 20,000 for recording the address of the purchaser in the Business to Consumer (B2C) transaction would have to be done on an all-India basis to track the flow of funds to a State of the North-East for the purchases made by traders of those State from big cities like Kolkata or Guwahati. He stated that in this view, lowering the monetary limit from Rs. 50,000 to Rs. 20,000 only for the smaller States of the North-East would not meet the concern of these States. He added that most of the other States were not in favour of applying this lower threshold at an all-India level as they felt that this would considerably increase the compliance burden on the taxpayers as well as the buyers. He suggested that an alternative method to address the revenue concern of the smaller States of the North-East could be to encourage setting up of good quality outlets for high value consumer products in the smaller States of the North-East, if necessary, through co-operative societies and that this would encourage local purchase of high value consumer goods.

8.3. The Secretary suggested that the five Rules with the suggested amendments, including those which were agreed upon in the officers meeting in the morning, could be approved and that these amended Rules could be shared with the States and also put in the public domain. The Council agreed to this suggestion.

9. For **agenda item 3**, the Council approved the amended five GST Rules, namely, Registration; Return; Payment; Refund; and Invoice and Debit/Credit Note including the amendments suggested during the meeting of the officers held in the morning and agreed to circulate it to the States and to also put them in the public domain.

Agenda Item 4: Any other agenda item with the permission of the Chairperson

10. The Hon'ble Minister from Chhattisgarh stated that as Entry 52 of List II of Schedule 7 of the Constitution relating to taxation power of Entry Tax by States stood deleted, the provision to issue Form C for inter-State sales of petroleum products should be done away with. He stated that without this amendment, petroleum products would be imported from other States at a concessional rate of 2% CST which would lead to considerable loss of revenue to the importing State. He suggested that during the GST regime, all States should pay tax at normal rate for inter-State sale of petroleum products. The Secretary stated that Commissioner of Commercial Tax (CCT), Gujarat had circulated a paper on this issue during the officer's meeting in the morning, but it could not be discussed due to paucity of time. He added that Gujarat would further look into its paper as this issue needed careful consideration and could also affect the consumer industry. The Hon'ble Minister from Kerala stated that this issue should be discussed as a separate Agenda item. The Council agreed to this suggestion.


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11. The Hon'ble Chairperson stated that the officers would have to start work on fitment of rates of goods and services under GST. The desirability of sharing the proposed rates of tax on goods and services in advance of the Meeting of the Council was discussed. The Hon'ble Minister from Jammu & Kashmir stated that the proposed rates of tax should not be put in public domain in advance as this would create distortions in the market. The Hon'ble Minister from Kerala supported this suggestion. The Hon'ble Deputy Chief Minister of Delhi stated that their present practice was not to inform the proposed changes to the rates of VAT in advance as this led to hoarding and black marketing of goods and suggested that the rates of tax should not be notified in advance in the GST regime. The Secretary suggested that the agenda relating to GST rates of goods and services could be brought on the table for the Council's discussion on the day of the meeting itself instead of circulating it in advance. The Hon'ble Deputy Chief Minister of Delhi supported this view and stated that the GST rate proposals should be discussed and finalised on the table itself. The Council agreed to this suggestion.

12. The Hon'ble Minister from Uttarakhand stated that during the Financial Year 2015-16, under the area-based industrial package in his State, an amount of Rs. ten thousand one hundred and three crore was to be disbursed to 3,156 industry. He recalled that in the 3rd agenda item of the 2nd Meeting of the Council held on 30 September, 2016, it was decided that the Central Government shall reimburse 58% of the total amount of Central Excise exemption to the eligible units in the State and enquired regarding the schedule for such re-imbursement by the Central Government. The Secretary stated that during the 2nd Meeting of the Council, modalities for continuation of area-based exemption schemes were discussed and recalled that in case such a scheme was continued by the Central Government, then only 58% of the total CGST amount shall be reimbursed to the eligible industries in the States where area-based Central Excise exemption was in force. He informed that the Department of Industrial Policy and Promotion (DIPP) in the Ministry of Commerce and Industry was devising a re-imbursement scheme and stated that they should be ready with the scheme before 1 July 2017. He also advised that the Tax Research Unit in the Department of Revenue should follow up this matter with the DIPP.

13. The Hon'ble Minister from Uttar Pradesh stated that his State had an outstanding CST compensation due of Rs. 280 crore and enquired as to when this would be disbursed by the Central Government. The Secretary stated that 50% of the compensation amount had already been disbursed as part of the first instalment and that the remaining 50% was due to be paid today. He stated that an additional compensation requirement of Rs. 1,000 crore had arisen and that they were pursuing for release of this amount from the Department of Expenditure. He stated that minus this amount, the rest of the amount totalling about Rs. 4,000 crore would be released today. He further added that the remaining amount of about Rs. 1,000 crore would be released in Financial Year 2017-18 after getting allocation from the Department of Expenditure.

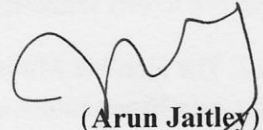
14. The Hon'ble Chairperson informed the Council that Shri Najib Shah, Chairman, CBEC, was retiring today and he placed on record his appreciation of the wonderful work done by him during his tenure, and in appreciation of the same, he presented him a bouquet. The Hon'ble Members of the Council acknowledged the contribution of Shri Najib Shah with loud applause. The Hon'ble Chairperson also introduced the new Chairperson, CBEC, Ms. Vanaja Sarna and informed that, henceforth, she would participate in the deliberations of the Council.


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Agenda Item 5: Date of the next meeting of the GST Council

15. The Hon'ble Chairperson observed with satisfaction that the nine primary GST Rules had been approved by the Council. He observed that the next important items of work for the roll out of GST were to complete the drafting of the remaining minor GST Rules and to complete the fitment of GST rates of goods and services. He stated that the remaining Rules should be drafted by the Law Committee of Officers at an early date and should be put in the public domain. He further stated that after taking into account the comments from the public, the remaining GST Rules should be presented to the Council for approval during its next meeting. He further stated that the officers would prepare the fitment rates for goods and services and bring it for discussion in the next Meeting of the Council. After deliberation, the Council agreed to hold its next meeting on 18 and 19 May, 2017 in Srinagar.

16. The meeting ended with a vote of thanks to the Chair.



(Arun Jaitley)

Chairperson, GST Council

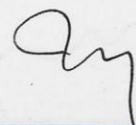


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Annexure 1

List of Ministers who attended the 13th GST Council Meeting on 31 March 2017

S No	State/Centre	Name of the Minister	Charge
1	Govt. of India	Shri Arun Jaitley	Finance Minister
2	Govt. of India	Shri Santosh Kumar Gangwar	Ministry of State, Finance
3	Goa	Shri Manohar Parrikar	Chief Minister
4	Puducherry	Shri V. Narayanasamy	Chief Minister
5	Arunachal Pradesh	Shri Chowna Mein	Deputy Chief Minister
6	Delhi	Shri Manish Sisodia	Deputy Chief Minister
7	Chhattisgarh	Shri Amar Agrawal	Minister - Commercial Taxes
8	Haryana	Captain Abhimanyu	Minister - Excise & Taxation
9	Himachal Pradesh	Shri Prakash Chaudhary	Minister - Excise & Taxation
10	Jammu & Kashmir	Dr. Haseeb A. Drabu	Finance Minister
11	Karnataka	Shri Krishna Byregowda	Minister - Agriculture
12	Kerala	Dr. Thomas Isaac	Finance Minister
13	Madhya Pradesh	Shri Jayant Malaiya	Finance Minister
14	Maharashtra	Shri Madan Yerawar	Minister of State - Energy
15	Nagaland	Shri Y. Vikheho Swu	Minister - Roads & Bridges
16	Punjab	Shri Manpreet Singh Badal	Finance Minister
17	Rajasthan	Shri Rajpal Singh Shekhawat	Minister - Industries Minister - Finance, Fisheries & Administrative Reforms
18	Tamil Nadu	Shri D. Jayakumar	Minister - Finance, Fisheries & Administrative Reforms
19	Telangana	Shri Etela Rajender	Finance Minister
20	Uttar Pradesh	Shri Rajesh Agarwal	Finance Minister
21	Uttarakhand	Shri Prakash Pant	Finance Minister



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Annexure 2

List of officers who attended the 13th GST Council Meeting on 31 March 2017

S No	State/Centre	Name of the Officer	Charge
1	Govt. of India	Dr. Hasmukh Adhia	Revenue Secretary
2	Govt. of India	Shri Najib Shah	Chairman, CBEC
3	Govt. of India	Ms. Vanaja N. Sarna	Member (P&V), CBEC
4	Govt. of India	Shri Ram Tirath	Member (GST), CBEC
5	Govt. of India	Shri Mahender Singh	Director General, DG-GST, CBEC
6	Govt. of India	Shri P.K. Jain	Chief Commissioner (AR), CESTAT, CBEC
7	Govt. of India	Shri B.N. Sharma	Additional Secretary, Dept. of Revenue
8	Govt. of India	Shri P.K. Mohanty	Advisor (GST), CBEC
9	Govt. of India	Shri D.S. Malik	ADG, Press, Ministry of Finance
10	Govt. of India	Shri Alok Shukla	Joint Secretary (TRU), Dept. of Revenue
11	Govt. of India	Shri Upender Gupta	Commissioner (GST), CBEC
12	Govt. of India	Shri Udai Singh Kumawat	Joint Secretary, Dept. of Revenue
13	Govt. of India	Shri Amitabh Kumar	Joint Secretary (TRU), Dept. of Revenue
14	Govt. of India	Shri G.D. Lohani	Commissioner, CBEC
15	Govt. of India	Shri Hemant Jain	Advisor to MoS (Finance)
16	Govt. of India	Shri Paras Sankhla	OSD to FM
17	Govt. of India	Shri Siddharth Jain	Assistant Commissioner, GST Policy
18	Govt. of India	Shri Vipin Kumar Singh	Assistant Director, Press
19	GST Council	Shri Arun Goyal	Additional Secretary
20	GST Council	Shri Shashank Priya	Commissioner
21	GST Council	Shri Manish K Sinha	Commissioner
22	GST Council	Shri G.S. Sinha	Joint Commissioner
23	GST Council	Ms. Himani Bhayana	Joint Commissioner

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S No	State/Centre	Name of the Officer	Charge
24	GST Council	Ms. Thari Sitkil	Deputy Commissioner
25	GST Council	Shri Rakesh Agarwal	Assistant Commissioner
26	GST Council	Shri Kaushik TG	Assistant Commissioner
27	GST Council	Shri Shekhar Khansili	Superintendent
28	GST Council	Shri Manoj Kumar	Superintendent
29	GST Council	Shri Sandeep Bhutani	Superintendent
30	GST Council	Shri Amit Soni	Inspector
31	GST Council	Shri Anis Alam	Inspector
32	GST Council	Shri Ashish Tomar	Inspector
33	GST Council	Shri Alok Bharti	Inspector
34	GST Council	Shri Sharad Verma	Stenographer Gr. I
35	GST Council	Shri Sher Singh Meena	Tax Assistant
36	Andhra Pradesh	Shri J. Syamala Rao	Commissioner, Commercial Taxes
37	Andhra Pradesh	Shri T. Ramesh Babu	Additional Commissioner, Commercial Taxes
38	Andhra Pradesh	Shri J.V.M. Sharma	Deputy Commissioner, Commercial Taxes
39	Arunachal Pradesh	Shri Tapas Dutta	Assistant Commissioner, Commercial Taxes
40	Assam	Shri Anurag Goel	Commissioner, Commercial Taxes
41	Bihar	Ms. Sujata Chaturvedi	Principal Secretary & Commissioner, Commercial Taxes
42	Bihar	Shri Arun Kr. Mishra	Addl. Secretary, Commercial Taxes
43	Bihar	Shri Ajitabh Mishra	Assistant Commissioner, Commercial Taxes
44	Chhattisgarh	Shri Amitabh Jain	Principal Secretary, Finance
45	Chhattisgarh	Ms. Sangeetha P	Commissioner, Commercial Taxes
46	Chhattisgarh	Shri Khemraj Jhariya	Additional Commissioner, Commercial Taxes
47	Delhi	Shri H. Rajesh Prasad	Commissioner, VAT
48	Delhi	Shri R.K. Mishra	Special Commissioner (Policy)
49	Delhi	Shri Anand Kumar Tiwari	Additional Commissioner, GST


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S No	State/Centre	Name of the Officer	Charge
50	Goa	Shri Dipak Bandekar	Commissioner, Commercial Taxes
51	Goa	Shri Upendra Joshi	OSD to CM
52	Gujarat	Dr. P.D. Vaghela	Commissioner, Commercial Taxes
53	Gujarat	C.J. Macwan	Joint Secretary (Tax)
54	Haryana	Shri Sanjeev Kaushal	Additional Chief Secretary
55	Haryana	Shri Shyamal Misra	Commissioner, Excise & Taxation
56	Haryana	Shri Vidya Sagar	Joint Commissioner, Excise & Taxation
57	Haryana	Shri Joydeep Duhar	Deputy Director
58	Himachal Pradesh	Shri Sanjay Bhardwaj	Excise & Taxation Commissioner
59	Jammu & Kashmir	Shri P.K. Bhat	Additional Commissioner, Commercial Taxes
60	Jharkhand	Shri Sanjay Kr. Prasad	Joint Commissioner (HQ)
61	Jharkhand	Shri G.S. Kapardar	Assistant Commissioner
62	Karnataka	Shri Ritvik Pandey	Commissioner, Commercial Taxes
63	Kerala	Shri P. Mara Pandiyan	Additional Chief Secretary (Taxes)
64	Kerala	Dr. Rajan Khobragade	Commissioner, Commercial Taxes
65	Madhya Pradesh	Shri Raghwendra Kumar Singh	Commissioner, Commercial Taxes
66	Madhya Pradesh	Shri Sudip Gupta	Deputy Commissioner
67	Maharashtra	Shri Rajiv Jalota	Commissioner, Sales Tax
68	Maharashtra	Shri Dhananjay Akhade	Joint Commissioner, Sales Tax
69	Mizoram	Shri Kailiana Ralte	Deputy Commissioner, Taxes
70	Mizoram	Shri R. Zosiamliana	Deputy Commissioner, Taxes
71	Nagaland	Shri Asangba Chuba Ao	Commissioner, Commercial Taxes
72	Nagaland	Shri Taliremba	OSD (Finance), Govt of Nagaland
73	Odisha	Shri Saswat Mishra	Commissioner, Commercial Taxes
74	Odisha	Shri Sahadev Sahu	Joint Commissioner, Commercial Taxes
75	Puducherry	Shri G. Srinivas	Commissioner, Commercial Taxes

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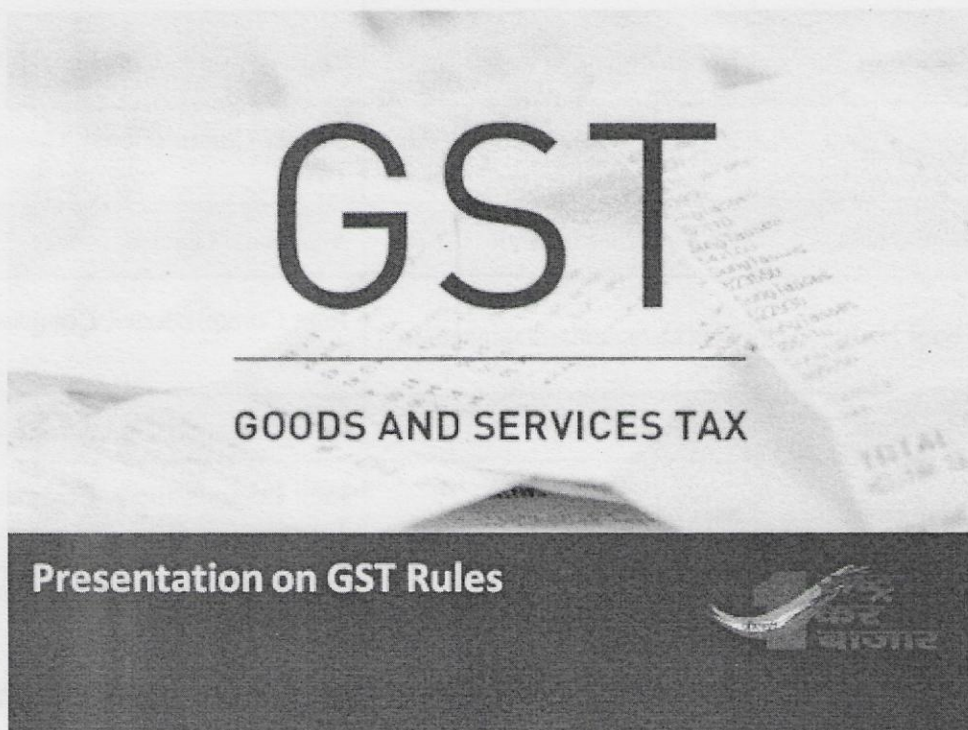
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<u>S No</u>	<u>State/Centre</u>	<u>Name of the Officer</u>	<u>Charge</u>
76	Punjab	Shri Anurag Agarwal	Financial Commissioner (Taxation)
77	Punjab	Shri Rajeev Gupta	Advisor (GST), Govt. of Punjab
78	Punjab	Shri Pawan Garg	Deputy Commissioner, Commercial Taxes
79	Rajasthan	Shri Alok Gupta	Commissioner, Commercial Taxes
80	Rajasthan	Shri Ketan Sharma	Deputy Commissioner, Commercial Taxes
81	Tamil Nadu	Dr. C. Chandramouli	Additional Chief Secretary
82	Tamil Nadu	Shri D. Soundararajapandian	Joint Commissioner, Commercial Taxes
83	Telangana	Shri Anil Kumar	Commissioner, Commercial Taxes
84	Telangana	Shri Laxminarayan Jannu	Joint Commissioner, Commercial Taxes
85	Tripura	Shri P. Srivastava	Chief Resident Commissioner, Tripura Bhavan
86	Uttarakhand	Shri Ranveer Singh Chauhan	Commissioner, Commercial Taxes
87	Uttarakhand	Shri Piyush Kumar	Addl. Commissioner, Commercial Taxes
88	Uttarakhand	Shri Yashpal Singh	Deputy Commissioner, Commercial Taxes
89	Uttar Pradesh	Shri R.K.Tiwari	Additional Chief Secretary
90	Uttar Pradesh	Shri Vivek Kumar	Additional Commissioner, Commercial Taxes
91	Uttar Pradesh	Shri Nirak K. Maurya	Assistant Commissioner, Commercial Taxes
92	Uttar Pradesh	Shri Amit Tyagi	Assistant Commissioner, Commercial Taxes
93	West Bengal	Shri Khalid A. Anwar	Senior Joint Commissioner, Commercial Tax
94	GSTN	Shri Navin Kumar	Chairman
95	GSTN	Shri Prakash Kumar	CEO
96	GSTN	Shri Jagmal Singh	Vice President


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Annexure 3

Presentation on GST Rules




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Agenda



- New Rules for Input Tax Credit, Valuation, Composition levy and Transitional Rules
- Change in Rules for Return, Registration, Payment, Invoice, Refund

Rules for Input Tax Credit (1/4)

1



- List of documents required for availing credit on inputs and input services – Rule 1 (Pg.1)
 - o Invoice, Debit Note, Bill of Entry, etc. containing prescribed particulars
- Reversal of ITC in case of non-payment of consideration – Rule 2 (Pg.1)
 - o ITC to be added to the output tax liability of the recipient if recipient does not make such payment within 180 days
- Procedure for claim of credit by a banking company or a financial institution including NBFC – Rule 3 (Pg.1)
 - o not to avail ITC on inputs, etc. used for non –business purposes
 - o 50% of the eligible ITC will be credited to the electronic credit ledger

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Rules for Input Tax Credit (2/4)



- Procedure for distribution of ITC by ISD – Rule 4 (Pg.2)
 - ITC to be distributed in the same month in which it was availed
 - Separate distribution of eligible and ineligible ITC
 - central tax, State tax, integrated tax & Union territory tax to be distributed separately
 - ITC to be distributed on pro-rata basis in ratio of the total turnover in the State or Union Territory
 - method of distribution of Distribution of central tax, State tax, integrated tax & Union territory tax
 - Separate ISD invoice or credit note to be issued
 - GSTR-6 to be filled

3

Rules for Input Tax Credit (3/4)



- Manner of claiming of ITC in specified circumstances – Rule 5 (Pg.3)
 - ITC in respect of inputs, inputs contained in semi-finished / finished goods or capital goods – based of declaration
- Transfer of ITC in case of sale, merger, amalgamation, lease or transfer of a business – Rule 6 (Pg.4)
 - Certificate from Chartered Accountant / Cost Accountant certifying transfer of liabilities on such sale, merger, amalgamation etc.
 - Transferee to accept details furnished by the transferor
 - Such transfer shall be accounted in the books of accounts by transferee

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Rules for Input Tax Credit (4/4)



- Manner of determination of eligible ITC on inputs & input services used for making mixed supplies – Rule 7 (Pg.5)
- Manner of determination of eligible ITC on capital goods used for making mixed supplies - Rule 8 (Pg.6)
- Manner of determination of reversal of ITC in specified circumstances– Rule 9 (Pg.8)
- Conditions & restrictions in respect of inputs & capital goods sent to job-worker – Rule 10 (Pg.8)

5

Rules for Valuation (1/5)



- Value of supply of goods or services or both where the consideration is not wholly in money – Rule 3 (Pg.11)
 - o open market value
 - o sum total of consideration in money & any further amount in money as is equivalent to the consideration not in money
 - o value of supply of goods or services of like kind and quality
 - o sum total of consideration in money & any further amount in money as is equivalent to the consideration not in money as determined though Rule 6 or 7

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CHAIRMAN'S INITIALS

Rules for Valuation (2/5)



- Value of supply of goods or services or both between distinct or related persons, excluding supply through agent - Rule 4 (Pg.12)
 - o open market value
 - o value of supply of goods or services of like kind and quality
 - o value determined through Rule 6 or 7

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Rules for Valuation (3/5)



- Value of supply of goods made or received through an agent – Rule 5 (Pg.12)
 - o open market value or 90% of price of goods of like kind and quality
 - o value determined through Rule 6 or 7
- Value of supply of goods or services or both based on cost i.e. @ 105% of the cost of production / manufacture / cost of acquisition / cost of provision – Rule 6 (Pg. 12)
- Value of supply of goods or services or both based on reasonable means consistent with principles & general provisions of Section 15 of the CGST Act & these Rules – Rule 7 (Pg. 12)

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CHAIRMAN'S
INITIALS

Rules for Valuation (4/5)



- Value in respect of certain supplies – Rule 8 (Pg.12)
 - purchase or sale of foreign currency – two alternative methods
 - booking of air tickets - flat rate of basic fare
 - life insurance – two alternative methods
 - value of supply of lottery tickets
 - value of supply provided by a person buying and selling second hand goods
 - value of token, voucher , coupon etc. - equal to money value of goods or services redeemable through such instrument
 - Value in case of certain notified supplier of services

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Rules for Valuation (5/5)



- Value of supply of services in case of services provided by pure agent – Rule 9 (Pg. 15)
- Value in case of import or export – Rule 10 (Pg.15)

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CHAIRMAN'S INITIALS

Transitional Rules (1/2)



- ❑ To submit an application in respect of tax or duty credit carried forward under any existing law or on goods held in stock on the appointed day - Rule 1 (Pg. 17)
 - ❑ Provides for credit as available under existing law (Separate provisions for CGST and SGST Act)
 - ❑ Details of stock and capital goods held on the appointed day to be provided on the common portal
 - ❑ Special provision for availing credit @ 40% even if duty paying document not available
 - ❑ Specific provision for credit of taxes levied by the State at the first point of Sale
 - ❑ Credit declared by the registered person will be credited automatically in his electronic credit ledger

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Transitional Rules (2/2)



- ❑ To submit a declaration of stock held by a Principal – Rule 2 (Pg.19)
 - Stock or capital goods held by the registered person under normal circumstances or as a Principal at the place/places of business of his agents/branch, separately agent-wise/branch-wise on the common portal
- ❑ To submit details of goods sent on approval basis on common portal – Rule 3 (Pg.19)
- ❑ Provides for procedure for recovery of input tax wrongly availed – Rule 4 (Pg.19)

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CHAIRMAN'S
INITIALS

Rules for Composition levy (1/3)



- Method for intimation for opting for composition levy – Rule 1 (Pg.21)
 - Intimation to be filed on the Common Portal
 - Such person shall furnish details of stock held on the day preceding the date of option
- Option to be effective from the beginning of the year, where the intimation is filed or the appointed date – Rule 2 (Pg.21)
- Conditions and restrictions for availing scheme of composition levy provided in Section 10 of the Act – Rule 3 (Pg.22)

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Rules for Composition levy (2/3)



- Time period for validity of option for paying tax composition levy scheme – Rule 4 (Pg.22)
 - Valid till the taxable person satisfies all conditions
 - Voluntary withdrawal
 - Such option may be denied if the taxable person was not eligible for such scheme and is served a notice accordingly
- Person to furnish details of stock held on the day on which option is withdrawn or denied

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CHAIRMAN'S
INITIALS



Rules for Composition levy (3/3)

- Rate of tax of the composition levy for different category of taxable persons – Rule 5 (Pg.23)

Sl No. (1)	Category of registered persons (2)	Rate of tax (3)
1	Manufacturers, other than manufacturers of such goods as may be notified by the Government	one per cent.
2	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II (Restaurant services)	two and a half per cent.
3	Any other supplier eligible for composition under section 10 and these rules	half per cent.

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Reasons for changes in Existing Rules

- Rules for Return, Registration, Payment, Invoice and Refund were approved in 2nd Meeting of the Council held on 30th September 2016
- Reasons for changes :
 - Rules were re-examined in view of stakeholder comments received from departmental officers, trade and industry
 - Rules were also re-examined as per the Council's decisions on the Model GST law
 - Changes in rules required with respect to the new UTGST Act
 - Minor editorial corrections made to bring rules in coherence with the revised law

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CHAIRMAN'S INITIALS

Changes in Registration Rules (1/2)



- Certificate of registration to be digitally signed by the proper officer – Rule 3 (Pg.3)
- Application for registration by a non-resident taxable person to be signed by his authorized signatory holding a valid PAN – Rule 6 (Pg.4)
- Rules updated for grant of registration to a person supplying online information and data base access or retrieval services – Rule 6A (Pg.4)
- Procedure prescribed for grant or cancellation of Unique Identity Number – Rule 9 (Pg.5)

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Changes in Registration Rules (2/2)



- Procedure for time bound approval or denial of amendment in registration application – Rule 11 (Pg.6)
- Provision made for submission of stock declaration along with application for cancellation of registration – Rule 12 (Pg.7)
- New Rule added to provide for cancellation of registration in certain cases – Rule 13 (Pg.7)
- Detailed procedure for migration of existing tax payers – Rule 16 (Pg.9)
- Application to be mandatorily signed by taxable person or his authorized representative – Rule 18 (Pg.11)

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CHAIRMAN'S
INITIALS

Changes in Return Rules

- Rule amended for information to be furnished by the taxable person in GSTR – 1 (details of outward supply) – Rule 1 (Pg.14)
- Rule amended for information to be furnished by the taxable person in GSTR – 2 (details of inward supply) – Rule 2 (Pg.15)
- Rule amended to provide for details of quarterly return to be filed by composition tax payer – Rule 4 (Pg.17)
- Rule amended to provide that certain category of persons not required to file Annual return – Rule 21 (Pg.22)

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Changes in Payment Rules

- Entry to be made in electronic credit ledger only in accordance with rules – Rule 2(3) (Pg.28)
- Requirement of registration of debit/credit card with GSTN is omitted – Rule 3 (Pg.29)
- New Sub-rule made to enable taxable person to raise query in case Challan Identification Number (CIN) is generated or generated but not communicated to the Common Portal – Rule 3(8) (Pg.30)

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CHAIRMAN'S
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Changes in Refund Rules



- ❑ New Proviso for submission of application of refund by supplier for supplies to Special Economic Zone – 3rd Proviso to Rule 1(1) (Pg.34)
- ❑ New rule for refund of advance tax deposited by non-resident taxable person or casual taxable person – 5th Proviso to Rule 1(1) (Pg.34)
- ❑ Formula for calculation of refund amount in case of Zero-rated supply of goods or services or both under bond or on payment of tax – Rule 1(4) (Pg.35)
- ❑ Detailed provisions of Consumer Welfare Fund added – Rule 7 (Pg.39)

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Changes in Invoice Rules (1/2)



- ❑ Provides for special characters that could be included in invoice serial number – Rule 1 (Pg.42)
- ❑ New Rules for issuing a consolidated tax invoice on daily basis instead of individual invoices for supplies less than Rs. 200 – Proviso to Rule 1 (Pg.43)
- ❑ New Rule added to provide for period in which invoice is to be issued for provision of taxable services - Rule 2 (Pg.43)
 - Specific provision for invoices generated by banking and financial companies
 - Specific provision for generation of invoice for distinct persons

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CHAIRMAN'S
INITIALS

Changes in Invoice Rules (2/2)

- New Rule for particulars to be mentioned in receipt voucher – Rule 5 (Pg.44)
- New Rule for particulars to be mentioned in supplementary invoice, debit and credit notes – Rule 6 (Pg.45)
- New Rule for special provisions of transportation of goods without issue of invoice (on delivery challan) – Rule 8 (Pg.46)
 - o Supply of liquid gas
 - o Transportation of goods for job work
 - o Transportation of goods for reasons other than by way of supply
 - o Any other notified supplies

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