

UTTAR PRADESH - GST & BEYOND



PRESENTED BY: CA PREM GUL

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- IMPACT OF GST ON BUSINESS AND INDUSTRY IN UTTAR PRADESH- WAY FORWARD

**PRESENTED BY AGRA BRANCH OF THE
INSTITUTE OF CHARTERED
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1. EXTENSION OF TIME LIMIT FOR PARTIAL SUSPENSION OF REVERSE CHARGE MECHANISM

GST COUNCIL, IN ITS 22ND MEETING DT. 6 OCT. 2017, HAS RECOMMENDED THAT THE REVERSE CHARGE MECHANISM (RCM) UNDER SECTION 9(4) OF THE CGST ACT, 2017/ SECTION 5(4) OF THE IGST ACT, 2017 SHALL REMAIN DEFERRED/ SUSPENDED TILL 31.03.2018 AND WILL BE REVIEWED BY A COMMITTEE OF EXPERTS.

ACCORDINGLY, THE CBEC HAS NOTIFIED SUSPENSION OF REVERSE CHARGE MECHANISM (RCM) TILL 31 MARCH 2018 UNDER SECTION 9(4) OF THE CGST ACT, 2017/ SECTION 7(4) OF THE UTGST ACT, 2017/ SECTION 5(4) OF THE IGST ACT, 2017. THERE IS NOTHING IN THE NOTIFICATION ON THE EFFECTIVE DATE OF RCM SUSPENSION. HOWEVER GSTN HAS TWEETED ON 12 OCT. 2017 THAT THE RCM SUSPENSION WILL BE APPLICABLE W.E.F. THE DATE OF NOTIFICATION (I.E. 13 OCT. 2017).

2. E-WAY BILL EXEMPTION

- 1. CURRENTLY E-WAY BILL IS APPLICABLE ON INTRA-STATE AND INTER-STATE MOVEMENT OF GOODS FOR VALUE ABOVE Rs 50,000.
- THE INDUSTRY IS FACING PROBLEMS WITH THE LOW LIMIT AS THERE IS CONSTANT REQUIREMENT OF PERSONNEL TO ISSUE E-WAY BILL. THE INDUSTRY REQUESTS TO INCREASE THE LIMIT FROM PRESENT Rs 50,000 TO Rs 1,00,000

3. REFUND

- ISSUES IS BEING FACED BY INDUSTRY WITH RESPECT TO REFUND OF -
 - (A) SGST REFUND PAYMENT BY CGST DEPARTMENT FOR REFUNDS APPROVED BY SGST AND VICE VERSA
 - (B) INVERTED DUTY STRUCTURE REFUNDS
 - (C) NON EDI PORT REFUND
 - (D) EXCESS GST DEPOSIT REFUND

4. TAX PAYMENT ON INVOICE ISSUE FOR SERVICE

- CURRENTLY TAX IS PAID ON SERVICE AT THE TIME WHEN INVOICE IS ISSUED. THIS IS CAUSING HUGE BLOCKAGE OF CAPITAL FOR SERVICE INDUSTRY
- THE INDUSTRY REQUESTS THAT THE OLD SYSTEM AS PREVELANT IN EARLIER SERVICE TAX LAWS WHEREIN TAX ON SERVICE PROVIDERS WITH TURNOVER BELOW 50 LACS WAS PAID ON RECEIPTS OF INVOICE PAYMENT SHOULD BE MADE APPLICABLE HERE.

5. BLOCKED CREDIT

- ◉ THE ACT BLOCKS CREDIT OF CERTAIN ITEMS TO BE AVAILED BY REGISTERED ASSESSEE.
- ◉ BLOCKING CREDIT GOES AGAINST THE VERY BASIS OF GST.
- ◉ THE INDUSTRY REQUESTS FOR ALLOWABILITY OF CREDIT OF
 - MOTOR VEHICLES
 - FOOD AND BEVERAGES
 - WORKS CONTRACT SERVICES WHEN SUPPLIED FOR CONSTRUCTION OF AN IMMOVABLE PROPERTY OTHER
 - GOODS OR SERVICES OR BOTH RECEIVED BY A TAXABLE PERSON FOR CONSTRUCTION OF AN IMMOVABLE PROPERTY (OTHER THAN PLANT OR MACHINERY) ON HIS OWN ACCOUNT INCLUDING WHEN SUCH GOODS OR SERVICES OR BOTH ARE USED IN THE COURSE OR FURTHERANCE OF BUSINESS.

6 . STANDARD PROCEDURE FOR INSPECTION, SEARCH AND SEIZURE

- THE DEPARTMENT IS CONDUCTING INSPECTION SEARCH AND SEIZURE ON BUISNESS PREMISES TO DETECT SUPPRESSION OF TAXES
- IT IS SEEN THAT DIFFERENT PRACTICES ARE BEING FOLLOWED BY UNITS FOR INVENTORY TAKING AND DEPOSIT OF TAX. IT IS REQUESTED THAT A STANDARD OPERATING PROCEDURE MAY KINDLY BE ISSUED TO BY STATE GOVERNMENT TO STANDARDISE THE PRACTICE OF PROTOCOLS TO BE FOLLOWED WHEN ACTION OF INSPECTION , SEARCH AND SEIZURE IS UNDERTAKEN.

7. CONFISCATION OF GOODS BY DEPARTMENTAL UNITS

- ◉ THE MOBILE UNITS HAVE POWER TO DETAIN AND CONFISCATE GOODS WHEN THEY ARE BEING TRANSPORTED FOR ANY CONTRAVENTION OF THE ACT.
- ◉ PRESENTLY THERE ARE LOT OF DETENTION AND CONFISCATION BEING MADE DUE TO IRREGULARITY IN EWAY BILL
- ◉ ITS IS REQUESTED THAT-
 - STANDARD OPERATING PROCEDURE SHOULD BE MADE FOR LEVY OF PENALTY IN CASE OF ACTION UNDER SECTION 129(3)
 - - PENALTY SHOULD NOT BE LEVIED ON MERE TECHNICAL MISTAKES
 - -PROVISIONS IN ACT SHOULD BE MADE RELAXED

8. RE-CREDIT OF AMOUNT OF REFUND IN CREDIT LEDGER ON REJECTION OF REFUND

- WHERE ANY AMOUNT CLAIMED AS REFUND IS REJECTED UNDER RULE 92 OF THE CGST RULES, EITHER FULLY OR PARTLY, THE AMOUNT DEBITED, TO THE EXTENT OF REJECTION, SHALL BE RE-CREDITED TO THE ELECTRONIC CREDIT LEDGER BY AN ORDER MADE IN FORM GST PMT-03.
- IT IS WITNESSED THAT INSPITE OF ISSUE OF GST-PMT03 THERE SEEMS A TECHNICAL PROBLEM DUE TO WHICH CREDIT IS NOT RECREDITED BACK IN THE LEDGER. IT IS REQUESTED THAT THE SAME SHOULD BE LOOKED INTO

9. JURISDICTION OF FIRST APPELLATE AUTHORITY

- PRESENTLY THE FIRST APPEAL IN SGST LIES WITH THE APPELLATE AUTHORITY UNDER WHOSE JURISDICTION THE OFFICER WHO HAS ISSUED THE ORDER APPEALED AGAINST IS ATTACHED.
- - IT IS REQUESTED THAT THE OLD SYSTEM PREVELANT IN VAT WHEREIN APPEAL LIES AGAINST THE JURISDICATION OF THE FIRST APPEALLATE AUTHORITY WHEREIN REGSITERED DEALER WAS ASSESSED SHOULD BE BROUGHT BACK IN SGST.

10. ISSUES IN MERCHANT EXPORT

- ◉ VIDE NOTIFICATION NO 40/2017 A RELAXATION IS GRANTED TO THE MERCHANT EXPORTERS BY REDUCED RATE OF TAXES.
- ◉ THE INDUSTRY WELCOME THE MOVE BUT REQUESTS THE GOVERNMENT TO RECONSIDER UNDERMENTIONED PROVISIONS-
- ◉ MANDATORY QUOTING OF SUPPLIER GSTN AND INVOICE NO IN SHIPPING BILL
- ◉ THE REQUIREMENT OF MOVING THE GOODS FROM PLACE OF REGISTERED SUPPLIER TO DIRECTLY TO REGISTERED WAREHOUSE SHOULD BE RELAXED

11. ISSUES IN PUBLISHING INDUSTRY

- ◉ PUBLISHING OF BOOKS IS EXEMPT FROM GST.
- ◉ WHILE BOOKS ARE LARGELY OUT OF THE GST GAMUT,
- ◉ VARIOUS INPUT SUPPLIES ARE TAXABLE. THE ROYALTIES PAID TO AUTHORS OR WRITERS ARE TAXED AT 12% AND THAT TOO UNDER THE REVERSE CHARGE MECHANISM.
- ◉ THE COST OF BOOKS MAY GO UP DUE TO THE CASCADING TAX EFFECT ON PUBLISHERS
- ◉ INDUSTRY REQUESTS FOR RECONSIDERATION OF MATTER

12. 3B RETURN REVISION

- ◉ FORM NO 3B IS THE MONTHLY RETURN WHICH IS FILED BY ALL REGISTERED TAXPAYERS.
- ◉ THERE IS NO FACILITY TO REVISE THE 3B RETURN IF THERE IS NON INTENTIONAL MISTAKE MADE BY FILER OF REPORT.
- ◉ THERE WAS REVISION OF RETURN POSSIBLE IN EARLIER VAT, EXCISE AND SERVICE TAX LAW.
- ◉ IT WILL BE A WELCOME STEP IF THE REVISION FACILITY FOR 3B RETURN IN INTRODUCED

13.ISSUES FACED BY HANDICRAFT INDUSTRY

- ◉ -MAJOR EMPLOYMENT GENERATOR.IT EMPLOYS LOT OF SKILLED CRAFTSMAN AND SKILLED JOBWORKER.
- ◉ HUGE COMPLIANCE BURDEN PLACE DUE TO RCM COMPLIANCE AND STOCK BOOK MAINTENANCE.
- ◉ REFUND PAYMENTS STILL PENDING.
- ◉ MERCHANT EXPORTER SCHEME NOT SUITABLE FOR INDUSTRY
- ◉ GST RATE ON GOODS SHOULD BE DECREASED FURTHER.

14. SINGLE RATE FOR WORKS CONTRACT AND BUILDERS

- CURRENTLY WORK CONTRACTORS ARE TAXED AT 12 % (AVAILING INPUT FOR GOVT SERVICE) AND 18 % (AVAILING INPUT FOR OTHER)
- BUILDERS ARE TAXED AT 12 % (INCLUSIVE OF LAND AND AVAILING INPUT) & 18 % (FOR OTHERS)
- DUE TO VARIED RATES OF TAXES THERE IS CONFUSION AMONG BUYERS AND ACTUAL BENEFIT OF CREDIT CANNOT BE PASSED TO BUYERS. IT IS REQUESTED THAT AN OPTION OF STANDARD RATE BE ALSO INTRODUCED FOR A SINGLE RATE WITHOUT AVAILMENT OF INPUTS AS WAS APPLICABLE IN EARLIER LAWS
- CLARIFICATION IS REQUIRED IN FOR DETERMINING COMPLETION OF COMPLEX SERVICE AS PER ACT

15. ISSUES FACED BY FOOTWEAR INDUSTRY

- IN CASE OF FOOTWEAR IF THE RETAIL SALE PRICE EXCEEDS RS. 500 THEN 18% TAX RATE IS LEVIED. THIS TAX RATE IS TOO HIGH KEEPING IN VIEW THAT IT IS AN ITEM OF COMMON USE. IT IS RECOMMENDED THAT THIS PRESENT SLAB RATE SLAB RATE SHOULD BE INCREASED AND THAT FOR FOOTWEAR HAVING RETAIL SALE PRICE FROM RS. 1,000 TO RS. 2,000 TAX RATE OF 12% SHOULD BE LEVIED.



16. ISSUES FACED BY FOOD AND BEVERAGES INDUSTRY

- Initially, the Registered Brand Name was under Trade Marking and Copyrights but now the scope of Registered Brand Name has increased many folds whereby if a concern mentions its trade name or even 'marketed by' name then also it is considered as a brand name, the same has been confirmed by The Authority for Advance Ruling, Maharashtra in case of 'Aditya Birla retail Ltd.' Food is consumed by both Rich and Poor therefore the definition of 'Registered Brand Name' needs to be reviewed.

17. ISSUES FACED BY SOLAR POWER INDUSTRY

- ACCORDING TO VARIOUS JUDGMENTS SOLAR POWER PLANT ARE TAXED AT A HIGHER RATE OF 18% WHEREAS SOLAR PANELS ALONE HAVE A RATE OF 5% ONLY. THE PLEA FOR HIGHER TAX RATE IS THAT, THE SOLAR POWER PLANT IS A COMPOSITE SUPPLY INCLUDING SERVICES ALSO HENCE HIGHER RATE IS RECOMMENDED HOWEVER IT IS RECOMMENDED THAT A SEPARATE TAX RATE FOR GOODS PART AND A SEPARATE TAX RATE FOR SERVICE PART SHOULD BE ALLOWED RESPECTIVELY LIKE THAT IN CASE OF A CAR SERVICE STATION WHEREIN THE SUPPLY OF GOODS AND SUPPLY OF SERVICES ARE TAXED SEPARATELY
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18. ISSUES IN TOUR OPERATOR INDUSTRY

- TOUR OPERATORS WORK ON A VERY THIN MARGIN AND LEVYING GST ON THE CONSOLIDATED AMOUNT LEAVES THEM WITH NO PROFIT IN THEIR HAND. THE TAXABILITY ON TOUR SERVICES SHOULD BE ON THEIR INDIVIDUAL COMMISSION ELEMENT ONLY RATHER THAN ON THE ENTIRE SERVICE AMOUNT.



19. ISSUES FACED BY PETHA INDUSTRY

- -MAJOR EMPLOYMENT GENERATOR FOR AGRA CITY.
- HUGE COMPLIANCE BURDEN PLACE DUE TO RCM COMPLIANCE AND STOCK BOOK MAINTENANCE.
- CONCEPT OF MIXED SUPPLY IS CAUSING HARDSHIP TO THE INDUSTRY
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