

Agenda for
14th GST Council Meeting
Volume – 1

18-19 May 2017

**Sher-i-Kashmir International Conference Centre,
Srinagar, Jammu & Kashmir**

F.No. 75/14th Meeting/GST Council/2017
Government of India
Ministry of Finance
Department of Revenue

Room No.275, North Block, New Delhi

Dated: 3 May 2017

Notice for the 14th Meeting of the GST Council scheduled on 18-19 May 2017

The undersigned is directed to refer to the subject cited above and to say that the 14th Meeting of the GST Council will be held on 18-19 May 2017 at Sher-i-Kashmir International Convention Centre (SKICC), Srinagar. The schedule of the meeting is as follows:

- Thursday, 18 May 2017 : 1030 hours onwards
- Friday, 19 May 2017 : 1030 hours onwards

2. Agenda items for the 14th Council meeting will be circulated shortly.

3. In addition, an officers' meeting will be held on Wednesday, 17 May 2017 from 1600 hours onwards at the same venue, i.e. Sher-i-Kashmir International Convention Centre (SKICC).

4. Keeping in view the constraints of rooms in the hotel, it is requested that participation from each State may be limited to 2 officers in addition to the Hon'ble Member of the GST Council. It may also be noted that in case there is shortage of accommodation, some officers may have to share rooms.

5. Please convey the invitation to the Hon'ble Members of the GST Council to attend the meeting.

- *Sd* -

(Dr. Hasmukh Adhia)
Secretary to the Govt. of India and ex-officio Secretary to the GST Council
Tel: 011 23092653

Copy to:

1. PS to the Hon'ble Minister of Finance, Government of India, North Block, New Delhi with the request to brief Hon'ble Minister about the above said meeting.
2. PS to Hon'ble Minister of State (Finance), Government of India, North Block, New Delhi with the request to brief Hon'ble Minister about the above said meeting.
3. The Chief Secretaries of all the State Governments with the request to intimate the Minister in charge of Finance/Taxation or any other Minister nominated by the State Government as a Member of the GST Council about the above said meeting.
4. The Chief Secretaries of Delhi and Puducherry with the request to intimate the Minister in charge of Finance/Taxation or any other Minister nominated by the State Government as a Member of the GST Council about the above said meeting.
5. Chairperson, CBEC, North Block, New Delhi, as a permanent invitee to the proceedings of the Council.
6. Chairman, GST Network

Agenda items for the 14th Meeting of the GST Council on 18-19 May 2017

1. Confirmation of the Minutes of the 13th GST Council Meeting held on 31 March 2017
2. Rate of interest for delayed payment of tax by the taxpayer and delayed refund by the Government to the taxpayer
3. Finalization of the rate of tax to be collected at source under Section 52 of the CGST Act, 2017 and Section 20 of the IGST Act, 2017
4. Notification of the Common Goods and Services Electronic Portal for facilitating various taxpayer operations under Section 146 of the CGST Act, 2017
5. Constitution of Project Management Team, Standing Committees and Sectoral Working Groups for smooth roll-out of GST
6. Nomination of Additional Secretary, GST Council to the Board of GSTN
7. Approval of mechanism to split the MDR (Merchant Discount Rate) charges between the Centre and the States
8. Approval of amendments to the following Draft GST Rules and related Forms:
 - i. Registration
 - ii. Return
 - iii. Payment
 - iv. Refund
 - v. Invoice, Debit/Credit Note
 - vi. Input Tax Credit
 - vii. Valuation
 - viii. Transitional Provisions
 - ix. Composition
9. Approval of the Fitment of goods and services into the various rate slabs
10. Any other agenda item with the permission of the Chairperson
11. Date of the next meeting of the GST Council

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Discussion on Agenda Items

Agenda Item 1: Confirmation of the Minutes of the 13th GST Council Meeting held on 31 March 2017

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

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

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

1. Confirmation of the Minutes of the 12th GST Council Meeting held on 16 March 2017
2. Approval of the Draft GST Rules on:
 - (a) Input Tax Credit
 - (b) Valuation
 - (c) Transitional Provisions
 - (d) Composition
3. Approval of amendments to the following Draft GST Rules approved in the 2nd Meeting of the GST Council held on 30 September 2016:
 - (a) Registration
 - (b) Return
 - (c) Payment
 - (d) Refund
 - (e) Invoice, Debit/Credit Note
4. Any other agenda item with the permission of the Chairperson
5. Date of the next meeting of the GST Council

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

Discussion on Agenda Items

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

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

4.1. The Hon'ble Minister from Karnataka stated that the version of the Secretary to the Council (hereinafter referred to as 'Secretary') in paragraph 12.6 of the Minutes, in regard to levy of Value Added Tax (VAT) on 'Bidi', though recorded correctly, created an impression that VAT was charged only in six States. He stated that upon further inquiry, it had come to his notice that VAT on 'Bidi' was levied in about 21 States, namely, Rajasthan (65%), Jammu & Kashmir (40%), Himachal Pradesh (22%), Delhi (20%), Tamil Nadu (14.5%), Punjab (14.3%), Uttar Pradesh (14%), Madhya Pradesh (65%), Chandigarh (20%), Haryana (13.125%), Maharashtra (13.5%), Andhra Pradesh (exempt), Telangana (exempt), Karnataka (exempt), Chhattisgarh (5%), Odisha (10%), Assam (30%), West Bengal (exempt), Jharkhand (5%), Bihar (15%), Uttarakhand (20%), Goa (25%), Puducherry (14.5%), Kerala (14.5%) and Gujarat (22.5%). The Secretary stated that in order to avoid any confusion, his version recorded in this paragraph could be slightly modified and the word 'like' (before the word 'Rajasthan') in the 5th line could be replaced by the words 'for example'. The Council agreed to this suggestion.

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

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

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

6.1. Introducing this agenda item, the Secretary informed that he had a very constructive meeting with the officers of the Centre and the States in the morning lasting from 11 A.M. to 4.30 P.M. during which all the nine Rules on the agenda were discussed in detail and the officers made certain suggestions to amend the various provisions of the Rules. He stated that the Rules would be revised on the basis of these suggestions and circulated to the States within

a day. He then invited Shri Upender Gupta, Commissioner (GST Policy Wing), Central Board of Excise and Customs (CBEC) to make a brief presentation on these four Rules. In his presentation, the Commissioner (GST Policy Wing), CBEC, outlined the salient features of the GST Rules on (a) Input Tax Credit; (b) Valuation; (c) Transitional Provisions; and (d) Composition. The presentation is attached as **Annexure 3** to the Minutes.

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

6.3. The Hon'ble Deputy Chief Minister of Delhi observed that while the GST law provided a broad framework, the GST Rules dealt with the nitty-gritty of procedures and they needed more time to study the Rules. The Secretary stated that the industry and business had been demanding three clear months after the finalisation of the GST Laws and Rules to prepare themselves for the change-over to the GST regime. He recalled that the five GST Rules on Registration, Return, Payment, Refund and Invoice and Debit/Credit Note had been put in the public domain earlier and the four new Rules also needed to be put in the public domain at the earliest. He suggested that the Council could approve the four new Rules and authorise the Law Committee of Officers to make minor changes and inform the Council. The Hon'ble Chairperson stated that a more appropriate approach would be for the Council to approve these four draft Rules along with the changes agreed upon today by the officers. These Rules could then be circulated to the States and also put in the public domain and after taking note of the comments received from the public, final version of the Rules would be brought to the Council for its approval. The Council agreed to this suggestion.

6.4. The Hon'ble Minister from Jammu & Kashmir stated that the Goods and Services Tax Network (GSTN) should be open to incorporating small changes that might arise in the Jammu & Kashmir GST Rules drafted in exercise of the powers conferred under their Constitution. The Hon'ble Chairperson stated that presently the Central Goods and Services Tax (CGST) Act would apply to all States except Jammu & Kashmir but once the Jammu & Kashmir law

on GST integrated itself to the CGST, the existing exception in regard to the State of Jammu & Kashmir in CGST would be removed by exercising the power under Section 172 of the CGST Act regarding removal of difficulties. The Hon'ble Minister from Jammu & Kashmir informed that Section 173 and 174 of the Model SGST Bill relating to amendments and repeal and saving of existing law would not apply to his State as there were no such provisions in their legislation to be deleted. He further added that his State would draft its SGST Law in consultation with the Law Committee of officers and the Council and that they hoped to enact their SGST law by the end of May, 2017.

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

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

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

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

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

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

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

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

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

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

12. The Hon'ble Minister from Uttarakhand stated that during the Financial Year 2015-16, under the area-based industrial package in his State, an amount of Rs. ten thousand one hundred and three crore was to be disbursed to 3,156 industry. He recalled that in the 3rd agenda item of the 2nd Meeting of the Council held on 30 September, 2016, it was decided that the Central Government shall reimburse 58% of the total amount of Central Excise exemption to the eligible units in the State and enquired regarding the schedule for such re-imburement by the Central Government. The Secretary stated that during the 2nd Meeting of the Council,

modalities for continuation of area-based exemption schemes were discussed and recalled that in case such a scheme was continued by the Central Government, then only 58% of the total CGST amount shall be reimbursed to the eligible industries in the States where area-based Central Excise exemption was in force. He informed that the Department of Industrial Policy and Promotion (DIPP) in the Ministry of Commerce and Industry was devising a reimbursement scheme and stated that they should be ready with the scheme before 1 July 2017. He also advised that the Tax Research Unit in the Department of Revenue should follow up this matter with the DIPP.

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

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

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

15. The Hon'ble Chairperson observed with satisfaction that the nine primary GST Rules had been approved by the Council. He observed that the next important items of work for the roll out of GST was to complete the drafting of the remaining minor GST Rules and to complete the fitment of GST rates of goods and services. He stated that the remaining Rules should be drafted by the Law Committee of Officers at an early date and should be put in the public domain. He further stated that after taking into account the comments from the public, the remaining GST Rules should be presented to the Council for approval during its next meeting.

He further stated that the officers would prepare the fitment rates for goods and services and bring it for discussion in the next Meeting of the Council. After deliberation, the Council agreed to hold its next meeting on 18 and 19 May, 2017 in Srinagar.

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

Annexure 1

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

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

Annexure 2

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

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

S No	State/Centre	Name of the Officer	Charge
27	GST Council	Shri Shekhar Khansili	Superintendent
28	GST Council	Shri Manoj Kumar	Superintendent
29	GST Council	Shri Sandeep Bhutani	Superintendent
30	GST Council	Shri Amit Soni	Inspector
31	GST Council	Shri Anis Alam	Inspector
32	GST Council	Shri Ashish Tomar	Inspector
33	GST Council	Shri Alok Bharti	Inspector
34	GST Council	Shri Sharad Verma	Tax Assistant
35	GST Council	Shri Sher Singh Meena	Tax Assistant
36	Andhra Pradesh	Shri J. Syamala Rao	Commissioner, Commercial Taxes
37	Andhra Pradesh	Shri T. Ramesh Babu	Additional Commissioner, Commercial Taxes
38	Andhra Pradesh	Shri J.V.M. Sharma	Deputy Commissioner, Commercial Taxes
39	Arunachal Pradesh	Shri Tapas Dutta	Assistant Commissioner, Commercial Taxes
40	Assam	Shri Anurag Goel	Commissioner, Commercial Taxes
41	Bihar	Ms. Sujata Chaturvedi	Principal Secretary & Commissioner, Commercial Taxes
42	Bihar	Shri Arun Kr. Mishra	Addl. Secretary, Commercial Taxes
43	Bihar	Shri Ajitabh Mishra	Assistant Commissioner, Commercial Taxes
44	Chhattisgarh	Shri Amitabh Jain	Principal Secretary, Finance
45	Chhattisgarh	Ms. Sangeetha P	Commissioner, Commercial Taxes
46	Chhattisgarh	Shri Khemraj Jhariya	Additional Commissioner, Commercial Taxes
47	Delhi	Shri H. Rajesh Prasad	Commissioner, VAT
48	Delhi	Shri R.K. Mishra	Special Commissioner (Policy)
49	Delhi	Shri Anand Kumar Tiwari	Additional Commissioner, GST
50	Goa	Shri Dipak Bandekar	Commissioner, Commercial Taxes
51	Goa	Shri Upendra Joshi	OSD to CM
52	Gujarat	Dr. P.D. Vaghela	Commissioner, Commercial Taxes
53	Gujarat	C.J. Macwan	Joint Secretary (Tax)
54	Haryana	Shri Sanjeev Kaushal	Additional Chief Secretary

S No	State/Centre	Name of the Officer	Charge
55	Haryana	Shri Shyamal Misra	Commissioner, Excise & Taxation
56	Haryana	Shri Vidya Sagar	Joint Commissioner, Excise & Taxation
57	Haryana	Shri Joydeep Duhar	Deputy Director
58	Himachal Pradesh	Shri Sanjay Bhardwaj	Excise & Taxation Commissioner
59	Jammu & Kashmir	Shri P.K. Bhat	Additional Commissioner, Commercial Taxes
60	Jharkhand	Shri Sanjay Kr. Prasad	Joint Commissioner (HQ)
61	Jharkhand	Shri G.S. Kapardar	Assistant Commissioner
62	Karnataka	Shri Ritvik Pandey	Commissioner, Commercial Taxes
63	Kerala	Shri P. Mara Pandiyan	Additional Chief Secretary (Taxes)
64	Kerala	Dr. Rajan Khobragade	Commissioner, Commercial Taxes
65	Madhya Pradesh	Shri Raghwendra Kumar Singh	Commissioner, Commercial Taxes
66	Madhya Pradesh	Shri Sudip Gupta	Deputy Commissioner
67	Maharashtra	Shri Rajiv Jalota	Commissioner, Sales Tax
68	Maharashtra	Shri Dhananjay Akhade	Joint Commissioner, Sales Tax
69	Mizoram	Shri Kailiana Ralte	Deputy Commissioner, Taxes
70	Mizoram	Shri R. Zosiamliana	Deputy Commissioner, Taxes
71	Nagaland	Shri Asangba Chuba Ao	Commissioner, Commercial Taxes
72	Nagaland	Shri Taliremba	OSD (Finance), Govt of Nagaland
73	Odisha	Shri Saswat Mishra	Commissioner, Commercial Taxes
74	Odisha	Shri Sahadev Sahu	Joint Commissioner, Commercial Taxes
75	Puducherry	Shri G. Srinivas	Commissioner, Commercial Taxes
76	Punjab	Shri Anurag Agarwal	Financial Commissioner (Taxation)
77	Punjab	Shri Rajeev Gupta	Advisor (GST), Govt. of Punjab
78	Punjab	Shri Pawan Garg	Deputy Commissioner, Commercial Taxes
79	Rajasthan	Shri Alok Gupta	Commissioner, Commercial Taxes
80	Rajasthan	Shri Ketan Sharma	Deputy Commissioner, Commercial Taxes
81	Tamil Nadu	Dr. C. Chandramouli	Additional Chief Secretary
82	Tamil Nadu	Shri D. Soundararajapandian	Joint Commissioner, Commercial Taxes

S No	State/Centre	Name of the Officer	Charge
83	Telangana	Shri Anil Kumar	Commissioner, Commercial Taxes
84	Telangana	Shri Laxminarayan Jannu	Joint Commissioner, Commercial Taxes
85	Tripura	Shri P. Srivastava	Chief Resident Commissioner, Tripura Bhavan
86	Uttarakhand	Shri Ranveer Singh Chauhan	Commissioner, Commercial Taxes
87	Uttarakhand	Shri Piyush Kumar	Addl. Commissioner, Commercial Taxes
88	Uttarakhand	Shri Yashpal Singh	Deputy Commissioner, Commercial Taxes
89	Uttar Pradesh	Shri R.K.Tiwari	Additional Chief Secretary
90	Uttar Pradesh	Shri Vivek Kumar	Additional Commissioner, Commercial Taxes
91	Uttar Pradesh	Shri Nirak K. Maurya	Assistant Commissioner, Commercial Taxes
92	Uttar Pradesh	Shri Amit Tyagi	Assistant Commissioner, Commercial Taxes
93	West Bengal	Shri Khalid A. Anwar	Senior Joint Commissioner, Commercial Tax
94	GSTN	Shri Navin Kumar	Chairman
95	GSTN	Shri Prakash Kumar	CEO
96	GSTN	Shri Jagmal Singh	Vice President

Annexure 3

Presentation on GST Rules



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

1

Rules for Input Tax Credit (1/4)



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

2

Rules for Input Tax Credit (2/4)



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

3

Rules for Input Tax Credit (3/4)



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

4

Rules for Input Tax Credit (4/4)



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

5

Rules for Valuation (1/5)



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

6

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

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

8

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

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

10

Transitional Rules (1/2)



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

11

Transitional Rules (2/2)



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

12

Rules for Composition levy (1/3)



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

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Rules for Composition levy (2/3)



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

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

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

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Reasons for changes in Existing Rules



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

16

Changes in Registration Rules (1/2)



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

17

Changes in Registration Rules (2/2)



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

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Changes in Return Rules



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

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Changes in Payment Rules



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

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Changes in Refund Rules



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

21

Changes in Invoice Rules (1/2)



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

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

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Agenda Item 2: Rate of interest for delayed payment of tax by the taxpayer and delayed refund by the Government to the taxpayer

I. Rate of interest for delayed payment of tax by the taxpayer

1. The provisions relating to payment of interest on non or delayed payment of tax are contained in the **Section 50 (1) of the CGST Act and the SGST Acts** which stipulates that *“every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, **not exceeding eighteen per cent.**, as may be notified by the Government **on the recommendations of the Council.**”*

2. The provisions relating to payment of interest on undue or excess claim of credit or excess reduction in output tax liability are contained in the **Section 50 (3) of the CGST Act and the SGST Acts** which stipulates that *“a taxable person who makes an undue or excess claim of input tax credit under subsection (10) of section 42 or undue or excess reduction in output tax liability under subsection (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate **not exceeding twenty-four per cent.**, as may be notified by the Government **on the recommendations of the Council.**”*

3. The rate of interest prescribed under Section 50(1) will apply under various provisions of CGST Act and SGST Act, such as Section 16 (2) (d), 21, 37(3), 38 (5), 39 (9), 42 (8), 43 (8), 51 (6), 52 (6), 52 (11), 60 (4), 62 (2), 67 (6), 73, 74, 75 (9), 76(4) [brief description of these sections is annexed to this agenda]. Though provisions of some of these sections do not specify Section 50 (1) as the charging section of interest, interest would be charged under section 50 (1), being the only charging section for interest in the Acts.

4. Section 50 (1) of the CGST Act and the SGST Acts has an upper ceiling of rate of interest @ 18%. The present simple interest rate for similar situations under the Central Excise Act and Service Tax is @15%. However, under service tax, a higher rate of simple interest @ 24% is charged in a case where service tax is collected but not deposited to the exchequer. A similar provision is contained in Section 76 (4) of the of the CGST Act and the SGST Acts wherein interest is payable on the GST collected but not paid to the exchequer. A higher penal rate of interest can be considered in case of GST collected but not paid while fixing rate under Section 50 (1).

5. Section 50 (3) of the CGST Act and the SGST Acts has a penal rate of interest not exceeding 24%. This provision applies in limited cases, namely where a taxable person has claimed an undue or excess input tax credit under Section 42 (10) of the CGST Act and the SGST Acts or has claimed an undue or excess reduction in output tax liability under Section 43 (10) of the CGST Act and the SGST Acts.

II. Rate of interest for Government for delayed refund to the taxpayer

6. The provisions relating to payment of interest by the Government is contained in **Section 56 of the CGST Act and the SGST Acts**, which stipulates that *“if any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under subsection (1) of that section, interest at such rate **not exceeding six per cent.** as may be specified in the notification issued by the Government **on the recommendations of the Council** shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application under the said sub-section till the date of refund of such tax:*

*Provided that where any claim of refund arises from an order passed by an adjudicating authority or Appellate Authority or Appellate Tribunal or court which has attained finality and the same is not refunded within sixty days from the date of receipt of application filed consequent to such order, interest at such rate **not exceeding nine per cent.** as may be notified by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application till the date of refund.”*

7. The upper ceiling of 6% is applicable in case of delayed refund beyond sixty days from the date of receipt of application. This rate of interest will apply in two further circumstances: (i) under Section 54 (12) of the CGST Act and the SGST Acts where the Commissioner, after following the principles of natural justice, withholds refund on the ground that such refund order is the subject matter of an appeal or further proceedings or where any other proceedings under this Act is pending and the Commissioner is of the opinion that grant of such refund is likely to adversely affect the revenue in the said appeal or other proceedings on account of malfeasance or fraud committed; (ii) under Section 115 of the CGST and the SGST Acts where an amount of pre-deposit is refunded within sixty days of the date of filing of application for refund of pre-deposit.

8. Penal interest upto 9% under the proviso to Section 56 is applicable in a case when a claim of refund arises from an order passed by an adjudicating authority or Appellate Authority or Appellate Tribunal or Court which has attained finality, but refund is not given within sixty days from the date of receipt of application filed consequent to such order.

9. The present interest rate for similar situations under the Central Excise Act and Service Tax is 6%, and there is no provision of any penal interest.

III. Rate of Interest under IGST Act

10. The provisions relating to payment of interest by the Government under the IGST Act is contained in **Section 20 (xxv) of the IGST Act** which stipulates that “...*miscellaneous provisions including the provisions relating to interest and penalty, shall mutatis mutandis, apply, so far as may be, in relation to integrated tax as they apply in relation to central tax as if they are enacted under this Act.*”

11. The interest fixed under Section 50 and 56 shall be applicable under similar situations under the IGST Act, to be notified under the IGST Act separately.

IV. Illustrative Rates of Interest in some States

12. By way of illustration, the present rates of interest in a few States are indicated in Table below:

Sl. No.	State	Rate of interest for delayed payment of tax by taxpayer (per annum)	Rate of interest for delayed refund by the Government (per annum)
1.	Maharashtra	18%	6%
2.	West Bengal	(i) 12% (1% per month for upto 90 days (ii) 18% (1.5% per month from 91 days to 300 days (iii) 24% (2% per month beyond 300 days)	6%
3.	Karnataka	24% (2% per month)	18%

4.	Gujarat	18%	6%
5.	Bihar	18% (1.5% per month)	6%
6.	Uttar Pradesh	15% on admitted tax 12% on assessed tax	6%
7.	Mizoram	24% (2% per month)	24% (2% per month)
8.	Delhi	15%	6%

V. Existing borrowing and lending rates of the Government

13. The prevalent borrowing and lending rate of the Central Government as ascertained from the website of the Reserve Bank of India are as follows:

- (a) Base Rate: 9.10% - 9.60%
- (b) Marginal Cost of Funds based Lending Rate (MCLR): 7.75% - 8.20%
(The MCLR is a lending rate extended to only prime borrowers: Normally 4-5% is marked up over the MCLR when extending loan to regular borrowers and depending on risk parameter)
- (c) Term Deposit rate for less than 1 year: 5% - 6.25%
- (d) Term Deposit rate for more than 1 year: 6.50% - 7.0%

VI. Decisions to be taken by the GST Council

14. Considering the above, the Council may kindly approve the proposals as indicated in the Table below:

Sl. No.	Section	Proposed Rate of Simple Interest per annum	Remarks
1	Section 50 (1) of the CGST Act/ SGST Acts and Section 20 of the IGST Act	16%	For payment of interest by the taxpayer in case of failure to pay tax or any part thereof to the Government under the provisions as enumerated in the para 3 above of this agenda note other than the case where tax collected but not paid to the Government under Section 76 of the CGST Act/SGST Acts
2	Section 50 (1) of the CGST Act/ SGST Acts and Section 20 of the IGST Act	18%	For payment of interest by the taxpayer in case of the GST collected but not deposited to the Government under Section 76 of the CGST Act/SGST Acts and as adopted under Section 20 of the IGST Act
3	Section 50 (3) of the CGST Act and the SGST Acts and Section 20 of the IGST Act	20%	For payment of interest by the taxpayer in case of undue or excess claim of input tax credit and undue or excess reduction in output tax liability
4	Section 56 of the CGST Act and the SGST Acts and Section 20 of the IGST Act	6%	For payment of interest by the Government in case of delayed refund
5	Section 56 of the CGST Act and the SGST Acts and Section 20 of the IGST Act	8%	For payment of interest by the Government in case of delay in giving refund arising out of adjudication or appellate order

Annexure

- (i) Section 16 (2) (d): Where a recipient fails to pay to the supplier, the value of supply along with tax payable thereon within a period of 180 days from the date of issue of invoice by the supplier;
- (ii) Section 21: Where the Input Service Distributor distributes input tax credit in excess;
- (iii) Section 37 (3): Where a registered person rectifies any error or omission arising out of details which have remained unmatched in respect of outward supplies;
- (iv) Section 38 (5): Where a registered person rectifies any error or omission arising out of details unmatched in respect of inward supplies;
- (v) Section 39 (9): Where a registered person rectifies any omission or incorrect particulars after furnishing a return;
- (vi) Section 42 (8) and 43 (8): Where an additional amount of tax liability has been added for the recipient or the supplier due to mismatch of input tax credit;
- (vii) Section 51 (6): Where the tax deductor fails to deduct tax at source on the due date and deposits it at a later date;
- (viii) Section 52 (6): Where an electronic commerce operator fails to collect the appropriate amount of tax at source and rectifies such omission at a later date;
- (ix) Section 52(11): Where any amount added in the output tax liability of a supplier for supplies through electronic commerce operator due to mismatch of details furnished by the e-operator and supplier;
- (x) Section 60 (4): Where any additional tax liability arises after finalization of provisional assessment;
- (xi) Section 62(2): Where the tax liability is determined in respect of a non-filer of return;
- (xii) Section 67 (6): Where the goods seized are released on a provisional basis on payment of applicable tax and interest;
- (xiii) Section 73 (1): Where a notice has been issued by the proper officer during the normal period of demand, to pay the tax not paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilized, other than due to reason of fraud or any wilful-misstatement or suppression of facts to evade tax;
- (xiv) Section 74 (1): Where a notice has been issued by the proper officer for extended period to pay the tax not paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilized on account of fraud or any wilful-misstatement or suppression of facts to evade tax;
- (xv) Section 76 (4): Where a person has collected from any other person any amount as representing GST, but not paid the said amount to the Government;

Agenda Item 3: Finalization of the rate of tax to be collected at source under Section 52 of the CGST Act, 2017 and Section 20 of the IGST Act, 2017

The provisions for collection of tax at source (TCS) by an electronic commerce operator (e-operator) are contained in the Section 52 (1) of the CGST Act and the SGST Acts, which stipulates that “*notwithstanding anything to the contrary contained in this Act, every electronic commerce operator (hereafter in this section referred to as the “operator”), not being an agent, shall collect an amount calculated at such rate not exceeding one per cent., as may be notified by the Government on the recommendations of the Council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator.*”

2. The second proviso to Section 20 of the IGST Act also contains a provision for Tax Collection at Source which reads as follows:

“Provided further that in the case of tax collected at source, the operator shall collect tax at such rate not exceeding two percent, as may be notified on the recommendations of the Council, of the net value of taxable supplies:”

2. In terms of the provisions of Section 52 of the CGST Act and SGST Acts and Section 20 of the IGST Act, an e-operator is obliged to collect the tax on the aggregate value of taxable supplies of the supplies made through him by other suppliers and to pay the same to the Government by the 10th of the following month of the collection. The amount of TCS collected by the e-operator will get credited in the cash ledger of the supplier. This provision is essentially meant to create an audit trail for supplier who make supplies through electronic platform of others.

3. Considering the above, the GST Council may kindly approve the following proposals in the Table below:

Sl. No.	Section	Rate of Tax	Remarks
1	52 (1) of the CGST Act and the SGST Acts	0.5% under each Act	Tax to be collected at source by the electronic commerce operator
2	Second proviso to section 20 of the IGST Act	1.0%	Tax to be collected at source by the electronic commerce operator

Agenda Item 4: Notification of the Common Goods and Services Electronic Portal for facilitating various taxpayer operations under Section 146 of the CGST Act, 2017

Section 146 of the CGST Act and the SGST Acts reads as under:

“The Government may, on the recommendations of the Council, notify the Common Goods and Services Tax Electronic Portal for facilitating registration, payment of tax, furnishing of returns, computation and settlement of integrated tax, electronic way bill and for carrying out such other functions and for such purposes as may be prescribed.”

2. In the GST regime, the Act and Rules will be common in all States and the Centre. It is envisaged that certain identified front end processes of the taxpayers, namely, registration, furnishing of return and payment of tax will be done on a Common Goods and Service Tax Electronic Portal for the Central Goods and Services Tax (CGST) Act, Integrated Goods and Services Tax (IGST) Act, the State Goods and Services Tax (SGST) Act and the Union Territory Goods and Services Tax (UTGST) Act. Section 146 provides for some other additional functions to be performed by the Common Portal.

3. A common portal www.gst.gov.in has been developed to provide the services referred to in Para 2 above.

Proposal before the Council

The Council may approve issue of a notification to the effect that www.gst.gov.in shall be the Common Goods and Services Tax Electronic Portal specified under Section 146 of the CGST and the SGST Acts. This website is being managed by the Goods and Services Tax Network on behalf of the Government.

Agenda Item 5: Constitution of Project Management Team, Standing Committees and Sectoral Working Groups for smooth roll-out of GST

GST is a project of historic importance and the biggest tax reform post-independence. There are various administrative steps which would be required to be undertaken by the tax administration for roll-out of the GST. It would be desirable to have an administrative structure in place for the roll-out of GST which achieves the twin purpose of ensuring uniformity of decisions and regular structured consultation between Centre and State. The present structure is being suggested for ease of taking administrative decisions during the roll-out, effective coordination between Centre and State, coordination between States and to flag important issues to the GST Council. **Decision which need the approval of the GST Council of Ministers as per the Constitutional provisions such as approval of Law or Rules shall not be taken up by the suggested administrative structure.**

2.1 A **three tier structure** is suggested for Project Management of GST, for preparation, roll-out and trouble-shooting post roll-out of GST, till the need is felt.

(i) At the top of the proposed structure shall be the office of the **Revenue Secretary**, being responsible for successful roll-out of the GST.

(ii) At the next level would be the Project Management Team (**PMT**) comprising of seven members, three from Centre, three from States and one from GST Council. PMT once constituted shall formulate its procedure for working and decision making. GST Council Secretariat shall provide necessary support in terms of coordination, documentation and technical inputs on various issues after collecting the same from Standing Committees.

(iii) **GST Council Secretariat** shall act as the project management office of the project GST.

(iv) **Standing Committees:** It is proposed to create eight standing committees to look after various aspects of the project. Each Committee shall have two Convenors, one each from Centre and State. Each Committee would be expected to identify steps to be taken in their area of responsibility and to provide a blue-print for step wise action to be undertaken with target dates. This would lead to uniformity and clarity regarding actions to be taken by the respective revenue administrations and the expected time-lines for the same.

2.2 The Convenors may co-opt more members from Centre or State, where necessary. There are some Committees which are already in existence, such as Law Committee, Fitment Committee. The same Committee may continue to work or shall adapt itself to changes as necessary for the work assigned to the Committee. The Convenors of the Committee shall be the Nodal officers to give inputs to the Project Management Team on issues relating to their area of responsibility.

2.3 It is proposed that decisions be taken by the individual Standing Committees to the extent possible, and where necessary at the level of the PMT. PMT may place issues of importance before the Revenue Secretary for decision, where necessary.

3.1 The eight Standing Committees suggested are as follows along with their suggested area of responsibility.

(i) Law and Rules Committee.

(ii) IT Committee.

- (iii) Single Interface Committee.
- (iv) Fitment Committee.
- (v) Publicity and Outreach Committee.
- (vi) Capacity Building and Facilitation Committee.
- (vii) Fund Settlement Committee.
- (viii) Guidance Notes Committee.

3.2 A preliminary exercise to identify the area of responsibilities of the proposed Committees has been carried out and is reproduced below. It is to mention that final decisions would be taken by the Convenors of the proposed Committees after they are being constituted.

(a) Law Committee

- (i) Finalizing all the Rules
- (ii) Drafting of all NT notifications
- (iii) Trouble shooting and simplifying business process design
- (iv) Examining all representations of trade on Legal issues

(b) Information Technology Committee

- (i) Monitoring IT preparedness of GSTN
- (ii) Monitoring IT preparedness of Centre and States
- (iii) Monitoring linkages between various networks

(c) Single interface Committee

- (i) Coordinating migration and verification of past credit
- (ii) Rules for single interface including in the IGST in coordination with Law Committee
- (iv) State-wise coordination teams for assigning assessees
- (v) Any other administrative issue needing resolution at the State level

(d) Fitment Committee

- (i) Fixing rates of taxes on all commodities and services
- (ii) Fixing interest rates under various Sections and Rules
- (iii) Fixing Composition rates
- (iv) Fixing any other rate provided in Act or Rules
- (v) Examining all representations of trade on rate and other issues

(e) Publicity and Outreach Committee

- (i) Publicity in print, electronic and social media
- (ii) Outreaching assessees
- (iii) Circulating publicity material for uniformity of messaging
- (iv) Publicity in vernacular media particularly on issues such as cascading of taxes, benefits of GST, anti-profiteering etc.

(f) Capacity Building and Facilitation Committee

- (i) Capacity building of officers

- (ii) Capacity building of trade
- (iii) Preparing material for field offices to act as Facilitation Centres

(g) Fund Settlement Committee:

- (i) All issues relating to revenue subsumed and compensation post GST rollout
- (ii) CST Compensation, if any
- (iii) IGST fund settlement
- (iv) Any legal issue relating to any of the above

Note: Involve office of Pr. CCA and CGA office, if needed.

(h) Guidance Notes Committee:

- (i) To prepare guidance note on important Legal provisions
- (ii) To prepare guidance note on important sectors of the economy

4.1 **Sectoral Analysis:** A large number of representations are being received from various Government Departments on issues relating to various sectors of the economy. There is a need to examine these issues by a team of officers from Centre and State to ensure a smooth transition of these sectors of economy under GST. For some of these sectors, need may arise to issue guidance notes. The sectors which may need such support are as follows –

- (i) Banking, Financial and Insurance Sector
- (ii) Telecommunication
- (iii) Exports including EOUs and SEZs
- (iv) IT/ITES
- (v) Transport and Logistics
- (vi) Textiles
- (vii) MSMEs, including job work
- (viii) Oil and Gas (upstream and downstream)
- (ix) Gems and jewellery
- (x) Services received and provided by the Government
- (xi) Food Processing Sector
- (xii) E-commerce
- (xiii) Big infrastructure (Airport, Sea port- including MRO)
- (xiv) Travel and tourism
- (xv) Handicrafts (Exports)
- (xvi) Media and Entertainment
- (xvii) Drugs and pharmaceuticals

4.2 It is proposed to constitute a team of officers for each of these Sectors who may look into specific issues of all these 17 sectors with a view to ensure smooth transition to GST. There may be a need to issue Guidance Notes with relevant inputs for the same. The recommendations of these teams shall be submitted to the PMT for further necessary action on them.

4.3 It is proposed that no bar be put on the number of Committees an officer can become a member of, provided it does not overload an officer.

4.4 The States have been requested to send nominations for the Project Management Team, Committees and Sectoral Groups. However, very few nominations have been received. In many cases, the nominations received are not at sufficiently senior level. The matter is being followed up with the States.

5.0 Proposal for approval:

The Council may approve the proposal for creation of the three-tier coordination mechanism for implementation of GST and further authorize the Chairperson, GST Council to constitute the Project management Team, Standing Committees and Sectoral Groups.

Agenda Item 6: Nomination of Additional Secretary, GST Council to the Board of GSTN

Agenda Note on Nomination of Additional Secretary, GST Council as the Director on The Board of GSTN

1. A position of Director on the GSTN Board of Directors has been vacated upon demission of office of Member Secretary, Empowered Committee of State Finance Ministers (EC) by Shri Satish Chandra, who ceased to be a Director w.e.f. 31st March, 2017.
2. After the passage of the 101st Constitutional Amendment Act, GST Council is the Federal Constitutional Body spearheading the policy initiatives relating to GST roll-out in the Country, including the passage of the GST Acts and Rules. GSTN shall be asked to amend its Articles of Association (AoA) to the effect that all references to Empowered Committee of State Finance Ministers may, post amendment, refer to GST Council. Further, in place of “Ex-officio Member Secretary, EC”, Clause 48 should read as “Ex-officio Additional Secretary, GST Council”.
3. It is proposed that Additional Secretary, GST Council may be nominated as Ex-Officio Director on the Board of GSTN to replace Shri Satish Chandra.
4. The Council may kindly approve the nomination.

Agenda Item 7: Approval of mechanism to split the MDR (Merchant Discount Rate) charges between the Centre and the States

PAYMENT OF APPLICABLE MDR CHARGES FOR PAYMENT OF SGST

To incentivize the use of digital economy, the Government of India has decided to bear the applicable Merchant Discount Rate (MDR) charges of payment of Government dues (taxes, non-taxes and other payments), up to Rs.1 Lac made by Indian citizens using debit cards. A copy of the Office Memorandum (OM) issued in this regard dated 15.12.2016 by O/o the Controller General of Accounts, Department of Expenditure, Ministry of Finance attaching therewith a detailed OM dated 14.12.2016 is enclosed herewith for reference.

2. Under the Goods and Services Tax (GST) regime, it has been provided that assesses will be able to make payments of Central Goods and Services Tax (CGST), State Goods and Services Tax (SGST), Integrated Goods and Services Tax (IGST) and the GST compensation cess vide a single transaction, through a single challan. Therefore, a decision needs to be taken as to the sharing of MDR charges for GST payments up to Rs.1 Lac using debit cards, between the States and the Centre.

3. Splitting of charges between the States and the Centre based on the amount of CGDST, IGST or SGST collected using a single challan may not be the most appropriate option, as a large amount of IGST which is a single levy, would also ultimately accrue to the States due to cross-utilization of credit. Similarly, SGST collected by States will also be used for payment of IGST due to cross-utilization. Hence, the cleaner way of sharing of MDR charges between the Government of India and the States may be to split these charges, in proportion of the final GST revenues accruing to the States and the Centre after cross-utilization and apportionment processes are finalized.

4. Accordingly, this matter is placed before GST Council for appropriate deliberations and recommendations.

F. No. 1(1)/2006/ECS/TA/669
Office of the Controller General of Accounts
Department of Expenditure, Ministry of Finance
Mahalekha Niyantak Bhawan, New Delhi

Date 14.12.2016

Office Memorandum

Subject: Guidelines for payment of applicable MDR charges on Government dues through debit/ credit cards

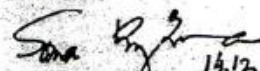
A reference is invited to this office OM No. 1(1)/2006/ECS/TA/335 dated 14th July, 2016 on the above subject. The Government of India decision for promotion of payments through cards and other digital means as conveyed vide OM no. 01/02/2015-Cy.II/Vol.V/278-371 dated 29th February, 2016 also refers. The operational modalities for the absorption of MDR charges by Government of India in respect of receipts through debit /credit cards are approved, as given hereunder.

2. Budget Division will make the necessary budget provision under relevant head of Account in the Demand for Grant of the Department of Economic Affairs, Ministry of Finance for payment of MDR charges, as applicable, in respect of all receipt transactions of Government of India.

3. The authorized collecting banks receiving Government of India dues i.e. tax revenue and other receipts through the above payment modes shall submit the claims of applicable MDR charges in respect of Government transactions to RBI periodically. RBI, after due scrutiny, would reimburse such authorized banks' claims of applicable MDR charges on Government receipt transactions through credit to the concerned Bank and debit the Government as per budget provision under the head of account in the designated scheme in the Demand for Grant of the Department of Economic Affairs, Ministry of Finance. The amount so paid will be reflected in the payment scroll to be sent by RBI to PAO, Department of Economic Affairs, Ministry of Finance.

4. On receipt of Payment scroll, PAO, Department of Economic Affairs, Ministry of Finance will debit the expenditure head of Account for MDR charges maintained centrally in Demand for Grant of Department of Economic Affairs by per contra credit to the Major Head 8675-Deposits with Reserve Bank-101- Central -Civil.

This issues with the approval of Finance Secretary:


(Soma Roy Burman)
Joint CGA
14.12.16

To

- 1) All Secretaries to Government of India.
- 2) CGDA.
- 3) Financial Commissioner, M/o Railways.
- 4) All Financial Advisors, Ministries/ Departments of Government of India.
- 5) All Principal CCAs/CCAs/CAs (Independent Change).

Copy to:

1. Finance Secretary, Ministry of Finance
2. Secretary, Department of Economic Affairs
3. Secretary, Department of Financial Services
4. Secretary, Department of Revenue
5. Secretary, DIPAM
6. Joint Secretary (Pers.)
7. Joint Secretary (Budget)
8. Governor, RBI (Attn: Sh. R. Gandhi, Dy. Governor)
9. CGM (Sh. G. Sreekumar), DGBA, RBI
10. GM, Govt. Business Unit, All Authorized Banks

F. No. 1(1)/2006/ECS/TA/670
Office of the Controller General of Accounts
Department of Expenditure, Ministry of Finance
Maha Lekha Niyantrak Bhawan, New Delhi

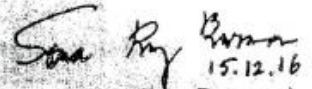
15th December, 2016

OFFICE MEMORANDUM

Subject: Guidelines for payment of applicable MDR charges on Government dues through Debit/ Credit cards- Incentivizing payments by citizens upto Rs.1 Lakh reg.

In continuation of OM No. 1(1)/2006/ECS/TA/669 dated 14th December 2016, it is clarified that the procedure outlined in the OM is applicable to tax, non-tax and other payments upto Rs.1 Lakh to Government of India made by citizens using Debit cards. Accordingly, applicable MDR charges on Debit cards for payment upto Rs.1 Lakh (Rupees One Lakh) shall be absorbed by Government of India in the manner prescribed.

This issues with the approval of Finance Secretary.


15.12.16
(Soma Roy Burman)
Joint CGA

To

1. All Secretaries to Government of India.
2. CGDA.
3. Financial Commissioner, M/o Railways.
4. All Financial Advisors, Ministries/ Departments of Government of India.
5. All Principal CCAs/CCAs/CAs (Independent Change).

Copy to:

1. Finance Secretary, Ministry of Finance
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3. Secretary, Department of Financial Services
4. Secretary, Department of Revenue
5. Secretary, DIPAM
6. Joint Secretary (Pers.)
7. Joint Secretary (Budget)
8. Governor, RBI (Attn: Sh. R. Gandhi, Dy. Governor)
- ✓ 9. CGM (Sh. G. Sreekumar), DGBA, RBI
10. GM, Govt. Business Unit, All Authorized Banks