

THE POWER OF BEING UNDERSTOOD

www.rsmindia.in

Newsflash: Amendment in GST Rates



On the recommendation of GST council, the Government has revised the GST rates for certain services and also given exemption to few additional services under GST regime.

The key highlights of amendments are as under:

1.0 Revision of GST rates for certain services

The Government has revised GST rate for following services-

1.1 Construction Services

Before amendment following construction related services were subject to GST at 18% rate which are revised to 12% -

- (a) Composite supply of works contract supplied to Government/ Local authority/ Governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repairs, maintenance, renovation or alteration of-
 - A historical monument, archaeological site or remains of national importance, archeological excavation, or antiquity specified under Ancient Monuments and Archeological sites and Remains Act, 1958
 - Canal, dam, or irrigation works
 - Pipeline, conduit or plant for water supply, water treatment or sewerage treatment or disposal
- (b) Composite supply of works contract supplied by way of construction, erection, commissioning, installation, completion, fitting out, repairs, maintenance, renovation or alteration of-
 - A road, bridge, tunnel, or terminal for road transportation for use by the general public
 - A civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awas Yojana.
 - A Civil structure or any other original works pertaining to the “In-situ rehabilitation of existing slum dwellers using land as a resource through private participation” under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana, only for existing slum dwellers;
 - A Civil structure or any other original works pertaining to the “Beneficiary led individual house construction / enhancement” under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana.
 - A pollution control or effluent treatment plant, except located as a part of a factory; or
 - A structure meant for funeral, burial or cremation of deceased.
- (c) Composite supply of works contract supplied by way of construction, erection, commissioning or installation of original works pertaining to-
 - Railways, excluding monorail and metro
 - A single residential unit otherwise than as a part of a residential complex
 - Low-cost houses up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India

- Low cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under –
 - (i) The “Affordable Housing in Partnership” component of the Housing for All (Urban) Mission/ Pradhan Mantri Awas Yojana.
 - (ii) Any housing scheme of a State Government.
- Post-harvest storage infrastructure for agricultural produce including a cold storage for such purposes; or
- Mechanized food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages

It must be noted that for construction related services other than those covered above, the rate of GST shall be 18%.

1.2 Transportation of Passenger and Renting of Motor Cab

Before amendment, the supplier of below mentioned services, were required to discharge GST at the rate of 5% provided no input tax credit (ITC) on goods or services used in supplying the service has been taken.

Sr. No.	Description of services
1	Transport of passengers by motorcab where the cost of fuel is included in the consideration charged from the service recipient
2	Renting of motorcab where the cost of fuel is included in the consideration charged from the service recipient

However, w.e.f. 22 August 2017 such supplier of services have been given an option to the charge GST either at-

- 5% without claiming ITC on goods or services used in supplying services or;
- 12% where ITC is available to the supplier.

1.3 Goods Transport Agency Services

Before amendment, Goods Transport Agency Service was subject to GST at 5% provided no input tax credit (ITC) on goods or services used in supplying the service has been taken. However, w.e.f. 22 August 2017 following rates shall be applicable-

Nature	GST Rate	Conditions
Forward charge (2 options)	5%	No ITC is available
	12%	If opted to pay GST @ 12% then person shall be liable to pay GST @ 12% on all the services of GTA supplied by him.
Reverse charge	5%	No ITC is available

1.4 Revised rates for other services

Description of Services	Rate upto 21 August	Rate from 22 August
Services by way of any treatment or process on goods belonging to another person, in relation to- • Printing of newspapers; • Printing of books (including Braille books), journals and periodicals.	18%	5%
Services by way of printing of newspapers, books (including Braille books), journals and periodicals, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer.	18%	12%

[Notification no. 20/2017- Central Tax (Rate) dated 22 August 2017 and Notification no. 22/2017- Central Tax (Rate) dated 22 August 2017]

2.0 New exemption under GST regime w.e.f. 22 August 2017

- Services provided by and to Federation Internationale De Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 World Cup 2017 to be hosted in India.
Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under FIFA U-17 World Cup 2017.
- Service provided by Fair Price Shops to Central Government by way of sale of wheat, rice and coarse grains under Public Distribution System (PDS) against consideration in the form of commission or margin.
- Service provided by Fair Price Shops to State Government or Union territories by way of sale of Kerosene, sugar, edible oil, etc. under Public Distribution System (PDS) against consideration in the form of commission or margin.

[Notification no. 21/2017- Central Tax (Rate) dated 22 August 2017]

3.0 New exemption under GST regime w.e.f. 22 August 2017

Where service providers, who are not liable for registration under GST regime, provide housekeeping services such as plumbers/ carpenters, etc. through Electronic Commerce Operators (ECO), the GST liability shall be discharged by Electronic Commerce Operator under reverse charge.

[Notification no. 23/2017- Central Tax (Rate) dated 22 August 2017]

Note: The corresponding notification under Integrated GST Act, 2017 and respective State GST Act has also been issued vide dated 22 August 2017.

For further information please contact:

RSM Astute Consulting Pvt. Ltd.

13th Floor, Bakhtawar, 229, Nariman Point, Mumbai - 400021.

T: (91-22) 6108 5555 / 6121 4444

F: (91-22) 6108 5556 / 2287 5771

E: emails@rsmindia.in

W: www.rsmindia.in

Offices: Mumbai, New Delhi - NCR, Chennai, Kolkata, Bengaluru (Bangalore), Surat, Hyderabad, Ahmedabad, Pune, Gandhidham, Jaipur and Jodhpur.



facebook.com/RSMInIndia



twitter.com/RSM_India



linkedin.com/company/rsm-india

RSM Astute Consulting Pvt. Ltd. (Including its affiliates) is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ .

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

This newsflash is general in nature. In this newsflash, we have summarized the notification issued by the Government on 22 August 2017 pertaining to revision in rates of GST and exemption to few additional services.

It may be noted that nothing contained in this newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain applicability or otherwise of the said notification and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this newsflash.

24 August 2017