

## GOODS & SERVICES TAX (GST)



## OTHER INDIRECT TAXES (including legacy issues)



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(Updated till 10.03.2019)

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## GOODS & SERVICES TAX (GST)

### NOTIFICATIONS

- **Notification No. 10/2019-Central Tax dated 07.03.2019 specifies the following category of persons, exempt from obtaining registration under the said Act:**

Any person, who is engaged in exclusive supply of goods and whose aggregate turnover in the financial year does not exceed forty lakh rupees, except, -

(a) Persons required to take compulsory registration under section 24 of the said Act;

(b) Persons engaged in making supplies of the goods, the description of which is as follows:

- i. Ice cream & other edible ice, whether or not containing cocoa.
- ii. Pan masala
- iii. All goods, i.e. Tobacco and manufactured tobacco substitutes

(c) persons engaged in making intra-State supplies in the States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura, Uttarakhand; and

(d) Persons exercising option under the provisions of sub-section (3) of section 25, or such registered persons who intend to continue with their registration under the said Act.

**Note:** This notification shall come into force on the 1st day of April, 2019.

- **Notification No. 14/2019-Central Tax dated 07.03.2019 extends the limit of threshold of aggregate turnover for availing composition scheme u/s 10 of CGST Act,2017:**

An eligible registered person, whose aggregate turnover in the preceding financial year did not exceed one crore and fifty lakh rupees, may opt to pay, in lieu of the tax payable by him under sub-section (1) of section 9 of the said Act, an amount of tax as prescribed under rule 7 of the Central Goods and Services Tax Rules, 2017

Provided that the said aggregate turnover in the preceding financial year shall be seventy five lakh rupees in the case of an eligible registered person, registered under section 25 of the said Act, in any of the following States, namely: –

- (i) Arunachal Pradesh
- (ii) Manipur
- (iii) Meghalaya
- (iv) Mizoram
- (v) Nagaland
- (vi) Sikkim
- (vii) Tripura
- (viii) Uttarakhand

Provided further that the registered person shall not be eligible to opt for composition levy under sub-section (1) of section 10 of the said Act if such person is a manufacturer of the following goods:

- i. Ice cream & other edible ice, whether or not containing cocoa.
- ii. Pan masala
- iii. All goods, i.e. Tobacco and manufactured tobacco substitutes

**Note:** This notification shall come into force on the 1st day of April, 2019.

- **Notification No. 11/2019-Central Tax dated 07.03.2019 seeks to prescribe the due dates for furnishing of FORM GSTR-1 for those taxpayers with aggregate turnover up to Rs. 1.5 crores for the months of April, May and June, 2019**

Central Government, on the recommendations of the Council, hereby notifies the registered persons having aggregate turnover of up to 1.5 crore rupees in the preceding financial year or the current financial year, as the class of registered persons, who shall follow the special procedure as mentioned below for furnishing the details of outward supply of goods or services or both.

The said registered persons shall furnish the details of outward supply of goods or services or both in FORM GSTR-1 under the Central Goods and Services Tax Rules, 2017, effected during the quarter April to June 2019 till 31st July, 2019.

The time limit for furnishing the details or return, as the case may be, under sub-section (2) of section 38 and sub-section (1) of section 39 of the said Act, for the months of July, 2017 to June, 2019 shall be subsequently notified in the Official Gazette.

- **Notification No. 12/2019-Central Tax dated 07.03.2019 seeks to prescribe the due dates for furnishing of FORM GSTR-1 for those taxpayers with aggregate turnover more than Rs. 1.5 crores for the months of April, May and June, 2019**

The Commissioner, on the recommendations of the Council, hereby extends the time limit for furnishing the details of outward supplies in FORM GSTR-1 under the Central Goods and Services Tax Rules, 2017, by such class of registered persons having aggregate turnover of more

than 1.5 crore rupees in the preceding financial year or the current financial year, for each of the months from April, 2019 to June, 2019 till the eleventh day of the month succeeding such month.

The time limit for furnishing the details or return, as the case may be, under sub-section (2) of section 38 and sub-section (1) of section 39 of the said Act, for the months of July, 2017 to June, 2019 shall be subsequently notified in the Official Gazette.

- **Notification No. 13/2019-Central Tax dated 07.03.2019 seeks to prescribe the due dates for furnishing of FORM GSTR-3B for the months of April, May and June, 2019**

The Commissioner, on the recommendations of the Council, hereby specifies that the return in FORM GSTR-3B of the said rules for each of the months from April, 2019 to June, 2019, shall be furnished electronically through the common portal, on or before the twentieth day of the month succeeding such month.

Payment of taxes for discharge of tax liability as per FORM GSTR-3B. Every registered person furnishing the return in FORM GSTR-3B of the said rules shall, subject to the provisions of section 49 of the said Act, discharge his liability towards tax, interest, penalty, fees or any other amount payable under the said Act by debiting the electronic cash ledger or electronic credit ledger, as the case may be, not later than the last date, as specified in the first paragraph, on which he is required to furnish the said return.

- **Notification No. 02/2019-Central Tax (Rate) dated 07.03.2019 provides for composition scheme for supplier of services with**

**a tax rate of 6%, having annual turnover in preceding year up to Rs. 50 lakhs.**

The Central Government, on the recommendations of the Council, and on being satisfied that it is necessary in the public interest so to do, hereby notifies that the central tax, on the intra-State supply of goods or services both up to an aggregate turnover of fifty lakh rupees made on or after the 1st day of April in any financial year, by a registered person shall be levied at the rate of 3% CGST., subject to following conditions:

- a) Supplies are made by a registered person, -
- (i) whose aggregate turnover in the preceding financial year was fifty lakh rupees or below;
  - (ii) who is not eligible to pay tax under sub-section (1) of section 10 of the said Act;
  - (iii) who is not engaged in making any supply which is not leviable to tax under the said Act;
  - (iv) who is not engaged in making any inter-State outward supply;
  - (v) who is neither a casual taxable person nor a non-resident taxable person;
  - (vi) who is not engaged in making any supply through an electronic commerce operator who is required to collect tax at source under section 52; and
  - (vii) who is not engaged in making supplies of the following goods:
    - i. Ice cream & other edible ice, whether or not containing cocoa.
    - ii. Pan masala
    - iii. All goods, i.e. Tobacco and manufactured tobacco substitutes
- b) Where more than one registered persons are having the same Permanent Account Number, issued under the Income Tax Act, 1961(43 of 1961), central tax on supplies by all such registered persons is paid at the rate specified in column (2) under this notification.
- c) The registered person shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.
- d) The registered person shall issue, instead of tax invoice, a bill of supply as referred to in clause (c) of sub-section (3) of section 31 of the said Act with particulars as prescribed in rule 49 of Central Goods and Services Tax Rules.
- e) The registered person shall mention the following words at the top of the bill of supply, namely: - 'taxable person paying tax in terms of notification No. 2/2019-Central Tax (Rate) dated 07.03.2019, not eligible to collect tax on supplies'.
- f) The registered person opting to pay central tax at the rate of three percent under this notification shall be liable to pay central tax at the rate of three percent on all outward supplies specified in column (1) notwithstanding any other notification issued under sub-section (1) of section 9 or under section 11 of said Act.
- g) The registered person opting to pay central tax at the rate of three percent under this notification shall be liable to pay central tax on inward supplies on which he is liable to pay tax under sub-section (3) or, as the case may be, under sub-section (4) of section 9 of said Act at the applicable rates.

**Explanation:** For the purposes of this notification, the expression "first supplies of goods or services or both" shall, for the purposes of determining eligibility of a person to pay tax under this notification, include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the said Act but for the purpose of determination of tax payable under this

notification shall not include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the Act.

In computing aggregate turnover in order to determine eligibility of a registered person to pay central tax at the rate of three percent under this notification, value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.

**Note:** This notification shall come into force on the 1<sup>st</sup> day of April, 2019.

## CIRCULARS

**Circular no.88/07/2019-GST dated 1st February, 2019 seeks to make amendments in the earlier issued circulars in wake of amendments in the CGST Act, 2017 (which shall come into force w.e.f. 01.02.2019).**

### 1. Circular No. 8/8/2017 dated 04.10.2017

The circular has been revised in view of the amendment carried out in section 2(6) of the IGST Act, 2017 vide section 2 of the IGST (Amendment) Act, 2018 allowing realization of export proceeds in INR, wherever allowed by the RBI. Accordingly, the amended relevant para of the circular are detailed hereunder:

**Amended Para 2(k):** Realization of export proceeds in Indian Rupee: Attention is invited to para A (v) Part- I of RBI Master Circular No.

14/2015-16 dated 01st July, 2015 (updated as on 05th November, 2015), which states that “there is no restriction on invoicing of export contracts in Indian Rupees in terms of the Rules, Regulations, Notifications and Directions framed under the Foreign Exchange Management Act, 1999. Further, in terms of Para 2.52 of the Foreign Trade Policy (2015-2020), all export contracts and invoices shall be denominated either in freely convertible currency or Indian rupees but export proceeds shall be realized in freely convertible currency. However, export proceeds against specific exports may also be realized in rupees, provided it is through a freely convertible Vostro account of a non-resident bank situated in any country other than a member country of Asian Clearing Union (ACU) or Nepal or Bhutan”. Further, attention is invited to the amendment to section 2(6) of the IGST Act, 2017 which allows realization of export proceeds of services in INR, wherever allowed by the RBI.

Accordingly, it is clarified that the acceptance of LUT for supplies of goods or services to countries outside India or SEZ developer or SEZ unit will be permissible irrespective of whether the payments are made in Indian currency or convertible foreign exchange as long as they are in accordance with the applicable RBI guidelines.

### 2. Circular No. 38/12/2018 dated 26.03.2018

This circular has been revised in view of the amendment carried out in section 143 of the CGST Act, 2017 vide section 29 of the CGST (Amendment) Act, 2018 empowering the Commissioner to extend the period for return of inputs and capital goods from the job worker. Further on account of amendment carried out in section 9(4) of the CGST Act, 2017 vide section 4 of the CGST (Amendment) Act, 2018 done in relation to reverse charge, certain amendments to the Circular are required. Accordingly, the amended relevant para of the circular are detailed hereunder:

**Amended Para 2 :** As per clause (68) of section 2 of the CGST Act, 2017, “job work” means any treatment or process undertaken by a person on goods belonging to another registered person and the expression “job worker” shall be construed accordingly. The registered person on whose goods (inputs or capital goods) job work is performed is called the “Principal” for the purposes of section 143 of the CGST Act. The said section which encapsulates the provisions related to job work, provides that the registered principal may, without payment of tax, send inputs or capital goods to a job worker for job work and, if required, from there subsequently to another job worker and so on. Subsequently, on completion of the job work (by the last job worker), the principal shall either bring back the goods to his place of business or supply (including export) the same directly from the place of business/premises of the job worker within the time specified under section 143.

**Amended Para 3:** It may be noted that the responsibility of keeping proper accounts of the inputs and capital goods sent for job work lies with the principal. Moreover, if the time frame specified under section 143 for bringing back or further supplying the inputs / capital goods is not adhered to, the activity of sending the goods for job work shall be deemed to be a supply by the principal on the day when the said inputs / capital goods were sent out by him. Thus, essentially, sending goods for job work is not a supply as such, but it acquires the character of supply only when the inputs/capital goods sent for job work are neither received back by the principal nor supplied further by the principal from the place of business / premises of the job worker within the specified time period (under section 143) of being sent out. It may be noted that the responsibility for sending the goods for job work as well as bringing them back or supplying them has been cast on the principal.

**Amended Para 6.1:** Doubts have been raised about the requirement of obtaining registration by job workers when they are located in the same State where the principal is located or when they are located in a State different from that of the principal. It may be noted that the job worker is required to obtain registration only if his aggregate turnover, to be computed on all India basis, in a financial year exceeds the specified threshold limit as specified in sub-section (1) of section 22 of the said Act, read with clause (iii) of the Explanation to the said section in case both the principal and the job worker are located in the same State. Where the principal and the job worker are located in different States, the requirement for registration flows from clause (i) of section 24 of the CGST Act which provides for compulsory registration of suppliers making any inter-State supply of services. However, exemption from registration has been granted in case the aggregate turnover of the inter-State supply of taxable services does not exceed the specified threshold limit as specified in sub-section (1) of section 22 of the said Act, read with clause (iii) of the Explanation to the said section in a financial year vide notification No. 10/2017 – Integrated Tax dated 13.10.2017 as amended vide notification No 3/2019- Integrated Tax, dated 29.01.19. Therefore, it is clarified that a job worker is required to obtain registration only in cases where his aggregate turnover, to be computed on all India basis, in a financial year exceeds the threshold limit regardless of whether the principal and the job worker are located in the same State or in different States.

**Amended Para: 9.4.(i) :** (i.) Supply of job work services :The job worker, as a supplier of services, is liable to pay GST if he is liable to be registered. He shall issue an invoice at the time of supply of the services as determined in terms of section 13 read with section 31 of the CGST Act. The value of services would be determined in terms of section 15 of the CGST Act and would include not only the service charges but also the value of any goods or services used by him for supplying the job work services, if recovered

from the principal. Doubts have been raised whether the value of moulds and dies, jigs and fixtures or tools which have been provided by the principal to the job worker and have been used by the latter for providing job work services would be included in the value of job work services. In this regard, attention is invited to section 15 of the CGST Act which lays down the principles for determining the value of any supply under GST. Importantly, clause (b) of sub-section (2) of section 15 of the CGST Act provides that any amount that the supplier is liable to pay in relation to the supply but which has been incurred by the recipient will form part of the valuation for that particular supply, provided it has not been included in the price for such supply. Accordingly, it is clarified that the value of such moulds and dies, jigs and fixtures or tools may not be included in the value of job work services provided its value has been factored in the price for the supply of such services by the job worker.

**Amended Para 9.6:** Thus, if the inputs or capital goods are neither returned nor supplied from the job worker's place of business / premises within the specified time period, the principal would issue an invoice for the same and declare such supplies in his return for that particular month in which the time period of one year / three years has expired. The date of supply shall be the date on which such inputs or capital goods were initially sent to the job worker and interest for the intervening period shall also be payable on the tax. If such goods are returned by the job worker after the stipulated time period, the same would be treated as a supply by the job worker to the principal and the job worker would be liable to pay GST if he is liable for registration in accordance with the provisions contained in the CGST Act read with the rules made thereunder. Further, there is no requirement of either returning back or supplying the goods from the job worker's place of business/premises as far as moulds and dies, jigs and fixtures, or tools are concerned.

### 3. [Circular No. 41/15/2018 dated 13.04.2018](#)

This circular has been revised in view of the amendment carried out in section 129 of the CGST Act, 2017 vide section 27 of the CGST (Amendment) Act, 2018 allowing 14 days for owner/transporter to pay tax/penalty for seized goods. Accordingly, the original and the amended relevant para of the circular are detailed hereunder.

**Amended Para 2(k):** In case the proposed tax and penalty are not paid within fourteen days from the date of the issue of the order of detention in FORM GST MOV-06, the action under section 130 of the CGST Act shall be initiated by serving a notice in FORM GST MOV-10, proposing confiscation of the goods and conveyance and imposition of penalty.

### 4. [Circular No. 58/32/2018 dated 04.09.2018](#)

This circular has been revised in order to streamline the modes of recovery. Accordingly, the original and the amended relevant para of the circular are detailed hereunder.

**Amended Para 3:** It may be noted that all such liabilities may be discharged by the taxpayers, either voluntarily in **FORM GST DRC-03** or may be recovered vide order uploaded in **FORM GST DRC-07**, and payment against the said order shall be made in **FORM GST DRC-03**. It is further clarified that the alternative method of reversing the wrongly availed CENVAT credit under the existing law and inadmissible transitional credit through Table 4(B)(2) of **FORM GSTR-3B** would no longer be available to taxpayers. The applicable interest and penalty shall apply in respect of all such amounts, which shall also be paid in **FORM GST DRC-03**.

## **5. Circular No. 69/43/2018 dated 26.10.2018**

The circular has been revised in view of the amendment carried out in Section 29 of the CGST Act, 2017 vide section 14 of the CGST (Amendment) Act, 2018 allowing suspension of registration. Accordingly, the original and the amended relevant para of the circular are detailed hereunder.

**Amended Para 11:** It is pertinent to mention here that section 29 of the CGST Act has been amended by the CGST (Amendment) Act, 2018 to provide for “Suspension” of registration. The intent of the said amendment is to ensure that a taxpayer is freed from the routine compliances, including filing returns, under GST Act during the pendency of the proceedings related to cancellation. Accordingly, the field formations may not issue notices for non-filing of return for taxpayers who have already filed an application for cancellation of registration under section 29 of the CGST Act. Further, the requirement of filing a final return, as under section 45 of the CGST Act, remains unchanged.

**Circular no.90/09/2019-GST dated 18<sup>th</sup> February, 2019 seeks to clarify situations of compliance of rule 46(n) of the CGST Rules, 2017 while issuing invoices in case of inter-State supply.**

A registered person supplying taxable goods or services or both is required to issue a tax invoice as per the provisions contained in section 31 of the Central Goods and Services Tax Act, 2017 (CGST Act for short). Rule 46 of the Central Goods and Services Tax Rules, 2017 (CGST Rules for short) specifies the particulars which are required to be mentioned in a tax invoice.

It has been brought to the notice of the Board that a number of registered persons (especially in the banking, insurance and telecom sectors, etc.) are

not mentioning the place of supply along with the name of the State in case of a supply made in the course of interstate trade or commerce in contravention of rule 46(n) of the CGST Rules which mandates that the said details must be mentioned in a tax invoice. In order to ensure uniformity in the implementation of the provisions of law across the field formations, the Board, in exercise of its powers conferred by section 168 (1) of the Central Goods and Services Tax Act, 2017, hereby issues the following instructions.

It is therefore, instructed that all registered persons making supply of goods or services or both in the course of inter-State trade or commerce shall specify the place of supply along with the name of the State in the tax invoice. The provisions of sections 10 and 12 of the Integrated Goods and Services Tax Act, 2017 may be referred to in order to determine the place of supply in case of supply of goods and services respectively. Contravention of any of the provisions of the Act or the rules made there under attracts penal action under the provisions of sections 122 or 125 of the CGST Act.

**Circular no.91/10/2019-GST dated 18<sup>th</sup> February, 2019 clarifies regarding tax payment made for supply of warehoused goods while being deposited in a customs bonded warehouse for the period July, 2017 to March, 2018.**

Attention is invited to Circular No. 3/1/2018-IGST dated 25.05.2018 whereby applicability of integrated tax on goods transferred/sold while being deposited in a warehouse (hereinafter referred to as the “warehoused goods”) was clarified. In the said circular, it was enunciated that from 1st of April, 2018 the supply of warehoused goods before their clearance from the warehouse would not be subject to the levy of integrated tax.



In order to ensure uniformity in the implementation of the provisions of law across the field formations, the Board, in exercise of its powers conferred by section 168 (1) of the Central Goods and Services Tax Act, 2017, hereby issues the following instructions.

Supply of warehoused goods while deposited in custom bonded warehouses had the character of inter-State supply as per the provisions of Integrated Goods and Services tax Act, 2017. But, due to non-availability of the facility on the common portal, suppliers have reported such supplies as intra-State supplies and discharged central tax and state tax on such supplies instead of integrated tax. In view of revenue neutral position of such tax payment and that facility to correctly report the nature of transaction in FORM GSTR-1 furnished on the common portal was not available during the period July, 2017 to March, 2018, it has been decided that, as a one-time exception, suppliers who have paid central tax and state tax on such supplies, during the said period, would be deemed to have complied with the provisions of law as far as payment of tax on such supplies is concerned as long as the amount of tax paid as central tax and state tax is equal to the due amount of integrated tax on such supplies.

**Circular no.89/07/2019-GST dated 18<sup>th</sup> February, 2019 seeks to clarify situations of mentioning details of inter-State supplies made to unregistered persons in Table 3.2 of FORM GSTR-3B and Table 7B of FORM GSTR-1.**

A registered supplier is required to mention the details of inter -State supplies made to unregistered persons, composition taxable persons and UIN holders in Table 3.2 of FORM GSTR-3B. Further, the details of all inter-State supplies made to unregistered persons where the invoice value is up to Rs. 2.5 lakhs (rate-wise) are required to be reported in Table 7B of FORM GSTR-1.

It has been brought to the notice of the Board that a number of registered persons have not reported the details of inter-State supplies made to unregistered persons in Table 3.2 of FORM GSTR-3B. However, the said details have been mentioned in Table 7B of FORM GSTR-1. In order to ensure uniformity in the implementation of the provisions of law across the field formations, the Board, in exercise of its powers conferred by section 168 (1) of the Central Goods and Services Tax Act, 2017(CGST Act for short), hereby issues the following instructions.

Accordingly, it is instructed that the registered persons making inter-State supplies to unregistered persons shall report the details of such supplies along with the place of supply in Table 3.2 of FORM GSTR-3B and Table 7B of FORM GSTR-1 as mandated by the law. Contravention of any of the provisions of the Act or the rules made there under attracts penal action under the provisions of section 125 of the CGST Act.

**Circular no.92/11/2019-GST dated 7<sup>th</sup> March, 2019 clarifies various doubts related to treatment of sales promotion scheme under GST.**

It has been noticed that there are several promotional schemes which are offered by taxable persons to increase sales volume and to attract new customers for their products. Some of these schemes have been examined and clarification on the aspects of taxability, valuation, availability or otherwise of Input Tax Credit in the hands of the supplier (hereinafter referred to as the "ITC") in relation to the said schemes are detailed hereunder:

**A. Free samples and gifts:**

- I. It is a common practice among certain sections of trade and industry, such as, pharmaceutical companies which often provide drug samples to their stockiest, dealers, medical practitioners, etc. without charging any consideration. As per sub clause (a) of sub-section (1) of section 7 of the said Act, the expression "supply"

includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. Therefore, the goods or services or both which are supplied free of cost (without any consideration) shall not be treated as „supply“ under GST (except in case of activities mentioned in Schedule I of the said Act). Accordingly, it is clarified that samples which are supplied free of cost, without any consideration, do not qualify as „supply“ under GST, except where the activity falls within the ambit of Schedule I of the said Act.

- II. Further, clause (h) of sub-section (5) of section 17 of the said Act provides that ITC shall not be available in respect of goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples. Thus, it is clarified that input tax credit shall not be available to the supplier on the inputs, input services and capital goods to the extent they are used in relation to the gifts or free samples distributed without any consideration. However, where the activity of distribution of gifts or free samples falls within the scope of „supply“ on account of the provisions contained in Schedule I of the said Act, the supplier would be eligible to avail of the ITC.

#### **B. Buy one get one free offer:**

- I. Sometimes, companies announce offers like ‘Buy One, Get One free’ For example, „buy one soap and get one soap free“ or „Get one tooth brush free along with the purchase of tooth paste“. As per sub-clause (a) of sub-section (1) of section 7 of the said Act, the goods or services which are supplied free of cost (without any consideration) shall not be treated as „supply“ under GST (except in case of activities mentioned in Schedule I of the said Act). It may

appear at first glance that in case of offers like „Buy One, Get One Free“, one item is being „supplied free of cost“ without any consideration. In fact, it is not an individual supply of free goods but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one.

- II. Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined as per the provisions of section 8 of the said Act.
- III. It is also clarified that ITC shall be available to the supplier for the inputs, input services and capital goods used in relation to supply of goods or services or both as part of such offers.

#### **C. Discounts including ‘Buy more, save more’ offers:**

Sometimes, the supplier offers staggered discount to his customers (increase in discount rate with increase in purchase volume). For example- Get 10 % discount for purchases above Rs. 5000/-, 20% discount for purchases above Rs. 10,000/- and 30% discount for purchases above Rs. 20,000/-. Such discounts are shown on the invoice itself.

- I. Sometimes, the supplier offers staggered discount to his customers (increase in discount rate with increase in purchase volume). For example- Get 10 % discount for purchases above Rs. 5000/-, 20% discount for purchases above Rs. 10,000/- and 30% discount for purchases above Rs. 20,000/-. Such discounts are shown on the invoice itself.
- II. It is clarified that discounts offered by the suppliers to customers (including staggered discount under „Buy more, save more“ scheme and post supply / volume discounts established before or at the time of supply) shall be excluded to determine the value of

supply provided they satisfy the parameters laid down in sub-section (3) of section 15 of the said Act, including the reversal of ITC by the recipient of the supply as is attributable to the discount on the basis of document (s) issued by the supplier.

- III. It is further clarified that the supplier shall be entitled to avail the ITC for such inputs, input services and capital goods used in relation to the supply of goods or services or both on such discounts.

#### D. Secondary Discounts

- I. These are the discounts which are not known at the time of supply or are offered after the supply is already over. For example, M/s A supplies 10000 packets of biscuits to M/s B at Rs. 10/- per packet. Afterwards M/s A re-values it at Rs. 9/- per packet. Subsequently, M/s A issues credit note to M/s B for Rs. 1/- per packet.
- II. Representations have been received from the trade and industry that whether credit notes(s) under sub-section (1) of section 34 of the said Act can be issued in such cases even if the conditions laid down in clause (b) of sub-section (3) of section 15 of the said Act are not satisfied. It is hereby clarified that financial / commercial credit note(s) can be issued by the supplier even if the conditions mentioned in clause (b) of sub-section (3) of section 15 of the said Act are not satisfied. In other words, credit note(s) can be issued as a commercial transaction between the two contracting parties.
- III. It is further clarified that such secondary discounts shall not be excluded while determining the value of supply as such discounts are not known at the time of supply and the conditions laid down in clause (b) of sub-section (3) of section 15 of the said Act are not satisfied.

- IV. In other words, value of supply shall not include any discount by way of issuance of credit note(s) as explained above in para 2 (D)(iii) or by any other means, except in cases where the provisions contained in clause (b) of sub-section (3) of section 15 of the said Act are satisfied.
- V. There is no impact on availability or otherwise of ITC in the hands of supplier in this case.

#### ORDER

- **Order No. 01/2019-GST- Extension of time limit for submitting the declaration in FORM GST TRAN-1:**

Central Government extends the period for submitting the declaration in FORM GST TRAN-1 till 31st March, 2019 for the class of registered persons who could not submit the said declaration by the due date on account of technical difficulties on the common portal and whose cases have been recommended by the Council.

#### CUSTOMS

**Notification no. 04/2019- customs dated 7th February, 2019 seeks to further amend Notification No. 08/2016- customs dated the 5th February 2016 to allow temporary importation of aircrafts, for the purposes of participation in Aero Show organised by the Central Government, without furnishing a bank guarantee or cash deposit.**

Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.8/2016- customs dated the 5th February 2016, published in the Gazette of India, Extraordinary vide number G.S.R. 147(E) dated the 5th February, 2016, namely:-

In the said notification, in condition (2), after the proviso, the following proviso shall be inserted, namely,-

“Provided further that in the case of temporary importation of aircrafts, for the purposes of participation in Aero Show organized by the Central Government, the importer shall not be required to furnish a bank guarantee or cash deposit.”

**Notification no. 05/2019- customs dated 16<sup>th</sup> February, 2019 seeks to insert tariff item 9806 00 00 in chapter 98 of the First schedule to Customs tariff act, 1975 to impose basic customs duty of 200% on all goods originating in or exported from Pakistan.**

The Central Government is satisfied that the import duty leviable on all goods originating in or exported from the Islamic Republic of Pakistan, falling under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), should be increased and that circumstances exist which render it necessary to take immediate action.

NOW, therefore, in exercise of the powers conferred by sub-section (1) of section 8A of the Customs Tariff Act, the Central Government hereby directs that “All goods originating in or exported from the Islamic Republic of Pakistan” shall be leviable to import duty @ 200%.

**Notification no. 06/2019- customs dated 26<sup>th</sup> February, 2019 seeks to further amend notification No. 50/2017-customs dated 30th June 2017 to postpone the implementation of increased customs duty on specified imports originating in USA from 2nd March, 2019 to 1st April, 2019.**

The Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide, number G.S.R. 785(E), dated the 30th June, 2017, namely:-

In the said notification, in the third proviso for the words and figures “2nd day of March, 2019”, the words and figures “1st day of April, 2019” shall be substituted.

### Let's talk

For a deeper discussion of how these issues might affect your business, please contact our Indirect Taxation Team.

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