



## Minutes of the 17<sup>th</sup> GST Council Meeting held on 18 June 2017

The seventeenth meeting of the GST Council (hereinafter referred to as 'the Council') was held on 18 June, 2017 in Vigyan Bhawan, 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 17<sup>th</sup> Meeting of the Council –
  1. Confirmation of the Minutes of the 16<sup>th</sup> GST Council Meeting held on 11 June, 2017
  2. Approval of draft GST Rules and related Forms for:
    - i. Advance Ruling
    - ii. Appeals and Revision
    - iii. Assessment and Audit
    - iv. E-Way Bill
    - v. Anti-profiteering
  3. Fitment/adjustment of GST Rates on certain items
    - i. Applicability of increased turnover limit for Composition Levy to Special Category States
    - ii. IGST on Shipping Vessels
    - iii. Lottery
  4. Any other agenda item with the permission of the Chairperson
    - i. High Sea Sales
    - ii. Notifying Sections
    - iii. Exemption under Section 9(4) of the CGST Act, 2017
    - iv. Fund Settlement Rules
    - v. Authorization of Banks for GST collection
    - vi. Power to be exercised under Sections 37, 38 and 39 of the Central Goods and Services Tax Act, 2017
  5. Date of the next meeting of the GST Council

## Discussion on Agenda Items

### Agenda Item 1: Confirmation of the Minutes of the 16<sup>th</sup> GST Council Meeting held on 11 June, 2017:

3. The Hon'ble Chairperson welcomed all the Members to the 17<sup>th</sup> Council Meeting and invited comments of the Hon'ble Members on the draft Minutes of the 16<sup>th</sup> Meeting of the Council (hereinafter referred to as 'Minutes') held on 11 June, 2017 before its confirmation.

4.1. The Secretary, GST Council (hereinafter referred to as 'Secretary') invited the Chairman, CBEC to lay before the Council requests received regarding the Minutes. Chairman, CBEC stated that a written request was received from the Joint Commissioner, Odisha to include the version of the Hon'ble Minister from Odisha in paragraph 10.8 of the Minutes as follows:

“The Hon'ble Minister from Odisha stated that Odia films were exempt in Odisha. He was of the view that the regional film made in the regional language should be exempt under GST to promote regional film industry.”

4.2. Chairman, CBEC further informed that a written request had also been received from Shri Alok Gupta, Commissioner, Commercial Taxes (CCT), Rajasthan to amend the version recorded in paragraph 8.6 of the Minutes “...He added that marble was a labour intensive sector which provided employment to lakhs of people and units with turnover of less than Rs.1.5 crore should be taxed at the rate of 18% instead of 28%.” with the version as under:

“He added that marble was a labour intensive sector which provided employment to lakhs of people and mostly MSME units with turnover of less than Rs.1.5 crore are engaged in this and they are not liable to pay excise duty. He suggested that marble should be taxed at the rate of 18% instead of 28%.”

4.3. Shri M. Balaji, Joint Commissioner, Commercial Taxes, Tamil Nadu informed that the speech of the Hon'ble Minister from Tamil Nadu in the 16<sup>th</sup> GST Council Meeting was not recorded in the Minutes and that the version of the Hon'ble Minister from Tamil Nadu may be inserted after paragraph 8.16 as under:

“Paragraph 8.16.1. “The Hon'ble Minister from Tamil Nadu circulated a written speech during the meeting. He thanked the Council for having agreed to the request of Tamil Nadu regarding the rates of tax on footwear; palmyra jaggery; glass for corrective spectacles and cashew nut. He also commended the decision to levy tax on Textiles at a uniform lower rate of tax. He reiterated that handloom textiles, roasted gram locally known as “*fried gram*”, sago, sea shells and handicraft items made from them, hand-made jewellery made by goldsmiths from the economically weaker sections, and fishnet and fishnet twine should be Nil-rated; water sold in Refill Cans (bubble top) and small plastic pouches, curry, other spices and mixture of spice powder known as masala powder, unbranded biscuits, beedi, concrete blocks/bricks, and films made in the local language of the State should be taxed at a lower rate; unbranded sugar confectionery, pickles, power driven pumps, fly ash bricks and rate

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of tax for supply of food and drinks in restaurants without air-conditioning should be brought down to 5%; frames and mountings for spectacles, and attachments of tractors should be taxed at 12%; cess should be restricted to Motor Cycles above 500 cc; and wet grinder, air compressors and weighing machineries, and electrical apparatus irrespective of capacity should be brought down to 18%.”

The Council agreed to include the speech of the Hon'ble Minister from Tamil Nadu in the Minutes.

4.4.1. Shri V.P. Singh, CCT, Punjab referred to the Minutes on page 21 of the detailed Agenda Notes for the 17<sup>th</sup> GST Council Meeting (hereinafter referred to as 'Agenda Notes') in respect of textile where the Hon'ble Minister from Punjab had requested that tax rate on man-made fibre be kept at 18%, for yarn at 12% and for cloth at 5%. He added that it was recorded in the Minutes that the Council decided not to change rates for man-made fibre and yarn while it was not so and that no finality was achieved on the issue. He further added that a detailed proposal was to be sent before deciding on the issue. The Secretary mentioned that there was no such proposal to take a decision subsequently. Moreover, he added that this was a major revenue item and that it would not be possible to change the rate on the same. He further added that the Council did not agree to deciding the rates later. Shri V.K. Garg, Adviser (Financial Resources) to Chief Minister, Punjab stated that there were protests against this levy. The Secretary mentioned that the rationale being given was wrong and explained that there was no additional burden. He further informed that even now, at the yarn stage, the current tax burden was 19% and that in the GST regime, it would be reduced to 18%. Further, it was mentioned that input tax credit could be availed of and that there was no additionality of tax. It was only a question of compliance. He also stated that if other manufacturers were complying with GST, textile traders should also comply and that full credit could not be allowed since it would be a huge revenue loss. Further, he stated that if full refund was to be given, then rate should be 12% at fabric stage which would be too high and lead to adverse perception. He added that denying full refund was correct.

4.4.2. The Secretary asserted that man-made fibre and man-made yarn were to be taxed at the rate of 18%. He stated that only on fabric 5% tax was to be levied and this would help in the flow of credit. Moreover, no tax would need to be paid in cash as the said tax could be paid from the Input Tax Credit (ITC) accumulated by the assessee. The Adviser to the Chief Minister, Punjab raised three points in respect of textiles. First, he mentioned that the duty rate of 5% was prescribed for all fabric in the proposed GST regime and that till now, Countervailing Duty (CVD) was 8% if the party took CENVAT credit and zero if CENVAT credit was not taken. He quoted a judgement of the Hon'ble Supreme Court in the SRF case stating that exporters are not dealing with CENVAT and by that interpretation, duty became zero. As a result of this, fabric from China, Vietnam, Bangladesh, Sri Lanka and other countries would come to India at 5% whereas Indian business would suffer a duty incidence of 9%, 10% or 11% depending on the final value. He stated that the second issue was that in the case of an integrated manufacturer who made fibre, yarn, fabric and sold the fabric, the value addition was 100% and that this effective burden would be 5% whereas in the case of a person in Ludhiana who made grey fabric, value addition was 15% and he would pay 18% on the yarn resulting in his credit getting wasted. This would result in a situation where the power loom sector would be seriously affected in the new GST structure. He requested to consider it as it was an all India issue. The third point he raised was regarding drawback (DBK) rates on

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textile exports as 40% of textiles were exported. He wondered what would be the DBK rates on fabric as there would be 5% duty plus embedded taxes. He requested to address the issue regarding export and power loom sector.

4.4.3. The Secretary mentioned that all these points had been considered and that if imports were increasing from China and other countries, basic customs import duty could be raised. However, the Secretary raised an apprehension that there would be problems if imports were from countries with whom India had Free Trade Agreements (FTAs) and those problems were not in respect of textile alone but in respect of all goods. The Chief Economic Adviser observed that on imports, basic customs duty could be increased, however there would be a problem in case of imports from FTA countries. He added that in respect of exports, the current DBK structure could be kept until the impact of GST rates on exports was examined after GST was rolled out. The Secretary mentioned that DBK rates needed to be modified as DBK rates had two components i.e. customs duty and excise duty. He added that in the GST regime, excise duty would be gone and only customs duty was leviable, so only the customs duty portion should be considered for DBK as exporters could get entire Integrated Goods and Services Tax (IGST) refunded. He also added that the second alternative was that an exporter could claim refund of Central GST (CGST), State GST (SGST) paid on all inputs used in export goods and that this mechanism was better than DBK and exporters would have no problem.

4.4.4. The Adviser (Financial Resources) to Chief Minister, Punjab mentioned that there would be a serious problem as there were two types of exporters namely integrated manufacturers and others and that the whole credit would be stuck at the grey fabric level as exporter would be paying only 5%. The Secretary mentioned that there would be no problem to the power loom sector as only about 10% units were integrated units and that their share in the production of fabric was less. The Hon'ble Minister from Rajasthan supported the points raised by the Adviser to the Chief Minister, Punjab stating that there should be fibre neutrality for the textile industry so that there was lesser accumulation of input tax credit for smaller units. He added that accumulation of input tax credit would make all the difference and would put the small units at a disadvantage. The Chief Economic Adviser, Government of India, advised to conduct a quick study in the matter of embedded taxes and that action could then be taken accordingly. The Hon'ble Minister from Telangana supported the suggestion of the Chief Economic Adviser for a study to be conducted within 3 months in the textile sector.

4.4.5. The Hon'ble Chairperson observed that attempts were made to fix the rate of duty of all commodities in the best possible manner, however in case there were any issues with some commodities, the Council could have a relook at them in its meetings post implementation and that action could be taken accordingly. The Hon'ble Chairperson further observed that no commodity would collapse within this time. He also mentioned that many organizations were meeting him regularly to reduce the taxes on multiple commodities but decision on changing rates could not be taken arbitrarily and that tax rates would be reviewed after few months of the implementation of GST.

4.5. The Hon'ble Minister from Mizoram stated that it was recorded in the Minutes that no clear decision was taken regarding the applicability of increased threshold from Rs. 50 lakh to Rs. 75 lakh under the composition scheme to the Special Category States. The Secretary stated that there was a separate agenda on this issue.

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4.6. Shri R.K. Tiwari, Additional Chief Secretary (ACS), Uttar Pradesh, stated that in paragraph 8.4 of the Minutes, there was an error showing revenue loss to the tune of Rs.50,000 crore which should be Rs.5,000 crore. The Secretary informed that this was a typographical error and it should be read as Rs.5,000 crore in place of Rs.50,000 crore.

4.7. The Hon'ble Finance Minister from Uttar Pradesh referred to their request on paragraph 8.17 (vii) of page 15 of the Agenda Notes where items like *singhada* and *makhana* were requested to be exempted. The Secretary raised a question whether these goods would fall in the category of dry fruits. The Hon'ble Minister from Jammu & Kashmir also proposed to exempt walnut and other dry fruits. After discussions, the Hon'ble Chairperson and the Council agreed to fix the GST rate at 5% on dried *singhada* and *makhana*.

4.8. A few Members of the GST Council then requested for reconsideration of tax rates on some other commodities. The Hon'ble Ministers from Assam, Goa and Bihar suggested that since the tax rates had been fixed after much deliberation, the rates could be reconsidered, if required, after implementation of GST.

4.9. In view of the above discussion, for Agenda item 1, the Council decided to adopt the Minutes of the 16<sup>th</sup> Meeting of the Council with the changes as recorded below: -

- (i) To include the version of the Hon'ble Minister from Odisha in paragraph 10.8 of the Minutes as follows:

“The Hon'ble Minister from Odisha stated that Odia films were exempt in Odisha. He was of the view that the regional film made in the regional language should be exempt under GST to promote regional film industry.”

- (ii) To amend the version of the Hon'ble Minister from Rajasthan recorded in paragraph 8.6 of the Minutes with the following version -

“He added that marble was a labour intensive sector which provided employment to lakhs of people and mostly MSME units with turnover of less than Rs.1.5 crore are engaged in this and they are not liable to pay excise duty. He suggested that marble should be taxed at the rate of 18% instead of 28%.”

- (iii) To incorporate the speech of the Hon'ble Minister from Tamil Nadu after paragraph 8.16 of the Minutes as follows -

“The Hon'ble Minister from Tamil Nadu circulated a written speech during the meeting. He thanked the Council for having agreed to the request of Tamil Nadu regarding the rates of tax on footwear; palmyra jaggery; glass for corrective spectacles and cashew nut. He also commended the decision to levy tax on Textiles at a uniform lower rate of tax. He reiterated that handloom textiles, roasted gram locally known as “fried gram”, sago, sea shells and handicraft items made from them, hand-made jewellery made by goldsmiths from the economically weaker sections, and fishnet and fishnet twine should be Nil-rated; water sold in Refill Cans (bubble top) and small plastic pouches, curry, other spices and mixture of spice powder known as masala powder, unbranded biscuits, beedi, concrete blocks/bricks, and films made in the local language of the State should be taxed at a lower rate; unbranded sugar confectionery, pickles, power driven pumps, fly ash bricks and rate of tax for supply of food and




drinks in restaurants without air-conditioning should be brought down to 5%; frames and mountings for spectacles, and attachments of tractors should be taxed at 12%; cess should be restricted to Motor Cycles above 500 cc; and wet grinder, air compressors and weighing machineries, and electrical apparatus irrespective of capacity should be brought down to 18%.”

(iv) To replace, in paragraph 8.4 of the Minutes, Rs. 50,000 crore with Rs 5,000 crore.

4.10. In addition, it was decided to include dried *singhada* and *makhana* in the list of 5% GST items.

**Agenda Item 2: Approval of draft GST Rules and related Forms:**

5. Introducing this Agenda item, the Secretary asked Chairman, CBEC to brief the Council on the agenda pertaining to Rules. The Hon'ble Deputy Chief Minister from Delhi requested to first take up Rules for E-Way Bill and Anti-profiteering. The Secretary informed the Council that during the officers' meeting prior to the 17<sup>th</sup> GST Council Meeting, three other rules for Advance Ruling, Appeals and Revisions and Assessment and Audit were also discussed and some modifications were suggested and that the Council may approve these three Rules with some modifications as suggested by the officers and finalized in the Officers' meeting. Chairman, CBEC invited Shri Upender Gupta, Commissioner (GST Policy Wing), CBEC to make a presentation on the above-mentioned 5 Rules. Commissioner (GST Policy Wing), CBEC then proceeded to explain the main features and provisions of the 5 Rules and related Forms. The presentation is included at **Annexure 3**.

**5.1. Advance Ruling Rules**

5.1.1. The Secretary informed that during the officers' meeting in the morning some changes were made and the modified version of the draft Advance Ruling Rules is at **Annexure 4**.

5.1.2. The Council approved the Rules and related Forms on Advance Ruling including the changes made therein.

**5.2. Appeals and Revision Rules**

5.2.1. The Secretary informed that during the officers' meeting in the morning, some changes were made and the modified version of the draft Appeals and Revision Rules is at **Annexure 5**.

5.2.2. The Council approved the Rules and related Forms on Appeals and Revision including the changes made therein.

**5.3. Assessment and Audit Rules**

5.3.1. The Secretary informed that during the officers' meeting in the morning some changes were made and the modified version of the draft Appeals and Revision Rules is at **Annexure 6**.

5.3.2. The Council approved the Rules and related Forms on Assessment and Audit including the changes made therein.

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5.4. e-Way Bill Rules

5.4.1. During the presentation on e-Way Bill Rules, Commissioner (GST Policy Wing), CBEC highlighted the main features and other details like requirement of e-way bill for movement of goods of consignment value exceeding fifty thousand rupees; generation of e-Way bill and its validity with reference to distance; consolidated e-Way bill; cancellation of e-Way bill, etc. The Secretary informed the Council that during the Officers' meeting held earlier that day, detailed discussion was held on this Rule and some States were in favour of implementing the e-way bill system from 1 July 2017, while some other States and the Centre were not in favour of implementing it till a fool proof e-Way bill system was developed. The Hon'ble Deputy Chief Minister of Delhi raised two points (i) that the limit of Rs.50,000/- was very low and (ii) how many transit points (checks) were to be allowed in intra-State movement. By way of an illustration, he stated that during the course of movement from Narela to Greater Kailash in Delhi, checks at several transit points would create problems for traders. Chairman, CBEC was of the view that the e-Way bill should not be required within the city. The Hon'ble Minister from Chhattisgarh stated that the e-Way bill system should not be brought from 1 July 2017. He added that in Chhattisgarh, all physical check posts had been removed and that any matter relating to evasion of taxes should be addressed through enforcement action. The Hon'ble Minister from Madhya Pradesh also supported Chhattisgarh's point of view and mentioned that it would be alright to wait for 2-3 months and then decide on its implementation.

5.4.2. The Hon'ble Minister from Bihar informed that Bihar had boundaries with Nepal and Bhutan and if there was no e-Way bill system in force, there would be lot of problems and the same issue applied to the North-Eastern States as well. He suggested that till the e-Way bill system was not finalized, check-posts should continue in the States. He further stated that since there was a provision in the Law for the implementation of e-Way Bill and the same had been passed by the respective State Legislatures, implementation of the e-Way bill system could not be ignored. The Hon'ble Minister from Goa stated that there would be implementation problems within the smaller States if the e-Way bill system was introduced, as goods may be required to be loaded and removed from different locations within a small state like Goa. The Hon'ble Minister from Maharashtra stated that even if this system was not implemented from 1 July 2017, it could be implemented after 6 months. The Hon'ble Minister from Kerala stated that the e-Way Bill system at national level might not be ready by 1 July 2017 and till the time it was finalized, the existing e-Way Bill system in the States should continue. The Hon'ble Minister from Andhra Pradesh informed that this system had been in place in Andhra Pradesh for the last 15 years and that absence of e-Way bill would lead to evasion of taxes. The Hon'ble Minister from Telangana stated that the e-Way bill system was in place in his State for the last 5 years for inter-State as well as intra-State movement and that they would continue with the present system till the Council finalized a national e-Way Bill system which might take 6 months. He added that keeping a minimum limit of 10 kilometres (for providing details for further transportation) was not practical as there were 73 Municipalities in his State where there was regular movement and the distance limit should be revised.

5.4.3. The Hon'ble Minister from Uttar Pradesh stated that they had an e-Way bill system and the same was needed to check goods. The Hon'ble Chief Minister from Puducherry stated that when a robust invoice-matching mechanism was being made available by GSTN, the

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WayBill system was just a duplication and added that it should be considered for evasion-prone commodities and inter-State supply only. He added that if it was used for intra-State movement, it would lead to problems. Dr. P.D. Vaghela, CCT, Gujarat stated that the e-Way bill system was a must and that in the Gujarat Chamber of Commerce, many tax payers advocated for thee-Waybill system as mobile physical checking led to more corruption. He added that those States which had such a system should be allowed to continue and intra-city movement could be left out. Ms. Smaraki Mahapatra, CCT, West Bengal supported the e-Way bill system but without intra-city movement. Dr. M.P. Ravi Prasad, Joint Commissioner, Commercial Taxes, Karnataka stated that his State had an e-Way bill system for the last 3 years and that trade had welcomed it. He added that physical checks had been reduced and for this, the e-Way Bill system in his State, i.e. e-SUGAM had received awards.

5.4.4. The Hon'ble Minister from Assam stated that Section 68 of the CGST Act provided for e-Way bill and that in its absence, there would be massive evasion of tax and would create the need to bring the static check posts leading to harassment and corruption. He added that intra-city movement could be relaxed. Shri J. Syamala Rao, CCT, Andhra Pradesh stated that in its absence, 20%-30% evaders would drive genuine taxpayers out. Shri Tuhin Kanta Pandey, Principal Secretary (Finance), Odisha stated that presently the State of Odisha has an e-Way Bill system for inter-state movement and not for intra-state movement and in principle, the State was against the implementation of e-Way Bill system. He explained that when one-to-one invoice matching was available in the system, there was no need for an e-Way Bill. He added that this would increase the compliance burden and that efforts should be taken to reduce compliance burden. He further informed that with effect from 1 April 2017, his State had abolished check posts and there was no problem because of that. If at all it is felt necessary to introduce the system, it should be done later after thorough deliberations, so that unnecessary compliance burden is avoided. The Hon'ble Minister from Nagaland stated that the e-Way bill system was required. The Hon'ble Minister from Tamil Nadu stated that overall, he was not in favour of thee-Way bill but if it was to be implemented, it should only be done for Business-to-Consumer (B2C) trade and for evasion prone commodities. The Hon'ble Minister from Rajasthan advised that there should not be e-Way bill system for intra-State movement and that it should be limited to evasion-prone commodities. He also suggested that the limit should be raised to Rs. 1,00,000/-.

5.4.5. The Hon'ble Chairperson observed that a number of States were in favour of the e-Waybill system, some States were not in favour and some States did not want its implementation from 1 July 2017. He added that there were some requests to raise the limit from Rs. 50,000/- to Rs.1,00,000/-. It was informed that in the Officers' meeting, there was no consensus on the matter. He proposed that for the time being, a one sentence Rule could be drafted and that States could continue with their own system till a central e-Way Bill Rules were finalized. As regards raising the limit from Rs. 50,000/- to Rs.1,00,000/-, he added that the GST Council could take a decision once the Rules were finalized. The Secretary mentioned that after 1 July 2017, there should not be any need for GST check posts at State borders. The GST Council agreed to the proposal of drafting one sentence Rule by the Law/Rules Committee on above lines and that there would not be any need for check posts in GST regime at State borders.

  
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5.5 **Anti-profiteering Rules**

5.5.1. Presenting on Anti-profiteering Rules, the Commissioner (GST Policy Wing), CBEC highlighted the main features like constitution of Standing Committee, National Anti-profiteering Authority, etc. The Secretary informed the Council that the Anti-profiteering Rules had been prepared on the recommendation of the GST Council in its 15<sup>th</sup> Meeting. Starting the discussion on the said Rule, the Hon'ble Minister from Bihar wondered as to why retired judges needed to be brought as Chairman of the Authority and why retired officers could not be considered. He opined that judges did not understand the tax complications and suggested that the Authority should be headed by officers and not judges. The Hon'ble Minister from Kerala asked what the exact meaning of "profiteering" was and that benchmark information was required.

5.5.2. The Chief Economic Adviser stated that there were already two meetings on this issue and that a sunset clause of 9 months to one year needed to be provided. He added that this was a transition provision and would lead to harassment and in the long run, it should die. The Hon'ble Minister from Goa stated that the narrative should change and we should trust the countrymen. He added that judges came into the picture when something wrong happened and that competent officers could apply their mind much better. Shri Somesh Kumar, Principal Secretary (Finance), Telangana stated that he did not agree with the sunset clause because rates would change frequently. Ms. Sujata Chaturvedi, Principal Secretary and CCT, Bihar suggested that there was no provision for any sunset clause in the Act.

5.5.3. The Hon'ble Minister from Uttar Pradesh suggested that officers should be taken in the Authority. The Secretary suggested that retired officers could be taken. Shri R.K. Tiwari, Additional Chief Secretary, Uttar Pradesh informed that (1) there was no time limit for the Standing Committee to submit report; (2) constitution of the Standing Committee and Screening Committee and its nomination should be by the Council only and not by the Board; (3) there was no proposal for appeal against the order of the Authority – it should lie with the High Court; (4) Two points (d) and (e) mentioned in draft Rule 14 had been left out on page No. 104 of the Agenda and its responsibility should include recommending for cancellation of registration and (5) Secretary to the Authority should be more broad-based rather than ADG of Safeguards as there could be clash of interest. The Secretary agreed for other suggestions except for Secretary to the Authority by explaining that it would not be possible to create a new office for Secretary and that ADG Safeguards would only be the Secretary to the Authority and not member Secretary of the Authority. The Council agreed with this.

5.5.4. The Hon'ble Minister from Mizoram suggested to define the term 'Anti-profiteering'. CCT, Andhra Pradesh suggested to include third parties such as consumer welfare societies under the ambit of 'interested parties'. He also requested to have more than one Standing Committee and also at State level to ward off frivolous complaints. The Secretary stated that the definition of 'interested parties' was an inclusive one and there was a mechanism to ward off frivolous complaints. The Hon'ble Minister from Madhya Pradesh stated that small traders had apprehensions of being harassed by the anti-profiteering provisions. The Hon'ble Minister from Haryana suggested that 4 Technical members could be representative of tax practitioners, a person of eminence, an industry representative and a consumer activist to provide balance to the Authority. The Hon'ble Chairperson observed that it would not be




proper to have both officers and activists on board since it was necessary to have an effectivedeterrent effect. He added that activists would bring a plethora of complaints and cited an example of fast track courts, where the experience was not good. He further added that Government officers had some bindings of conduct rules and would be more effective.

5.5.5. Shri Raghendra Kumar Singh, CCT, Madhya Pradesh stated that there should be *suo-motu* provisions for initiating investigation where profiteering was observed by the Government. The Hon'ble Chairperson stated that this body could comprise of technically qualified people from the State as well as the Centre. The Secretary stated that to have a deterrent effect on profiteering, it was necessary to constitute the Authority as early as possible, headed by a retired or even serving Secretary-rank officer and four other Members. He added that a Search Panel needed to be constituted to suggest names for the Authority so that they could put up names for approval in the next meeting. The Hon'ble Minister from Kerala reiterated that "anti-profiteering" was still not defined and there needed to be clarity on this. Chairman, CBEC, in response, read out the Section 171(1) of the CGST Act which gave the definition of profiteering. The Adviser to the Chief Minister, Punjab stated that profit should be carefully defined as to whether it referred to profit at the product and service level, vertical level or entity level. He added that it was necessary to see how credit was being allocated to each product and thereafter determine the profitability for each product. The Chief Economic Adviser stated that the anti-profiteering clause was a mistake and the discretion it provided might lead to its abuse and cause harassment. Therefore, it was necessary to circumscribe it. He added that it would be difficult to implement it because of the difficulty in determining what profit was, what profiteering was, etc. He further added that it was necessary to keep the provision simple and add a sunset clause so it did not carry on forever.

5.5.6. The Secretary stated that the intention was not to harass the small trader but a deterrent effect was required without which there were chances of high amount of profiteering taking place. For this, he stated, that a mechanism was needed but also added that he was in agreement with a sunset clause of say two years, after which it could be said that the Authority would become dysfunctional.

5.5.7 The GST Council after detailed discussion approved the draft Anti-profiteering Rule and further authorized the Law Committee to make amendments as may be necessary for including the suggestion as discussed above. The Hon'ble Chairperson suggested that the search committee for selection of Chairman and Members of the Authority could be made under the Chairmanship of the Cabinet Secretary and consist of Revenue Secretary, Chairman, CBEC and Chief Secretaries of any two States. The Hon'ble Minister from Bihar suggested that the names of two Chief Secretaries could be decided by the Chairman. The Council agreed with this.

**Agenda Item 3: Fitment/adjustment of GST Rates on certain items**

**7.1. Applicability of increased turnover limit for Composition Levy to Special Category States**

7.1.1. The Hon'ble Minister from Mizoram stated that in the 16<sup>th</sup> GST Council Meeting, the Council increased the annual turnover threshold to avail the Composition scheme from Rs. 50

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lakh to Rs. 75 lakh, but its applicability to the Special Category States was not decided. He mentioned that for Special Category States like Mizoram, the annual turnover threshold for availing the Composition Scheme should remain Rs. 50 lakh and not be raised to Rs. 75 lakh. The Hon'ble Minister from Assam stated that he would go by the consensus of the other North-Eastern States. The Hon'ble Chief Minister from Puducherry requested that his State also be included along with the Special Category States for this provision. The Hon'ble Deputy Chief Minister from Manipur also supported the proposal to retain the annual turnover threshold of Rs. 50 lakh for Special Category States. The Hon'ble Minister from Jammu & Kashmir said that though his State was included in the list of Special Category States, he requested that his State may not be included with the Special Category States for this provision and that he would like the annual turnover threshold of Rs. 75 lakh to be applicable to his State. He also added that even in the case of the annual turnover threshold of Rs. 20 lakh for exemption from registration under GST, he preferred that the same may apply to his State and not the reduced threshold of Rs. 10 lakh which was applicable to the Special Category States. The Secretary informed that the threshold limits of Rs. 20 lakh and Rs. 10 lakh for registration under GST were provided in the Law itself and hence, modification for Jammu & Kashmir would need to be done. The Hon'ble Chairperson observed that the thresholds of Rs. 10 lakh (for registration under GST) and Rs. 50 lakh (for Composition) may be applicable only to the other Special Category States and that a special provision could be made for Jammu & Kashmir. Shri Shridhar BabuAddanki, CCT, Uttarakhand stated that the turnover threshold of Rs. 75 lakh for Composition should be applicable to his State also, though his State was a Special Category State.

7.1.2. After discussion, the Council approved the following –

- (i) The turnover limit for Composition Levy for CGST and SGST purposes shall be Rs.50 lakh in respect of the following Special Category States namely:
  1. Arunachal Pradesh,
  2. Assam,
  3. Manipur,
  4. Meghalaya,
  5. Mizoram,
  6. Nagaland,
  7. Sikkim,
  8. Tripura, and
  9. Himachal Pradesh
- (ii) The Council has also recommended that in case of Uttarakhand, the turnover limit for Composition Levy will be Rs.75 lakh.
- (iii) For the State of Jammu & Kashmir the turnover limit for the Composition levy will be decided in due course.

## 7.2 IGST on Shipping Vessels

7.2.1 Shri Alok Shukla, Joint Secretary (TRU-I) informed the Council that 5% rate of tax on ship was approved during the 14<sup>th</sup> GST Council meeting held at Srinagar on 18-19 May 2017 and that the same GST rate would apply on imports of ships/vessels/dredger/tankers. He added that against this, the Ministry of Shipping had made a reference, *inter alia*, stating that the shipping industry would not be in a position to utilize the credits of such IGST for a long period of time and that the new GST regime would put the Indian Shipping Industry in a

disadvantageous position as foreign owners who brought ships to India were not burdened with the tax but that only Indian owners were charged with tax in similar situation. He further added that the transportation services of goods (voyage charter) have been brought to tax, however with curtailed input tax credit wherein input tax credit on goods will not be available, which would cause tremendous accumulation of credit with no avenue for set off and that the additional tax burden would adversely affect the Indian shipping industry, competitiveness and viability as the Shipping sector was already under severe stress. He added that the Fitment Committee had examined the reference received from the Ministry of Shipping in detail and proposed two options for the consideration of the Council. These two options are enumerated as follows -

- i. Whether to allow ITC of GST paid on ships which would provide level playing field to shipping lines which go for outright purchase of vessels/ships/tankers

or

- ii. Whether to exempt 5% CSGT and SGST / IGST on ships/vessels/dredger/tankers as recommended by the Ministry of Shipping.

7.2.2 The Secretary suggested that Option (i), i.e. allowing ITC of GST paid on ships which would provide level playing field to shipping lines which go for outright purchase of vessels/ships/tankers could be approved by the Council. The Council approved Option (i). The Adviser (Financial Resources) to Chief Minister, Punjab sought a clarification as to how could service tax be paid on the transportation service if the same is included in CIF value of inputs, which is subjected to import duty. It was clarified by Shri Amitabh Kumar, Joint Secretary (TRU-II) that the service aspect is subjected to service tax in accordance with various pronouncements of the Apex Court. Moreover, under GST, IGST would be levied which is set off as its ITC is available.

7.2.3 In respect of the agenda item on IGST on Shipping Vessels, the Council approved Option (i), i.e. to allow ITC of GST paid on ships which would provide level playing field to shipping lines which go for outright purchase of vessels/ships/tankers. In this context Secretary stated that the issue raised by Punjab was not connected with the proposal under consideration by the GST Council.

### 7.3 Lottery

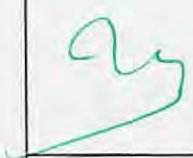
7.3.1. Introducing this agenda item, the Joint Secretary (TRU-II) stated that under the GST regime, supply of lottery was to be taxed as 'goods' and the rate of tax on lottery was discussed with the officers of the States where lottery tickets were sold and that the said meeting was attended by officers from the States of Nagaland, Sikkim, Arunachal Pradesh, Mizoram, Assam, West Bengal and Punjab. He further informed that the officer concerned from Kerala was not able to attend that meeting but Dr. Rajan Khobragade, CCT, Kerala had orally conveyed that lottery tickets should be taxed at the rate of 28% of face value. He explained that in view of the Hon'ble Supreme Court judgment in the case of Sunrise Associates Vs. Government of NCT of Delhi, sale of lottery tickets had been held to be actionable claim and that actionable claim had been included in the definition of "goods" as per Section 2(52) of the CGST Act. He added that Clause 6 of Schedule III of CGST Act specified that actionable claim other than lottery, betting and gambling was neither a supply of goods nor a supply of services, and therefore, supply of lottery tickets would need to be taxed as supply of goods.

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7.3.2. Joint Secretary (TRU-II), CBEC, also presented the amount received by the organising States in the financial year 2015-16 from lottery draws. He also presented the revenue received by three States, namely, Kerala, Maharashtra and Punjab in the year 2015-16 through lottery tax which would now be subsumed under GST. He also briefed the Council on the incidence of Service Tax on lottery distribution. He presented two options for levying GST on lottery, as recommended during the meeting of officers of the State Governments held on 11 June 2017, namely – (i) GST rate of 5% on face value (MRP) of lottery tickets sold, and (ii) GST rate of 28% on MRP of lottery tickets sold less prize pay-out (as published in the official gazette of the State Government). He also stated that, in addition, there was an option presented by the State of Kerala to tax lottery tickets at the rate of 28% of face value (MRP of lottery tickets sold). He stated that under both the options, GST may be levied by the State Governments on the first point of sale by the State Government to the lottery distributor or the sole selling agent appointed by the State Government and to exempt agents/stockists below the distributor. He explained that the lottery organising States (Sikkim, Arunachal Pradesh, Nagaland and Assam) earned royalty and the earnings out of it would be reduced if the rate of tax was high and keeping this in view, the States of North-East had favoured the option of charging tax at the rate of 5% on face value of lottery tickets. He also added that these States got a very small amount of revenue, and therefore, this was an important source of revenue for them.

7.3.3. Starting the discussion on this agenda item, the Hon'ble Minister from Nagaland stated that his State was an Organising State of lottery and if the rate of tax on lottery was kept high, it would affect the royalty revenue as the number of buyers of lottery tickets would shrink. He suggested that tax rate on lottery tickets should be reasonable and suggested that it should be 5% on face value of tickets sold. The Hon'ble Ministers from Sikkim and Mizoram supported this view. The Hon'ble Minister from Maharashtra stated that they had the highest sales/turnover of lotteries and they could support the rate of 5% if it was made compulsory that the prize money pay-out in each case would be 80% of the total amount. The Hon'ble Chairperson observed that decision on this issue was not within the jurisdiction of the Council. The Hon'ble Minister from Maharashtra then suggested to take the second option. He added that if rate of GST on lottery tickets was kept at 28% of the face value, then lottery sale would decline and illegal gambling etc. would increase.

7.3.4. The Hon'ble Minister from Kerala stated that his participation in the Council Meeting was always very positive and he supported the decisions despite his ideological differences on some of them. However, on the issue of lottery, there were serious legal and ethical issues, and therefore, he could not compromise on his stand of charging tax on lotteries at the rate of 28% of face value. He added that if consideration was loss of royalty to North-Eastern States, he would assure giving them double the money from his State but lowering the rate would encourage the growth of lottery *mafia*, which was not acceptable. He recalled that earlier, such lottery *mafia* had created social, law and order problems. He added that the mandate of the Fitment Committee was to look at the existing tax rates to recommend GST rates. He suggested that on some items, rates were reduced in deviation from this principle on the ground of changed situation but in this case, the existing rate on lotteries could not be allowed under the GST structure. He stated that lottery was under a Central Act, which did not allow any operator to play in this field other than the State. Section 4 of the Central Act provides that tickets would be printed by the State Government; printing would be done by a security press and the money from sale of lotteries would come to the Consolidated Fund of the State.




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He stated that a few States had given lottery contract to certain people who violated rules with impunity, which created serious social problems. He also objected to the data put in the agenda notes on the basis of the information given by All India Federation of Lottery Trade and Allied Industries; it was the States who were running lotteries and only the States' data could be authentic. He reminded that profit earned from lotteries went to the State treasury for developmental works. He added that in order to curb manipulation, the rate of tax on lotteries should be 28% on face value.

7.3.5. The Hon'ble Minister from Sikkim stated that the tax rate of 28% on face value would hit their revenue and reminded that earnings from lotteries and tourism were their main sources of revenue. The Hon'ble Minister from Kerala stated that lottery was being run by profiteers and was creating legal and social problems in the State. He reiterated his guarantee regarding giving minimum revenue to the North-Eastern States. He stated that as per his information, lottery agents in anticipation of a lower tax rate, had already selected their officers and appointed sub-agents to take advantage of the situation. The Hon'ble Minister from Mizoram observed that the States had diverse interests and had unequal resources. He observed that vendors of lottery in his State had outsourced this activity to agents in West Bengal, Maharashtra, etc. He stated that personally, he was not in favour of lottery but on behalf of his State, he could not accept a very high rate of tax on lottery. The Hon'ble Minister from Kerala stated that there was a rampant sub-contracting system going on in lotteries in contravention of the Central Act. He stated that the law enacted in his State had also been set aside by the Hon'ble High Court of Kerala and if there was a low rate, it might create serious problems in his State. He added that he was mindful that they were refraining from banning lottery in their State because almost one lakh lottery sellers were differently abled who had one or the other physical deformity and their livelihood needed to be protected.

7.3.6. The Hon'ble Minister from Telangana stated that lottery and all kinds of gambling were banned in his State and every State had a right to ban lottery. The Hon'ble Chairperson stated that banning of lottery was not in the jurisdiction of the Council. He added that lotteries were being run by private people authorised by the States and the North-Eastern States wanted tax to be imposed on lottery at the rate of 5% on face value and the State of Kerala wanted it at the rate of 28% on face value. He observed that crux of the matter was that if the rate of tax on lottery was kept very high, it would become unremunerative, and therefore, other forms of gambling would start. The Hon'ble Minister from Jammu & Kashmir stated that it would not be desirable to deduct prize pay-out from the face value for charging tax, as VAT/ GST is on transaction value. He added that it was easy to manipulate the value of pay-out. The Joint Secretary (TRU-II), CBEC, stated that under the Lottery Regulation Act and rules made thereunder, pay-out for every draw is required to be declared in the Official Gazette. The Hon'ble Minister from Kerala observed that prize money was declared in advance but there was manipulation in giving money and there were several scandals regarding lottery draws. He further added that other issues such as pricing of tickets were another activity for unscrupulous elements to exploit.

7.3.7. The Hon'ble Minister from Assam stated that one had to be mindful that the rate of tax on lottery could not be the same as that for essential items like cereals, pulses, etc. He, therefore, suggested that the rate of tax should not be 5% but at least 12% or 18%. He added that no item which had negative connotation should be kept in the tax slab of 5%. The Hon'ble Chief Minister of Puducherry stated that the dispute was between the State-run lotteries and the State-authorised lotteries. He observed that this was an important source of revenue for the

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North-Eastern States. He added that in southern India, lottery was banned in many States. He expressed that there was a need to find a middle ground by which the royalty income of the North-Eastern States could be protected and the revenue of States like Kerala was also protected. The Hon'ble Chairperson stated that gambling and horse racing were being taxed at the rate of 28% and it might not be desirable to tax lottery at the rate of 5%. Shri V.P. Singh, Excise and Taxation Commissioner, Punjab, stated that his State supported taxation on lottery at the rate of 28% on its MRP *minus* prize pay-out. The Adviser (Financial Resources) to Chief Minister, Punjab, stated that lottery should be taxed like the insurance sector, where certain amount of premium went towards investment and the amount taxed was the premium amount *minus* the investment amount. He suggested that conceptually, the tax should only be on value addition. He stated that in lottery, there was an option to apply cess over and above the tax rate. The Hon'ble Minister from Maharashtra stated that his preference was to tax lottery at the rate of 18% of face value. The Hon'ble Minister from Manipur stated that his State was not running lottery but he supported the Hon'ble Minister from Assam and proposed the tax rate of 12%. The Hon'ble Minister from Mizoram stated that the tax rate in Kerala could be 28% but it should be 5% in North-Eastern States. The Hon'ble Minister from Assam stated that most of the tickets were sold in Kerala and the proposal of the Hon'ble Minister from Mizoram would hurt the North-Eastern States. The Hon'ble Minister from Kerala reminded that half the amount of tax collected in his State would also go to the Centre. He further observed that since horse racing and gambling were to be taxed at the rate of 28%, lottery should not be taxed at a lower rate.

7.3.8 The Hon'ble Minister from Goa stated that his State also got revenue from lottery. However, he supported following the principle of fitment approved by the Council. He cautioned that discussions could not be on the basis of State-wise interest. He observed that taxing lottery at the rate of 5% as that for food grains would convey a very poor message. He stated that a very low tax rate on lottery should not be fixed only on the consideration that a few small States would lose revenue and added that his State would be one such loser. The Hon'ble Chairperson stated that the Council needed to explore the views of States other than those stated by the Hon'ble Ministers from the North-East and Kerala and he recalled that when the rate of 3% was fixed on gold, Kerala had a better rationale to keep the rate at 5% but the Council considered that an abrupt increase in the rate of tax on gold would lead to large scale smuggling. A similar situation existed in lottery trade and a very high rate of tax would lead to increase in unauthorised activity like underground betting.

7.3.9. The Hon'ble Minister from Telangana stated that another experience was that a higher rate of tax would lead to evasion of tax. He observed that Maharashtra had a high rate of tax on horse racing but it had the lowest revenue. He suggested to keep the tax rate on lottery and horse racing at the same rate but at a lower rate. The Hon'ble Chairperson stated that it had already been decided that the rates of tax already approved should not be reopened. The Hon'ble Minister from Kerala stated that lottery had three elements, namely – commission, prize money and profit (or revenue earned by the State) and observed that the price of lottery as well as prize money would remain the same and only profit margin would come down. This would discourage private players to operate in the field of lottery. He stated that the law to control this activity was no longer in force. The Hon'ble Chairperson requested for views of the Hon'ble Members on the possible rate of tax on lottery. The Hon'ble Ministers from Bihar and Assam supported the rate of tax at 12% on face value of the ticket. The Hon'ble Minister from Chhattisgarh supported the rate of tax at 28% on MRP of lottery ticket sold less the prize

pay-out. The Hon'ble Minister from Jammu & Kashmir suggested to tax lottery at a higher rate and also impose cess on it but did not support the proposal to deduct the prize money pay-out from the price of the ticket. The Hon'ble Minister from Jharkhand stated that lottery should preferably be banned but if it was not possible, it should be taxed at the rate of 28%. Shri M.P. Ravi Prasad, Joint Commissioner, Commercial Tax, Karnataka, stated that there was ban on lottery in his State and that he had no views regarding the tax rate. CCT, West Bengal, stated that lottery should be taxed on its face value. The Hon'ble Minister from Madhya Pradesh expressed the opinion that lottery should not be allowed and if it had to be taxed, then it should be at the rate of 28% with cess. The CCT, Gujarat, informed that lottery was banned in his State and that he had no views on the issue. CCT, Uttarakhand, stated that lottery was banned in his State and he had no opinion on the rate of tax. Shri H. Rajesh Prasad, Commissioner (VAT), Delhi, stated that the rate of tax should be 28% on face value though his State would prefer to ban it. The Hon'ble Chief Minister of Puducherry supported the tax rate of 18% on the face value of the ticket. The Hon'ble Minister from Telangana supported the tax rate of 18% and stated that a higher rate would lead to evasion of tax and strengthen the *mafia*. Shri Onkar Chand Sharma, Principal Secretary (Finance), Himachal Pradesh, stated that the rate of tax should be 28%. The Principal Secretary (Finance), Odisha, stated that they had no views on the subject as there was no lottery trade in his State. Joint Commissioner, Commercial Tax, Tamil Nadu, stated that lottery was banned in his State and he supported the tax rate of 28%. Shri Pravin Srivastava, Chief Resident Commissioner, Tripura, stated that lottery was banned in his State and he had nothing to say on this issue. The Hon'ble Minister from Nagaland supported a tax rate of 5%.

7.3.10. The Hon'ble Minister from Maharashtra observed that his State was the largest consumer of lotteries and suggested that the rate of tax be 12% or 18% on face value of the tickets. The Hon'ble Minister from Sikkim supported the rate of tax at 28% on the MRP of lottery tickets sold less the prize money pay-out. The Hon'ble Chief Minister of Puducherry suggested that, to begin with, the rate of tax could be 18% on face value and it could be reviewed later on. The Hon'ble Minister from Sikkim stated that the revenue from lottery for his State was about Rs.63 crore which could be affected if it was taxed at a very high rate. He added that socially, such kind of activity could not be eradicated by prescribing a high rate of tax.

7.3.11. The Hon'ble Chairperson observed that till now, the Council had already decided other issues by consensus but on this issue, the Hon'ble Minister from Kerala had very strong views which needed to be balanced with the views of the North-Eastern States. The Hon'ble Minister from Kerala reiterated that he was willing to sign a written guarantee by assuring the same revenue to the North-Eastern States under GST system as they were getting till today. The Adviser (Financial Resources) to Chief Minister, Punjab, stated that as lottery was being sold as goods, the supply would be where the lottery was sold and that the tax revenue would not go to the North-Eastern States. The Hon'ble Chairperson stated that the amount of royalty accruing to the North-Eastern States would get affected due to high rate of tax. The Hon'ble Chairperson observed that a very high rate of tax could lead to undesirable activities like *matka*. The Hon'ble Minister from Mizoram stated that the discussion was on the basis of the present scenario whereas under the GST regime, the money would be given as a devolution from the Central Government. The Hon'ble Chairperson stated that if the rate of tax was higher and collection was also higher, then the devolution to the States would also be more. The Hon'ble Chairperson suggested that the rate of tax on lottery could be 18% on its face

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value and the Council could see its impact for some time. The Hon'ble Minister from Kerala vehemently stated that he was unable to be a party to this decision. He added that the main issue was not revenue as majority of the States had banned lotteries but it was the other attendant social problems arising out of this trade.

7.3.12. The Hon'ble Chief Minister of Puducherry stated that the State of Tamil Nadu and many other States of South India had banned lottery and the State of Kerala should also follow the same model. The Hon'ble Minister from Kerala stated that livelihood of people was connected with lottery and taxing lottery at a high rate would not affect their livelihood but would make lotteries less attractive for manipulators. The Hon'ble Minister from Jammu & Kashmir suggested that another compromise could be to distinguish between State-run lotteries and State-authorized lotteries and suggested to tax the former at the rate of 12% or 18% but the latter at the rate of 28%. The Hon'ble Minister from Kerala expressed agreement at this suggestion.

7.3.13. The Hon'ble Chairperson stated that as per the Court judgment, there were clear conditions between the State-run lotteries and the State-authorized lotteries and this could be the principle used to distinguish the lotteries and tax them differently. He suggested to tax the State-run lotteries at the rate of 12% on the face value and the State-authorized lotteries at the rate of 28% on the face value. The Council approved this proposal. The Council also approved the proposal that tax could be levied by the State Governments on the first point of sale by the State Government to the lottery distributor or the sole selling agent appointed by the State Government and to exempt agents/stockists below the distributor.

7.3.14. In respect of the **Agenda Item on Lottery**, the Council approved the following –

- (i) The supply of lottery shall attract GST rates as under –
  - a. Lottery run by State Governments – 12% of face value of lottery ticket (Face value to be inclusive of GST)
  - b. Lottery authorized by State Governments – 28% of face value of lottery ticket (Face Value to be inclusive of GST)
- (ii) Tax can be levied by the State Governments on the first point of sale by the State Government to the lottery distributor or the sole selling agent appointed by the State Government on reverse charge basis and to exempt agents/stockists below the distributor.

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

**8.1 High Sea Sales**

This agenda item was not taken up for discussion, and it was deferred.

**8.2. Notification of remaining sections of the Central Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017 from 1<sup>st</sup> July, 2017 and power to GST Implementation Committee**

8.2.1. Under this agenda item, the Secretary proposed that the Council may approve the notification of remaining sections of the CGST Act, 2017 and IGST Act, 2017 from 1 July, 2017. He further proposed that the Council may delegate the power to GIC to decide that




certain Sections of the Act may not be notified from the said date and that the Council may also delegate the power to GIC to extend the date of notification of Sections, earlier approved to be notified with effect from 19 June, 2017, beyond the said date but not later than 1 July, 2017. The Council approved the same.

8.2.2. In respect of the **Agenda Item on Notification** of remaining sections of the Central Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017 from 1<sup>st</sup> July, 2017 and power to GST Implementation Committee, the Council approved the following:

- (i) Notification of remaining sections of the CGST Act, 2017 and IGST Act, 2017 from 1 July 2017 and delegation of power to the GIC to decide that certain Sections of the Act may not be notified from the said date; and
- (ii) to extend the date of notification of Sections, earlier approved to be notified with effect from 19 June 2017 to 22 June 2017.

8.2.3. The decision stated in para 8.2.2. above shall apply *mutatis mutandis* to SGST Acts as well as UTGST Acts.

**8.3. Exemption to supplies of goods or services or both of certain amount from the purview of sub-section (4) of section 9 of the Central Goods and Services Tax Act, 2017 etc.**

8.3.1. The Secretary requested the Commissioner, (GST Policy Wing), CBEC to explain this agenda item. The Commissioner, (GST Policy Wing), CBEC explained that sub-section (4) of Section 9 of the CGST Act provided that the central tax in respect of the supply of taxable goods or services or both by a supplier who was not registered, to a registered person would be paid by such person on reverse charge basis as the recipient and all the provisions of this Act would apply to such recipient as if he was the person liable for paying the tax in relation to the supply of such goods or services or both. Accordingly, any supply from unregistered supplier to registered recipient would fall within the purview of central tax and the registered recipient will not only be liable for the payment of tax on such inward supplies on reverse charge basis but would also be responsible for the compliance. He added that this would create hardship for such registered recipients as they would be liable for compliance with sub-section (4) of Section 9 for inward supplies even of petty amount. He further added that omnibus application of the said provision to all inward supplies may be counter-productive and would increase compliance hardship for the registered recipient.

8.3.2. Accordingly, it was proposed that inward supplies of goods or services or both, the value of which was five thousand rupees or less received by a registered person from an unregistered person per day may be exempted from the application of sub-section (4) of section 9 by exercising the power of exemption under Section 11 of the CGST Act. The Hon'ble Minister from Bihar supported this suggestion. Joint Commissioner, Commercial Tax, Karnataka stated that his State would not favour such a proposal. The CCT, Gujarat stated that only Government departments making TDS needed to be exempted from this provision. The CCT, West Bengal stated that every Government department needed to be registered and should be exempted. The Secretary agreed to this. The CCT, Andhra Pradesh stated that if an exemption of Rs. 5,000 was allowed under Section 9(4) of the CGST Act per day per supplier, it amounted to a total of Rs. 18 lakh per year per supplier and that the threshold for exemption

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from registration itself was Rs. 20 lakh. The Hon'ble Minister from Assam and the Adviser (Financial Resources) to the CM, Punjab supported the proposal to keep an exemption of Rs. 5,000 per day under Section 9 (4).

8.3.3. In respect of the **Agenda Item on Exemption to supplies of goods or services or both of certain amount from the purview of sub-section (4) of section 9 of the Central Goods and Services Tax Act, 2017** etc., the Council approved the proposal of exempting supplies of goods or services up to a limit of Rs. 5,000 per day received by a registered supplier from one or more unregistered person per day from the purview of Section 9(4) of the CGST Act. It was also decided that the registered supplier would be required to issue a monthly invoice for other supplies (i.e. the value of which is above Rs. 5000/- from one or more unregistered person per day) received from unregistered person as required in terms of section 31(3)(f) of the Central Goods and Services Tax Act, 2017. Similar dispensation would be provided under the SGST Act as well as UTGST Act also.

#### 8.4 Fund Settlement Rules

8.4.1. The Secretary invited Shri Udai Singh Kumawat, Joint Secretary, Department of Revenue (DoR) to make a presentation on the proposed Fund Settlement Rules. The Joint Secretary, DoR explained that the Fund Settlement Committee constituted by the GST Council had prepared the draft Fund Settlement Rules in consultation with officers of the Central and State Governments. He explained the mechanism of fund settlement through a presentation which is included in **Annexure 7**.

8.4.2. The Hon'ble Minister from Uttar Pradesh said that his officers did not get time to study the Rules in detail and that they would need some more time to offer comments. The Joint Secretary, DoR stated that, comments had been received from Gujarat, Karnataka, Bihar, West Bengal, Maharashtra and Shri G.D.Lohani, Commissioner, CBEC and Member, Law Committee and had been taken into account. The Secretary stated that any further comments on the Fund Settlement Rules could be sent within two days to the Fund Settlement Committee for consideration.

8.4.3. In respect of the **Agenda Item on Fund Settlement Rules**, the Council approved the Fund Settlement Rules subject to minor changes that may be required.

#### 8.5 Authorization of Banks for GST collection

8.5.1. Introducing this agenda item, the Secretary explained that banks needed to be authorized to collect GST. The agenda note proposed that the 24 banks that were currently authorized to collect indirect taxes could be authorized for collecting GST throughout the country, since these banks met the requirements cited in Paragraph 85 of the GST Payment Process Report. The 24 banks are as follows:

- |                        |                          |
|------------------------|--------------------------|
| 1. Allahabad Bank      | 7. Canara Bank           |
| 2. Andhra Bank         | 8. Central Bank of India |
| 3. Axis Bank           | 9. Corporation Bank      |
| 4. Bank of Baroda      | 10. Dena Bank            |
| 5. Bank of India       | 11. HDFC Bank            |
| 6. Bank of Maharashtra | 12. ICICI Bank           |

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|-------------------------------|--------------------------|
| 13. IDBI Bank                 | 19. State Bank of India  |
| 14. Indian Bank               | 20. Syndicate Bank       |
| 15. Indian Overseas Bank      | 21. UCO Bank             |
| 16. Oriental Bank of Commerce | 22. Union Bank of India  |
| 17. Punjab and Sind Bank      | 23. United Bank of India |
| 18. Punjab National Bank      | 24. Vijaya Bank          |

8.5.2. The Secretary added that J&K Bank had recently been authorized for conduct of Government business by the Reserve Bank of India (RBI) and that it was proposed to authorize J&K Bank also to collect GST.

8.5.3. In respect of the **Agenda Item on Authorization of Banks for GST collection**, the Council approved 24 banks to collect GST and also provisionally allowed J&K Bank to collect GST subject to final assessment and approval by the Principal Chief Controller of Accounts, CBEC.

**8.6. Power to be exercised under Sections 37, 38 and 39 of the Central Goods and Services Tax Act, 2017**

8.6.1. Introducing this agenda item, the Secretary stated that though the Systems were ready for roll-out of GST from 1 July 2017, trade and industry, specifically from the banking, civil aviation and telecom sector had requested for some more time to test the Systems, get themselves familiarised and get assurance about its stability and robustness. He informed the Council that out of the 3 monthly returns (GSTR-1, GSTR-2 and GSTR-3), only GSTR-1 needed to be filed by 10<sup>th</sup> of the subsequent month and that the other two would be auto-populated at a later date. However, due to lack of familiarity of the trade and apprehensions expressed with regard to the system-readiness, it was proposed to extend the date of filing of returns GSTR-1 and GSTR-2. The Hon'ble Chairperson stated that though GSTN was ready, big businesses and their ERP (Enterprise Resource Planning) software were not ready and needed some more time. It was mentioned that even the GST Suvidha Providers (GSPs) needed time to test the software. Shri Navin Kumar, Chairman, GSTN clarified that till date, about 66 lakh assesseees (81% of the total) had migrated and that starting from 25 June 2017, enrolment would be started again for a period of three months. Taking all these points into consideration, it was proposed to extend the deadlines for filing of returns as per the timelines below –

Return for Month of	Proposed date for GSTR-1	Proposed date for GSTR-2
July 2017	1-5 September 2017	6-10 September 2017
August 2017	16-20 September 2017	21-25 September 2017

8.6.2. The Hon'ble Chairperson stated that small businesses would have 2.5 months to adapt to the new system and any glitches could be rectified. He added that from September 2017 onwards, the regular cycle would start. The Hon'ble Minister from Kerala stated that if GSTR-1 was delayed, GSTR-2 and GSTR-3 would also be delayed, thereby resulting in late payment of tax liabilities. The Secretary stated that a new simple form – GSTR-3B was being proposed to pay tax based on summary of outward and inward supplies which would be submitted before the 20<sup>th</sup> of the succeeding month.

  
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If, at a later date, there was a difference between the auto-generated GSTR-3 and GSTR-3B, the tax liability would be adjusted accordingly. The Hon'ble Minister from Kerala wondered if, after 2 months, the return-filing would become normal. The Chairman, GSTN replied that some glitches that were identified would be resolved and that a dedicated helpdesk was handling migration issues and resolving problems faced by assesseees.

8.6.3. Shri Saswat Mishra, CCT Odisha stated that 66 lakh assesseees had been activated but all of them had not migrated. He added that only about 52% of assesseees previously registered with the Central Government and 41% of assesseees previously registered with the State Government had obtained an ARN (Application Reference Number). He further added that no training had been provided on the backend system and that master trainers had been imparting training only on the frontend system.

8.6.4. Shri Prakash Kumar, CEO, GSTN stated that so far, only the Income Tax Department provided digital signatures and that it was a new thing for majority of taxpayers under indirect taxes. He further informed that those with a valid registration and PAN could be migrated as per law and that the provisional 'id' that had been provided was nothing but the GST Registration Number and that supplies could be made.

8.6.5. The Hon'ble Chairperson stated that once the registration started again from 25 June 2017 and implementation started from 1 July 2017, then there would be enough time for things to settle down. The Secretary added that this extra time would help trade and industry to acclimatize themselves with the System.

8.6.6. In respect of the **agenda item on the power to be exercised under Sections 37, 38 and 39 of the Central Goods and Services Tax Act, 2017**, the Council approved the following –

- (i) For the first two months of GST implementation, tax would be payable based on a simple return (Form GSTR-3B) containing summary of outward and inward supplies, to be submitted before the 20<sup>th</sup> of the succeeding month. Law Committee shall prepare the FORM GSTR-3B;
- (ii) Invoice-wise details in the regular Form GSTR-1 shall be filed for the months of July 2017 and August 2017 as per the timelines below –

Return for Month of	Proposed date for GSTR-3B	Proposed date for GSTR-1	Proposed date for GSTR-2	Proposed date for GSTR-3
July 2017	20 Aug 2017	1-5 Sept 2017	6-10 Sept 2017	11-15 Sept 2017
August 2017	20 Sept 2017	16-20 Sept 2017	21-25 Sept 2017	26-30 Sept 2017

- (iii) To provide a sense of comfort to the taxpayers and give them time to attune themselves with the requirements of the new system, no late fees and penalty shall be levied for the interim period, if the returns are filed by the extended period.

8.7. **Other Items – Fitment of certain items**

8.7.1. The Hon'ble Minister from Tamil Nadu expressed gratitude to the Council for having considered favourably some requests from his State. He further urged the Council to examine the rates of certain goods and services such as unbranded sugar confectioneries, roasted gram locally known as "fried gram", sago, Wet grinder and Air Compressors, fishnet and fishnet twine, sanitary napkins, etc. He added that the rate of tax for supply of food and drinks in small restaurants should be brought down to 5% and that a distinction needed to be made between AC restaurants serving liquor and other AC restaurants that do not serve liquor. He mentioned that the fireworks industry which was largely located in Tamil Nadu was labour-intensive and was, at present, out of the purview of Central Excise and that the proposal to levy tax at the rate of 28% might harm this sector and also pave way for the market being flooded with imported fireworks. He accordingly requested that the rate of tax on fireworks be reduced from 28% to a lower rate keeping in mind that it was a highly labour intensive industry. The Hon'ble Minister from Bihar requested that palm and date jaggery and all kinds of non-intoxicating *neera* be exempted from tax in view of the immense potential for small entrepreneurs and the beneficial effects of *neera* on health. The Hon'ble Minister from Kerala stated that there needed to be a final round of discussion on fitment. The Hon'ble Minister from Telangana suggested that the infrastructure projects of drinking water supply, housing, irrigation projects and Road & Buildings (R&B) works taken up by the State Government, which are essential for improving the quality of living, may be taxed at the rate of 5%. The Hon'ble Chief Minister from Puducherry and the Hon'ble Ministers from Jammu & Kashmir and Rajasthan also requested for reconsideration of fitment of certain items. The Hon'ble Chairperson stated that States could keep sending their representations on fitment and that these would be considered.

8.7.2. The Hon'ble Minister from Goa stated that tourism would be affected if the current rate of 28% for hotel rooms costing Rs. 5,000 per day and above prevailed and that hotel rates were cheaper in other South East Asian countries. The Hon'ble Chief Minister from Puducherry stated that hotel rooms costing between Rs. 5,000 per day and Rs. 10,000 per day should attract a rate of 18% and that hotel rooms costing more than Rs. 10,000 per day should be taxed at the rate of 28%. The Hon'ble Minister from Rajasthan stated that room of Rs. 5,000/- plus was not a luxury. He requested to reconsider the rate of GST on hotel rooms and services and to reduce it to 18% from 28% for room tariff up to Rs. 10,000/-. The Chairperson proposed that hotel rooms costing Rs. 7,500 per day and above could be taxed at 28% and those where room tariff was Rs. 2,500 and above but less than Rs. 7,500 per day could attract tax rate of 18%. It was also proposed that supply of food/drinks in air-conditioned restaurants in 5-star or above rated hotels could be taxed at the rate of 18%. The Council agreed to these proposals.

8.7.3. In respect of the **Agenda Item on fitment of certain items**, the Council approved the following: -

- (i) GST Rate on hotel rooms where tariff is Rs. 2,500 and above but less than Rs. 7,500 per day shall be 18%

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- (ii) GST Rate on hotel rooms where tariff is Rs. 7,500 and above shall be 28%
- (iii) GST Rate on supply of food/drinks in air-conditioned restaurant in 5-star or above rated Hotel shall be 18%

#### 8.8. Other Items – Eligibility for Composition Scheme

8.8.1. Initiating a discussion on this agenda item, the Secretary introduced a list of nine items which were proposed to be excluded from the Composition Scheme. The Hon'ble Minister from Rajasthan stated that marble slabs should be allowed to avail of the Composition Scheme and requested for removing this from the negative list for Composition. Shri M. Balaji, Joint Commissioner, Commercial Taxes, Tamil Nadu requested to remove fireworks from the negative list. The Hon'ble Minister from Jammu & Kashmir suggested that except for tobacco and pan masala, the negative list should be done away with. Shri Arvind Subramanian, Chief Economic Adviser supported this proposal.

8.8.2. In respect of the **Agenda Item on eligibility for Composition Scheme**, the Council approved the following –

- (i) Manufacturers of the following goods shall not be eligible for the Composition Levy:
  - a. Ice cream and other edible ice, whether or not containing cocoa (2105 00 00)
  - b. Pan masala (2106 90 20)
  - c. Tobacco and manufactured tobacco substitutes (24)

#### 8.9. Other Items – Connectivity issues

8.9.1. The Hon'ble Minister from Mizoram stated that they were facing problems in migration due to connectivity issues with BSNL and NIC. The Hon'ble Chairperson stated that a meeting needed to be organized with BSNL of all the North-Eastern States to discuss connectivity issues.

#### 8.10 Other Items –Delegation to GST Implementation Committee (GIC)

8.10.1 The Secretary informed that before the roll out of GST on 1 July 2017 and after the roll out, many urgent decisions may be required to be taken, which require approval of the Council. It may not always be possible to call meetings of the Council again and again at short notice. Therefore, the GST Council may delegate powers to GST Implementation Committee to decide on urgent matters, and the decisions taken in GIC would be circulated amongst the Council Members and their views/ comments sought within 2 days. After suitably incorporating comments/ views of the Council members, the decision would then be implemented after obtaining the approval of the Hon'ble Chairperson of the Council. Such decisions taken by GIC with the approval of the Hon'ble Chairperson of the Council would be put up for information of the Council in the next Council meeting.


8.10.2 The Council approved the proposal contained in para above.

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

9. The Hon'ble Chairperson suggested that the next meeting of the Council could be held on 30 June 2017 on the eve of the roll-out of GST followed by dinner. He added that this being a historic occasion, it was proposed to have a function in the Central Hall of the Parliament which would be attended by the Hon'ble President of India, the Hon'ble Prime Minister of India and all the Hon'ble Members of the Parliament, to which Members of the GST Council would also be invited.

10. 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 17<sup>th</sup> GST Council Meeting on 18 June 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	Minister of State (Finance)
3	Puducherry	Shri V. Narayanasamy	Chief Minister
4	Delhi	Shri Manish Sisodia	Deputy Chief Minister
5	Manipur	Shri Y. Joykumar Singh	Deputy Chief Minister
6	Andhra Pradesh	Shri YanamalaRamaKrishnu	Minister - Finance, Planning, Commercial Taxes & Legislative Affairs
7	Assam	Dr. HimantaBiswaSarma	Finance Minister
8	Bihar	Shri Bijendra Prasad Yadav	Minister - Commercial Taxes & Energy
9	Chhattisgarh	Shri Amar Agrawal	Finance Minister
10	Goa	Shri MauvinGodinho	Minister - Panchayat
11	Haryana	Captain Abhimanyu	Minister - Excise & Taxation
12	Jammu & Kashmir	Dr. Haseeb Drabu	Finance Minister
13	Jharkhand	Shri C.P. Singh	Minister - Urban Development, Housing & Transport
14	Kerala	Dr. Thomas Isaac	Finance Minister
15	Madhya Pradesh	Shri Jayant Malaiya	Finance Minister
16	Maharashtra	Shri Sudhir Mungantiwar	Finance Minister
17	Maharashtra	Shri Deepak Kesarkar	Minister of State (Finance)
18	Mizoram	Shri Lalsawta	Minister - Taxation
19	Nagaland	Shri VikhehoSwu	Minister - Roads & Bridges
20	Rajasthan	Shri Rajpal Singh Shekhawat	Minister, Industries
21	Sikkim	Shri R.B. Subba	Minister - HRD, Law, Sports & Youth Affairs
22	Tamil Nadu	Shri D. Jayakumar	Minister - Fisheries, Finance, Personnel & Administrative Reforms
23	Telangana	Shri K.T. Rama Rao	Minister - Industries, IT & Municipal Administration
24	Uttar Pradesh	Shri Rajesh Agrawal	Finance Minister

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**Annexure – 2**

**List of Officials who attended the 17<sup>th</sup> GST Council Meeting on 18 June 2017**

<b>S No</b>	<b>State/Centre</b>	<b>Name of the Officer</b>	<b>Charge</b>
1	Govt. of India	Dr. HasmukhAdhia	Revenue Secretary
2	Govt. of India	Ms. Vanaja N. Sarna	Chairman, CBEC
3	Govt. of India	Dr. Arvind Subramanian	Chief Economic Adviser
4	Govt. of India	Shri Mahender Singh	Member (GST), CBEC
5	Govt. of India	Shri R.K. Mahajan	Member (Budget), 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 J.P.S. Chawla	Principal Chief Controller of Accounts, CBEC
9	Govt. of India	Shri P.K. Mohanty	Adviser (GST), CBEC
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 Manish Kumar Sinha	Commissioner, CBEC
15	Govt. of India	Shri G.D. Lohani	Commissioner, CBEC
16	Govt. of India	Shri Manoj Sethi	Chief Controller of Accounts, CBEC
17	Govt. of India	Ms. Sheyphali Sharan	ADG, Press, Ministry of Finance
18	Govt. of India	Shri Hemant Jain	OSD to MoS (Finance)
19	Govt. of India	Shri S.K. Rai	Director (UT), Ministry of Home Affairs
20	Govt. of India	Shri G.G. Pai	Director, TRU
21	Govt. of India	Shri Reyaz Ahmed	Director, TRU
22	Govt. of India	Ms. Aarti Saxena	Deputy Secretary, Dept of Revenue
23	Govt. of India	Shri Promod Kumar	OSD, TRU
24	Govt. of India	Shri Paras Sankhla	OSD to FM

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S No	State/Centre	Name of the Officer	Charge
25	Govt. of India	Shri Arjun Raghavendra M	OSD to Revenue Secretary
26	Govt. of India	Shri Siddharth Jain	Assistant Commissioner, GST Policy
27	Govt. of India	Shri Vikash Kumar	Assistant Commissioner, GST Policy
28	Govt. of India	Shri Kumar Asim Anand	Assistant Commissioner, GST Policy
29	Govt. of India	Shri Hemant Singh	Office Assistant, PIB
30	Govt. of India	Shri B. Vinaya	State Informatics Officer, NIC-Karnataka
31	Govt. of India	Shri K. Reuban	Technical Director, NIC-Karnataka
32	GST Council	Shri Arun Goyal	Additional Secretary
33	GST Council	Shri Shashank Priya	Commissioner
34	GST Council	Shri G.S. Sinha	Joint Commissioner
35	GST Council	Shri Jagmohan	Joint Commissioner
36	GST Council	Ms. ThariSitkil	Deputy Commissioner
37	GST Council	Shri Rakesh Agarwal	Assistant Commissioner
38	GST Council	Shri Kaushik TG	Assistant Commissioner
39	GST Council	Shri Sandeep Bhutani	Superintendent
40	GST Council	Shri Manoj Kumar	Superintendent
41	GST Council	Shri Amit Soni	Inspector
42	GST Council	Shri Sher Singh Meena	STA
43	GST Council	Shri Sharad Verma	STA
44	GST Council	Shri Shyam Bihari Meena	TA
45	GST Council	Shri Vikas Kumar	TA
46	GSTN	Shri Navin Kumar	Chairman
47	GSTN	Shri Prakash Kumar	CEO
48	GSTN	Ms. Kajal Singh	EVP (Services)
49	GSTN	Shri Nitin Mishra	EVP (Technology)
50	GSTN	Shri Jagmal Singh	Vice President
51	Andaman & Nicobar	Shri S.C.L. Das	Principal Secretary (Finance)
52	Andhra Pradesh	Shri D. Sambasiva Rao	Special Chief Secretary

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<b>S No</b>	<b>State/Centre</b>	<b>Name of the Officer</b>	<b>Charge</b>
53	Andhra Pradesh	Shri J. Syamala Rao	Commissioner, Commercial Taxes
54	Andhra Pradesh	Shri T. Ramesh Babu	Additional Commissioner, Commercial Taxes
55	Arunachal Pradesh	Shri Tapas Dutta	Assistant Commissioner
56	Assam	Shri Anurag Goel	Commissioner, Commercial Taxes
57	Bihar	Ms. Sujata Chaturvedi	Principal Secretary & Commissioner, Commercial Taxes
58	Bihar	Shri Arun Kumar Mishra	Additional Secretary, Commercial Taxes
59	Bihar	Shri Ajitabh Mishra	Assistant Commissioner, Commercial Taxes
60	Chandigarh	Shri Parimal Rai	Adviser/Chief Secretary
61	Chandigarh	Shri Bhartendu Shandilya	Dy. Resident Commissioner
62	Chhattisgarh	Shri Amitabh Jain	Principal Secretary (Finance)
63	Chhattisgarh	Ms. Sangeetha P	Commissioner, Commercial Taxes
64	Chhattisgarh	Shri Shankar Agrawal	Additional Commissioner, Commercial Taxes
65	Delhi	Shri H. Rajesh Prasad	Commissioner, VAT
66	Delhi	Shri R. K. Mishra	Special Commissioner
67	Delhi	Shri S.K. Kamra	Assistant Commissioner
68	Goa	Shri Dipak Bandekar	Commissioner, Commercial Taxes
69	Gujarat	Dr. P.D. Vaghela	Commissioner, Commercial Taxes
70	Gujarat	Shri Sanjiv Kumar	Secretary (Economic Affairs)
71	Gujarat	Shri Riddhesh P. Raval	Deputy Commissioner
72	Gujarat	Shri V.K. Advani	OSD (GST)
73	Haryana	Shri Sanjeev Kaushal	Additional Chief Secretary
74	Haryana	Shri ShyamalMisra	Excise & Taxation Commissioner
75	Haryana	Shri Vidya Sagar	Additional Commissioner, Commercial Taxes
76	Haryana	Shri Rajeev Chaudhary	Deputy Commissioner, Commercial Taxes
77	Himachal Pradesh	Shri Onkar Chand Sharma	Principal Secretary (Excise & Taxation)
78	Himachal Pradesh	Shri Pushendra Rajput	Excise & Taxation Commissioner
79	Jammu & Kashmir	Shri Shamim Ahmad Wani	Additional Commissioner, Commercial Taxes

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S No	State/Centre	Name of the Officer	Charge
80	Jharkhand	Shri K.K. Khandelwal	Principal Secretary & Commissioner, Commercial Taxes
81	Jharkhand	Shri Sanjay Kumar Prasad	Joint Commissioner, Commercial Taxes
82	Jharkhand	Shri G.S. Kapardar	Assistant Commissioner, Commercial Taxes
83	Karnataka	Dr. M.P. Raviprasad	Joint Commissioner, Commercial Taxes
84	Karnataka	Shri Basavaraj K.S.	Joint Commissioner, Commercial Taxes
85	Kerala	Dr. RajanKhobragade	Commissioner, Commercial Taxes
86	Madhya Pradesh	Shri Raghwendra Kumar Singh	Commissioner, Commercial Taxes
87	Madhya Pradesh	Shri Sudip Gupta	Deputy Commissioner, Commercial Taxes
88	Maharashtra	Shri Rajiv Jalota	Commissioner, Sales Tax
89	Maharashtra	Shri Dhananjay Akhade	Joint Commissioner
90	Manipur	Shri HrisheekeshModak	Commissioner, Commercial Taxes
91	Meghalaya	Shri L. Khongsit	Assistant Commissioner
92	Mizoram	Shri Vanlalchhuanga	Secretary, Taxation
93	Mizoram	Shri R. Zosiamliana	Deputy Commissioner, Commercial Taxes
94	Nagaland	Shri Jyoti Kalash	Principal Resident Commissioner, Nagaland House
95	Nagaland	Shri Abhijit Sinha	Finance Commissioner
96	Nagaland	Shri AsangbaChubaAo	Commissioner, Commercial Taxes
97	Odisha	Shri TuhinKanta Pandey	Principal Secretary (Finance)
98	Odisha	Shri Saswat Mishra	Commissioner, Commercial Taxes
99	Odisha	Shri SahadevSahu	Joint Commissioner, Commercial Taxes
100	Puducherry	Dr. V. Candavelou	Secretary, Finance
101	Puducherry	Shri G. Srinivas	Commissioner, Commercial Taxes
102	Punjab	Shri V.K. Garg	Adviser to the CM (Financial Resources)
103	Punjab	Shri Rajiv Gupta	Adviser (GST)
104	Punjab	Shri V.P. Singh	Excise & Taxation Commissioner
105	Punjab	Shri Pawan Garg	Deputy Commissioner, Excise & Taxation



# MINUTE BOOK

<b>S No</b>	<b>State/Centre</b>	<b>Name of the Officer</b>	<b>Charge</b>
106	Rajasthan	Shri Praveen Gupta	Secretary, Finance
107	Rajasthan	Shri Alok Gupta	Commissioner, Commercial Taxes
108	Rajasthan	Shri Ketan Sharma	Deputy Commissioner, Commercial Taxes
109	Sikkim	Shri Manoj Rai	Joint Commissioner, Commercial Taxes
110	Tamil Nadu	Shri M. Balaji	Joint Commissioner, Commercial Taxes
111	Tamil Nadu	Shri D. Soundararajapandian	Joint Commissioner, Commercial Taxes
112	Telangana	Shri Somesh Kumar	Principal Secretary (Revenue)
113	Telangana	Shri Anil Kumar	Commissioner, Commercial Taxes
114	Telangana	Shri Laxminarayan Jannu	Joint Commissioner (Policy)
115	Tripura	Shri Pravin Srivastava	Chief Resident Commissioner
116	Uttarakhand	Shri Shridhar BabuAddanki	Commissioner, Commercial Taxes
117	Uttarakhand	Shri Piyush Kumar	Additional Commissioner, Commercial Taxes
118	Uttar Pradesh	Shri R.K. Tiwari	Additional Chief Secretary
119	Uttar Pradesh	Shri Mukesh Kumar Meshram	Commissioner, Commercial Taxes
120	Uttar Pradesh	Shri S.C. Dwivedi	OSD
121	Uttar Pradesh	Shri Vivek Kumar	Additional Commissioner, Commercial Taxes
122	West Bengal	Ms. SmarakiMahapatra	Commissioner, Commercial Taxes
123	West Bengal	Shri Khalid Aizaz Anwar	Senior Joint Commissioner
124	West Bengal	Shri Atanu Majumdar	Senior Joint Commissioner

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Annexure 3

Presentation on GST Rules



**Agenda**

- Advance Ruling
- Appeals and Revision
- Assessment and Audit
- E-Way Bill
- Anti-profiteering
- These rules were put in public domain and feedback has been considered by the Law Committee

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### Advance Ruling

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- Joint Commissioner with 3+ years to be member of the Advance Ruling
- Complete process for online filing of first application and filing of appeal
- Amount of fees prescribed
- Certified copies of the Advance ruling and the Appellate decision to be provided

### Appeals and Revision

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- Option of filing appeal to Appellate Authority either electronically or otherwise – by Taxpayer / Tax Authority
- Procedure for filing appeal to Tribunal – by Taxpayer / Tax Authority
- Hard copy of the appeal to be submitted with certified copy of the order appealed against
- Provides for circumstances under which additional evidence will be allowed
- Concept of Summary order and Statement (for online tracking of liability)
- Hard Copy of order separately issued to ensure jurisprudence
- Appeals to High Court also to be made online

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## Assessment and Audit Rules



### Assessment

- Online application and detailed procedure for Provisional Assessment & finalization thereof
- Non-Intrusive online procedure for scrutiny of returns
- Methodology of conducting best judgement assessment and summary assessment outlined
- In all assessment proceedings the taxpayer has the option to pay his tax dues with interest

### Audit

- Online intimation of Audit to Tax Payers
- Online filing of final audit report by Audit officers
- Procedure for direction to conduct Special Audit outlined

## E-way Bill (1/3)



- Mandatory filing of E-Way Bill for movement of goods by the supplier or recipient (Part A) & the transporter (Part B) where value of consignment is Rs. 50000/- or more
  - Transport by own conveyance or hired one, railways, air or vessel except
    - by non-motorized conveyance
    - of cargo from one customs port to another
- Movement of Goods from unregistered person to registered Person – E-Way Bill to be generated by registered person
- E-Way bill in case of supplies by unregistered persons
  - Unregistered person or transporter
- For distance less than 10 Kms, E-way bill is mandatory but details of conveyance is not required – Hub and Spoke Model

**E-way Bill (2/3)**



- Consolidated E-Way Bill by transporter
- For transfer of goods from one conveyance to another
  - E-Way Bill details to be updated by transporter
- E-Way Bill information may be used by supplier to fill GSTR-1
- Provision for cancellation of wrongly generated E-Way Bill within 24 hours
- Validity of E-Way Bill

Sno.	Distance	Validity Period
1	<100 Km	1
2	100 – 300 Km	3
3	300 – 500 Km	5
4	500 – 1000 Km	10
5	> 1000 Km	20

**E-way Bill (3/3)**



- E-Way bill valid for the entire country
- Provision of acceptance of E-Way Bill by recipient or deemed acceptance within 72 hours
- Facility of SMS Based E-Way Bills
- Certain items exempted from generation of E-way Bill
- Person in charge of conveyance should have invoice and E-way bill for movement
- Commissioner may relax transporter from carrying E-Way bill
- Invoice Reference Number may also be generated online
- Verification may be physical or through RFID systems as notified by the Commissioner
- Physical verification report to be filed online within 24 hours/ three days

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## Anti-Profiteering Rules (1/2)

- Provides for constitution of officer's level Standing committee for Anti-Profiteering on recommendation of the Council
- Provides for constitution of National Anti-Profiteering Authority
  - Headed by judge of High Court or ILS (Addl. Secy with 3 years experience)
  - 4 Technical Members – Commissioners of State or Central Taxes
  - ADG, Safeguards under Board to be Secretary
- Authority shall decide its own methodology to determine whether profiteering from GST has been done
- Order of the Authority to be exercised in terms of powers under the CGST/ SGST/ IGST Act



## Anti-Profiteering Rules (2/2)

- Standing Committee to scrutinize all Anti-Profiteering applications received from 'interested party' for prima – facie evidence
- Refer Investigation to DG, Safeguards
- DG, Safeguards to investigate within 3 months and furnish report to Authority
- Authority to give order within 3 months from receipt of report from DG, Safeguards. The order may contain :
  - Reduction in price
  - Return of excess amount charged
  - Imposition of Penalty
  - Cancellation of Registration
- Ancillary provision such as confidentiality of information, power to summon etc. provided

**Annexure 4**

**Chapter –  
Advance Ruling**

**1. Qualification and appointment of members of the Authority for Advance Ruling**

The Central Government and the State Government shall appoint an officer in the rank of Joint Commissioner as member of the Authority for Advance Ruling.

**2. Form and manner of application to the Authority for Advance Ruling**

- (1) An application for obtaining an advance ruling under sub-section (1) of section 97 of the Act shall be made on the common portal in **FORM GST ARA-1** and shall be accompanied by a fee of five thousand rupees, to be deposited in the manner specified in section 49 of the Act.
- (2) The application referred to in sub-rule (1), the verification contained therein and all relevant documents accompanying such application shall be signed in the manner specified in rule Registration.19.

**3. Certification of copies of the advance rulings pronounced by the Authority**

A copy of the advanced ruling shall be certified to be a true copy of its original by any member of the Authority for Advance Ruling.

**4. Form and manner of appeal to the Appellate Authority for Advance Ruling**

- (1) An appeal against the advance ruling issued under sub-section (6) of section 98 of the Act shall be made by an applicant on the common portal in **FORM GST ARA-2** and shall be accompanied by a fee of ten thousand rupees, to be deposited in the manner specified in section 49 of the Act:
- (2) An appeal against the advance ruling issued under sub-section (6) of section 98 of the Act shall be made by the concerned officer or the jurisdictional officer referred to in section 100 on the common portal in **FORM GST ARA-3** and no fee shall be payable by the said officer for filing the appeal.
- (3) The appeal referred to in sub-rule (1) or sub-rule (2), the verification contained therein and all relevant documents accompanying such appeal shall be signed, -
  - (a) in case of concerned officer or jurisdictional officer, by an officer authorized in writing by such officer; and
  - (b) in the case of an applicant, in the manner specified in rule Registration.19.

**5. Certification of copies of the advance rulings pronounced by the Authority**

A copy of the advance ruling pronounced by the Appellate Authority for Advance Ruling and duly signed by the Members shall be sent to-

- (a) the applicant and the appellant;
- (b) the concerned officer of central tax and State / Union territory tax;
- (c) the jurisdictional officer of central tax and State / Union territory tax; and
- (d) the Authority,

in accordance with the provisions of sub-section (4) of section 101 of the Act.

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Annexure 5Chapter –  
Appeals and Revision**1. Appeal to the Appellate Authority**

- (1) An appeal to the Appellate Authority under sub-section (1) of section 107 of the Act shall be filed in **FORM GST APL-01**, along with the supporting documents, either electronically or otherwise as may be notified by the Commissioner, and a provisional acknowledgement shall be issued to the appellant immediately.
- (2) The grounds of appeal and the form of verification as contained in **FORM GST APL-01** shall be signed in the manner specified in rule Registration.19.
- (3) A certified copy of the decision or order appealed against shall be submitted within seven days of filing the appeal under sub-rule (1) and a final acknowledgement, indicating appeal number shall be issued thereafter in **FORM GST APL-02** by the Appellate Authority or an officer authorised by him in this behalf:

Provided that where the certified copy of the decision or order is submitted within seven days from the date of filing the **FORM GST APL-01**, the date of filing of the appeal shall be the date of issue of provisional acknowledgement and where the said copy is submitted after seven days, the date of filing of the appeal shall be the date of submission of such copy.

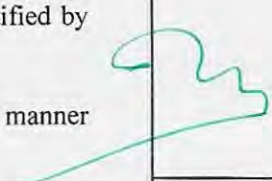
*Explanation.* – The appeal shall be treated as filed only when the final acknowledgement, indicating the appeal number is issued.

**2. Application to the Appellate Authority**

- (1) An application to the Appellate Authority under sub-section (2) of section 107 of the Act shall be made in **FORM GST APL-03**, along with supporting documents, either electronically or otherwise as may be notified by the Commissioner.
- (2) A certified copy of the decision or order appealed against shall be submitted within seven days of filing the application under sub-rule (1) and an appeal number shall be generated by the Appellate Authority or an officer authorised by him in this behalf.

**3. Appeal to the Appellate Tribunal**

- (1) An appeal to the Appellate Tribunal under sub-section (1) of section 112 of the Act shall be filed along with the supporting documents either electronically or otherwise as may be notified by the Registrar, in **FORM GST APL-05**, on the common portal and a provisional acknowledgement shall be issued to the appellant immediately.
- (2) A memorandum of cross-objections to the Appellate Tribunal under sub-section (5) of section 112 of the Act shall be filed either electronically or otherwise as may be notified by the Registrar, in **FORM GST APL-06**.
- (3) The appeal and the memorandum of cross objections shall be signed in the manner specified in rule Registration.19.



A certified copy of the decision or order appealed against along with fees as specified in sub-rule (5) shall be submitted to the Registrar within seven days of filing of the appeal under sub-rule (1) and a final acknowledgement, indicating the appeal number shall be issued thereafter in **FORM GST APL-02** by the Registrar:

Provided that where the certified copy of the decision or order is submitted within seven days from the date of filing the **FORM GST APL-05**, the date of filing of the appeal shall be the date of issue of provisional acknowledgement and where the said copy is submitted after seven days, the date of filing of the appeal shall be the date of submission of such copy.

*Explanation.* – The appeal shall be treated as filed only when the final acknowledgement indicating the appeal number is issued.

(5) The fees for filing of appeal or restoration of appeal shall be one thousand rupees for every one lakh rupees of tax or input tax credit involved or the difference in tax or input tax credit involved or the amount of fine, fee or penalty determined in the order appealed against, subject to maximum of twenty five thousand rupees.

(6) There shall be no fee for application made before the Appellate Tribunal for rectification of errors referred to in sub-section (10) of section 112.

#### **4. Application to the Appellate Tribunal**

(1) An application to the Appellate Tribunal under sub-section (3) of section 112 of the Act shall be made electronically or otherwise, in **FORM GST APL-07**, along with supporting documents on the commonportal.

(2) A certified copy of the decision or order appealed against shall be submitted within seven days of filing the application under sub-rule (1) and an appeal number shall be generated by the Registrar.

#### **5. Production of additional evidence before the Appellate Authority or the Appellate Tribunal**

(1) The appellant shall not be allowed to produce before the Appellate Authority or the Appellate Tribunal any evidence, whether oral or documentary, other than the evidence produced by him during the course of the proceedings before the adjudicating authority or, as the case may be, the Appellate Authority except in the following circumstances, namely –

- (a) where the adjudicating authority or, as the case may be, the Appellate Authority has refused to admit evidence which ought to have been admitted; or
- (b) where the appellant was prevented by sufficient cause from producing the evidence which he was called upon to produce by the adjudicating authority or, as the case may be, the Appellate Authority; or
- (c) where the appellant was prevented by sufficient cause from producing before the adjudicating authority or, as the case may be, the Appellate Authority any evidence which is relevant to any ground of appeal; or
- (d) where the adjudicating authority or, as the case may be, the Appellate Authority has made the order appealed against without giving sufficient opportunity to the appellant to adduce evidence relevant to any ground of appeal.

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- (2) No evidence shall be admitted under sub-rule (1) unless the Appellate Authority or the Appellate Tribunal records in writing the reasons for its admission.
- (3) The Appellate Authority or the Appellate Tribunal shall not take any evidence produced under sub-rule (1) unless the adjudicating authority or an officer authorised in this behalf by the said authority has been allowed a reasonable opportunity -
  - (a) to examine the evidence or document or to cross-examine any witness produced by the appellant; or
  - (b) to produce any evidence or any witness in rebuttal of the evidence produced by the appellant under sub-rule (1).
- (4) Nothing contained in this rule shall affect the power of the Appellate Authority or the Appellate Tribunal to direct the production of any document, or the examination of any witness, to enable it to dispose of the appeal.

**6. Order of Appellate Authority or Appellate Tribunal**

- (1) The Appellate Authority shall, along with its order under sub-section (11) of section 107 of the Act, issue a summary of the order in **FORM GST APL-04** clearly indicating the final amount of demand confirmed.
- (2) The jurisdictional officer shall issue a statement in **FORM GST APL-04** clearly indicating the final amount of demand confirmed by the Appellate Tribunal.

**7. Appeal to the High Court**

- (1) An appeal to the High Court under sub-section (1) of section 117 of the Act shall be filed in **FORM GST APL-08**.
- (2) The grounds of appeal and the form of verification as contained in **FORM GST APL-08** shall be signed in the manner specified in rule Registration.19.

**8. Demand confirmed by the Court**

The jurisdictional officer shall issue a statement in **FORM GST APL-04** clearly indicating the final amount of demand confirmed by the High Court or, as the case may be, Supreme Court.

**9. Disqualification for misconduct of an authorised representative**

Where an authorised representative, other than those referred to in clause (b) or clause (c) of sub-section (2) of section 116 of the Act is found, upon an enquiry into the matter, guilty of misconduct in connection with any proceedings under the Act, the Commissioner may, after providing him an opportunity of being heard, disqualify him from appearing as an authorised representative.

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Annexure 6

Chapter ---  
Assessment and Audit

**1. Provisional Assessment**

(1) Every registered person requesting for payment of tax on a provisional basis in accordance with the provisions of sub-section (1) of section 60 shall furnish an application along with the documents in support of his request, electronically, in **FORM GST ASMT-01** on the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner.

(2) The proper officer may, on receipt of the application under sub-rule (1), issue a notice in **FORM GST ASMT-02** requiring the registered person to furnish additional information or documents in support of his request and the applicant shall file a reply to the notice in **FORM GST ASMT - 03**, and may appear in person before the said officer if he so desires.

(3) The proper officer shall issue an order in **FORM GST ASMT-04**, allowing payment of tax on a provisional basis indicating the value or the rate or both on the basis of which the assessment is to be allowed on a provisional basis and the amount for which the bond is to be executed and security to be furnished not exceeding twenty five per cent. of the amount covered under the bond.

(4) The registered person shall execute a bond in accordance with the provisions of sub-section (2) of section 60 in **FORM GST ASMT-05** along with a security in the form of a bank guarantee for an amount as determined under sub rule (3):

Provided that a bond furnished to the proper officer under the *Central/State* Goods and Services Tax Act or Integrated Goods and Services Tax Act shall be deemed to be a bond furnished under the provisions of this Act and the rules made thereunder.

*Explanation.* - For the purposes of this rule, the term "amount" shall include the amount of integrated tax, central tax, State tax or Union territory tax and cess payable in respect of the transaction.

(5) The proper officer shall issue a notice in **FORM GST ASMT-06**, calling for information and records required for finalization of assessment under sub-section (3) of section 60 and shall issue a final assessment order, specifying the amount payable by the registered person or the amount refundable, if any, in **FORM GST ASMT-07**.

(6) The applicant may file an application in **FORM GST ASMT- 08** for release of security furnished under sub-rule (4) after issue of order under sub-rule (5).

(7) The proper officer shall release the security furnished under sub-rule (4), after ensuring that the applicant has paid the amount specified in sub-rule (5) and issue an order in **FORM GST ASMT-09** within a period of seven working days from the date of receipt of the application under sub-rule (6).

**2. Scrutiny of returns**

(1) Where any return furnished by a registered person is selected for scrutiny, the proper officer shall scrutinize the same in accordance with the provisions of section 61 with reference to the information available with him, and in case of any discrepancy, he shall issue a notice to the said person in **FORM GST ASMT-10**, informing him of such discrepancy and seeking his explanation thereto within such time, not exceeding thirty days from the date of service of the notice or such further period as may be permitted by him and also, where possible, quantifying the amount of tax, interest and any other amount payable in relation to such discrepancy.

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(2) The registered person may accept the discrepancy mentioned in the notice issued under sub-rule (1), and pay the tax, interest and any other amount arising from such discrepancy and inform the same or furnish an explanation for the discrepancy in **FORM GST ASMT-11** to the proper officer.

(3) Where the explanation furnished by the registered person or the information submitted under sub-rule (2) is found to be acceptable, the proper officer shall inform him accordingly in **FORM GST ASMT-12**.

**3. Assessment in certain cases.**

(1) The order of assessment made under sub-section (1) of section 62 shall be issued in **FORM GST ASMT-13**.

(2) The proper officer shall issue a notice to a taxable person in accordance with the provisions of section 63 in **FORM GST ASMT-14** containing the grounds on which the assessment is proposed to be made on best judgment basis and after allowing a time of fifteen days to such person to furnish his reply, if any, pass an order in **FORM GST ASMT-15**.

(3) The order of summary assessment under sub-section (1) of section 64 shall be issued in **FORM GST ASMT-16**.

(4) The person referred to in sub-section (2) of section 64 may file an application for withdrawal of the summary assessment order in **FORM GST ASMT-17**.

(5) The order of withdrawal or, as the case may be, rejection of the application under sub-section (2) of section 64 shall be issued in **FORM GST ASMT-18**.

**4. Audit**

(1) The period of audit to be conducted under sub-section (1) of section 65 shall be a financial year or multiples thereof.

(2) Where it is decided to undertake the audit of a registered person in accordance with the provisions of section 65, the proper officer shall issue a notice in **FORM GST ADT-01** in accordance with the provisions of sub-section (3) of the said section.

(3) The proper officer authorised to conduct audit of the records and books of account of the registered person shall, with the assistance of the team of officers and officials accompanying him, verify the documents on the basis of which the books of account are maintained and the returns and statements furnished under the Act and the rules made there under, the correctness of the turnover, exemptions and deductions claimed, the rate of tax applied in respect of supply of goods or services or both, the input tax credit availed and utilized, refund claimed, and other relevant issues and record the observations in his audit notes.

(4) The proper officer may inform the registered person of the discrepancies noticed, if any, as observations of the audit and the said person may file his reply and the proper officer shall finalise the findings of the audit after due consideration of the reply furnished.

(5) On conclusion of the audit, the proper officer shall inform the findings of audit to the registered person in accordance with the provisions of sub-section (6) of section 65 in **FORM GST ADT-02**.

**5. Special Audit**

(1) Where special audit is required to be conducted in accordance with the provisions of section 66, the officer referred to in the said section shall issue a direction in **FORM GST ADT-03** to the registered person to get his records audited by a chartered accountant or a cost accountant specified in the said direction.

(2) On conclusion of special audit, the registered person shall be informed of the findings of special audit in **FORM GST ADT-04**.

Annexure 7

Presentation on Fund Settlement Rules

**Funds Settlement Mechanism  
Rules**

**Objectives of the Rules**

**A.** Provide for capturing the flow of settlement between the State and Centre on account of: -

- **Cross utilisation of credit** between: –
  - SGST and IGST, and vice versa
  - CGST and IGST, and vice versa
- **Apportionment of IGST** in case on supplies where IGST credit cannot be taken by buyer.

**B.** Process of issuance of sanction orders for release of funds to States each month.

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## Reports to be Generated by GSTN – Report 1.01

Report 1.01 shall cover the following :

- IGST liability adjusted against SGST/ UTGST ITC & vice versa- cross utilisation
- IGST to be apportioned to destination State/UT in case of inter State supply to or imports by :
  - Unregistered dealers
  - Composition dealers
  - Non resident taxable person
  - UIN holders

## Reports to be Generated by GSTN – Report 1.01(contd.)

Report 1.01 shall cover the following :

- IGST to be apportioned for inter State supply or imports where ITC is declared as ineligible,
- IGST to be apportioned where ITC has lapsed due to opting for composition scheme.
- IGST to be apportioned for inter State supply or imports where ITC remains unutilized till specified period.
- Interest on IGST to be apportioned due to late payment.

## Reports to be Generated by GSTN – Report 2.01

Report 2.01 shall cover

- IGST liability adjusted against CGST & vice versa
- CGST component of all cases where IGST was apportioned to State/UT as per Report 1.01

### **Reports to be Generated by GSTN- Report 3.01 and 4.01**

Report 3.01 : Report of IGST recovered against demands, compounding amount and pre-deposited amounts

Report 4.01 : Report of apportionment of IGST amount where place of supply could not be determined or where the taxable person making supply is not identifiable

### **Reports to be Generated by GSTN- Report 5.01**

Report 5.01 would cover the following cases where IGST has been apportioned and subsequently IGST liability has been reduced leading to reduction in apportioned amount in following cases :

- Issue of credit notes
  - (a) to unregistered persons including UIN holders
  - (b) to Composition taxable person
  - (c) in case of supply which is not eligible for ITC

## Reports to be Generated by GSTN- Report 5.01(contd.)

Report 5.01 would cover the following cases where IGST has been apportioned and subsequently IGST liability has been reduced leading to reduction in apportioned amount in following cases :

- Refund of IGST deposit made for filing appeal with interest in case taxpayers wins appeal
- Interest on IGST recovered apportioned earlier on account of mismatch of ITC/Credit Note, but now reclaimed
- IGST apportioned on account of inter-State inward supplies for which ITC was declared as ineligible but now becomes eligible
- IGST apportioned on account of recovery of outstanding dues and subsequently refunded with interest due to appeal order
- IGST amount to be apportioned due to amendment in return

## Reports to be Generated by GSTN- Report 6.01

Report 6.01 shall cover settlement made between Centre and State in case of recovery made from refund

- Amount of refund claimed under Act (CGST/SGST/ UTGST/IGST/CESS).
- Amount of recovery made out of refund claimed under Act (CGST/SGST/UTGST/IGST/CESS).

### **Reports to be Generated by GSTN- Report 7.01 and 7.02**

- Report 7.01 : Details of transfer of funds to be made from State tax account to Central tax account or Integrated tax account and vice versa based on Report 1.01, 3.01, 4.01, 5.01 and 6.01
- Report 7.02 : Details of transfer of funds to be made from Central tax account to Integrated tax account and vice versa based on Report 2.01, 3.01, 4.01, 5.01 and 6.01

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### **Process of transfer of funds**

- Based on figures sent by GSTN to Pr CCA, Pr. CCA shall calculate net amount payable from IGST to any State or vice versa on provisional basis
- Department of Revenue to issue provisional sanction order based on Pr. CCA calculation
- Central Accounting authority to issue Inter Government Advice(IGA) to RBI
- RBI to do fund settlement between CFI and CFS based on IGA
- In case of any discrepancy pointed out by Central or State tax authorities or State accounting authority, adjustment would be made in the final sanction orders to be issued in the subsequent month.

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