

(... continued from page 44)

of Section 9(4) and jeweller will not be liable to pay tax under reverse charge mechanism on such purchases. However, if an unregistered supplier (who is dealing in such trade) of gold ornaments sells it to registered supplier, the tax under RCM will apply.

No GST on Annual Subscription/Fees Charged as Lodging/Boarding Charges by Educational Institutions from its Students for Hostel Accommodation

Services provided by an educational institution to students, faculty and staff are fully exempt. Educational institution has been defined as an institution imparting

- (i) pre-school education and education up to higher secondary school or equivalent;
- (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
- (iii) education as a part of an approved vocational education course.

Thus, services of lodging/boarding in hostels provided by such educational institutions which are providing pre-school education and education up to higher secondary school or equivalent or education leading to a qualification recognised by law, are fully exempt from GST. Annual subscription/fees charged as lodging/boarding charges by such educational institutions from its students for hostel accommodation shall not attract GST.

Impact of GST on Housing Society Resident Welfare Association (RWA)

Supply of service by RWA (unincorporated body or a registered non-profit entity) to its own members by way of reimbursement of charges or share of contribution up to an amount of ₹ 5,000 per month per member for providing services and goods for the

common use of its members in a housing society or a residential complex are exempt from GST.

Further, if the aggregate turnover of such RWA is upto ₹20 Lakh in a financial year, then such supplies would be exempted from GST even if charges per member are more than ₹5,000.

RWA shall be required to pay GST on monthly subscription/contribution charged from its members if such subscription is more than ₹5,000 per member and the annual turnover of RWA by way of supplying of services and goods is also ₹20 lakh or more. Under GST, the tax burden on RWAs will be lower for the reason that they would now be entitled to ITC in respect of taxes paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fillings etc.) and input services such as repair and maintenance services. ITC of Central Excise and VAT paid on goods and capital goods was not available in the pre-GST period and these were a cost to the RWA.

Thus, there is no change made to services provided by the Housing Society (RWA) to its members in the GST era.

Provisions Related to Registration under GST Regime

As per the GST laws, one is required to take registration on or before 30th July 2017. All traders are requested to register now without waiting for the last date. If one is carrying-out any business and have an Annual Aggregate turnover in the preceding Financial Year exceeding ₹20 lakh (₹10 lakh in Special Category States), you need to register in all the States/Union Territories from where you are making taxable supplies. However, one need not register if one is engaged exclusively in the supply of exempted goods or services or both. The timelines for applying for registration are as follows: -

Registered under any of the existing law	Migrated	Liable for registration in GST regime	Provisional Ids issued need to be converted to GSTIN by submitting necessary documents in 3 months (i.e. by 22 nd September 2017)
		Not liable for registration in GST regime	Need to apply for cancellation in 30 days (i.e. by 22 nd July 2017)
Not registered under any of existing law	Not-Migrated	Liable for registration in GST regime	Need to apply for registration within 30 days (i.e. by 22 nd July 2017)
		Liable for registration in GST regime	Need to apply for registration within 30 days (i.e. by 30 th July, 2017)
Not registered under any of existing law	Liable for registration in GST regime	Become liable from 01/07/2017	Need to apply for registration within 30 days (i.e. by 30 th July, 2017)
		Become liable after 01/07/2017	Need to apply for registration within 30 days from becoming liable for registration

Taking registration in GST is a very simple process, and the comfort of the taxpayer has been kept in mind while designing the procedure. You can take registration from the comfort of your home by filing an online application on the common portal <https://www.gst.gov.in>. All one needs is a valid PAN, email id and a mobile number. Once these 3 details are verified, one will be required to furnish other details relating to his/her business. There is no need to submit any physical documents (unless a query is raised and documents asked for) and all necessary documents can be scanned and uploaded. If there are no queries, one will receive his/her registration online within 3 working days from submission of online application.

It's simple. But what will happen if one doesn't get registered?

More than anything, getting registered is for one's own benefit. If one is liable to take registration but don't get registered, one will not be able to enjoy the benefit of input tax credit. Not only he/she, but any registered person, purchasing from him/her may not be able to get the input tax credit. Not obtaining registration, though liable to do so, would also attract penalty.

Getting registered would lead to growth in one's business. Prospective buyers, who are registered under GST, will prefer to buy from suppliers who are also registered under GST, as this would entitle them to the input tax credit. This also means that one is contributing his bit towards nation building, by ensuring that appropriate taxes are collected and paid to the Government. Therefore, traders are requested to register under GST immediately without wasting any more time.

Position Regarding Applicability of GST on Legal Services Provided by Individual Advocates Including Senior Advocates and a Firm of Advocates

There are points being raised about the applicability of GST on legal services provided by advocates – whether it is in forward charge or reverse charge. It may be mentioned that there is no change made in taxation of legal services in the GST era.

In this context, it is further clarified that legal service has been defined to mean any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.

It is further clarified that *Notification No. 13/2017-Central Tax (Rate) dated 28.6.2017* specifies, *inter alia*, the following service under reverse charge mechanism, -

“Services supplied by an individual advocate including a senior advocate by way of representational services before any court, tribunal or authority, directly or indirectly, to any business entity located in the taxable territory, including where contract for provision of such service has been entered through another advocate or a firm of advocates, or by a firm of advocates, by way of legal services, to a business entity.”

The words “by way of legal services” are preceded and succeeded by comma. Therefore, the said words apply to an individual advocate including a senior advocate and a firm of advocates. Legal services provided by either of them are liable for payment of GST under reverse charge by the business entity. The words “by way of representational services before any court, tribunal or authority...” appear in conjunction with senior advocate without a comma and merely describe the nature and mode of representational services provided by a senior advocate to a business entity. It, therefore, follows that legal services, which includes representational services, provided by advocates are under reverse charge.

Applicability of the Margin Scheme under GST for Dealers in Second Hand Goods in General and for Dealers in Old and Used Empty Bottles in Particular

Rule 32(5) of the Central Goods and Services Tax (CGST) Rules, 2017 provides that where a taxable supply is provided by a person dealing in buying and selling of second hand goods i.e., used goods as such or after such minor processing which does not change the nature of the goods and where no input tax credit has been availed on the purchase of such goods, the value of supply shall be the difference between the selling price and the purchase price and where the value of such supply is negative, it shall be ignored. This is known as the margin scheme.

Further, *Notification No.10/2017-Central Tax (Rate), dated 28.06.2017* exempts Central Tax leviable on intra-State supplies of second hand goods received by a registered person, dealing in buying and selling of second hand goods [who pays the central tax on the value of outward supply of such second-hand goods as determined under sub-rule (5)] from any supplier, who is not registered. This has

been done to avoid double taxation on the outward supplies made by such registered person, since such person operating under the Margin Scheme cannot avail input tax credit on the purchase of second hand goods.

Thus, Margin Scheme can be availed of by any registered person dealing in buying and selling of second hand goods [including old and used empty bottles] and who satisfies the conditions as laid down in Rule 32(5) of the Central Goods and Services Tax Rules, 2017.

GST Feedback and Action Room (FAR) Constituted

To reply the queries of the taxpayers and tax officials and to deal with issues related to the implementation of Goods and Services Tax Network (GSTN), Government has constituted a GST Feedback and Action Room (FAR) w.e.f. 26-06-2017. Main purpose of FAR is reviewing the information, calls, media inputs etc. received from Ministries, State Governments, field formations, social media, news channels, emails etc. and report it on Real Time basis to the Revenue Secretary, CBEC, GSTN and other concerned authorities.

IGST on High Sea Sales in the Case of Imported Goods to be Collected at the Time of Importation

High Sea Sales is a situation whereby the original importer sells the goods to a third person before the goods are entered for customs clearance. After the High sea sale of the goods, the Customs declarations i.e. Bill of Entry etc. is filed by the person who buys the goods from the original importer during the said sale. High Sea Sales being an Inter-state transaction under GST are subject to IGST. However, there is a dilemma as to whether the high sea sales of imported goods would be chargeable to IGST twice i.e. at the time of Customs clearance under sub-Section (7) of Section 3 of Customs Tariff Act, 1975 and separately under Section 5 of The Integrated Goods and Services Tax Act, 2017.

In this regard, Central Government vide *Circular No. 33 /2017-Customs dt 01-08-2017* clarified that IGST on high sea sale (s) transactions of imported goods, whether one or multiple, shall be levied and collected only at the time of importation i.e. when the import declarations are filed before the Customs authorities for the customs clearance purposes for the first time. Further, value addition accruing in



each such high sea sale shall form part of the value on which IGST is collected at the time of clearance.

This is reiteration of provisions of Section 3(12) of Customs Tariff Act, 1975 which provides that for imported goods, all duties, taxes, cesses etc. shall be collected at the time of importation i.e. when the import declarations are filed, by the importer being last buyer in the chain, before the customs authorities for the customs clearance purposes. In case of a doubt regarding the truth or accuracy of the declared value, the department may reject the declared transaction value and determination the price of the imported goods as provided in the Customs Valuation rules.

Increase in Maximum Ceiling of Cess Leviable on Motor Vehicles from 15% to 25%

The GST Council considered the issue of cess leviable on motor vehicles in its 20th meeting held on the 5th of August 2017 and recommended that Central Government may move legislative amendments required for increasing the maximum ceiling of cess leviable on motor vehicles falling under headings 8702 and 8703 including SUVs, to 25% instead of present 15%. However, the decision on when to raise the actual cess leviable on the same will be taken by the GST Council in due course.

It was noted that after introduction of GST, the total tax incidence on motor vehicles [GST + Compensation Cess] has come down *vis-a-vis* the total tax incidence in pre-GST regime. The Schedule to the Goods and Services Tax (GST) (Compensation to State) Act 2017, specifies the maximum rate at which Goods and Services Tax Compensation Cess may be collected. In respect of motor vehicles, the maximum rate at which Goods and Services Tax Compensation Cess may be collected is 15%. ■