



#14

11/18

DEBT EQUITY

GST

GOODS & SERVICES TAX

Audit

SBS



UPDATES COVERED:

1. GST UPDATES FOR NOVEMBER 2018 BULLETIN

FEMA

**INCOME
TAX**



SBS AND COMPANY LLP
CHARTERED ACCOUNTANTS

GST UPDATES FOR THE MONTH OF NOVEMBER 2018

BULLITEN I

- Compiled by Indirect Tax Division

NOTIFICATIONS

1. CLARIFICATIONS ON GST APPLICABILITY FOR DELCREDERE AGENT:

Circular No. 57/3/2018-GST dated 04.09.2018 has been issued to provide that the movement of goods between Principal and Agent would be considered as deemed supply under Schedule I of CGST Act, 2017 to attract GST, only when Agent undertakes to issue invoice in his own name. In cases, where Principal undertakes to issue invoice to customer, then supply of goods by Principal to Agent will not be considered as deemed supply and accordingly, no GST is payable.

In view of this clarification, certain representations were made with respect to GST implications in case of Del-Credere Agent (DCA) who guarantees the payment to Principal even if there is a default by Customer. DCA effectively extends loan to Customer or charges interest for delay in payment for the goods supplied to him.

It is clarified that in cases where the Principal undertakes to issue invoice in his own name, then the movement of goods by Principal to DCA will not be a deemed supply and no GST is applicable. GST is applicable on the value at which goods are sold by Principal to Customer using the services of DCA. With respect to loan extended by DCA to Customer, it shall be treated as a separate supply of service by DCA to Customer. The interest charged by DCA for delay in payment by Customer will be exempt under Sl.No 27 of Notification 12/2017-Central Tax(Rate) dated 28.06.2018.

It is also clarified that in cases where DCA undertakes to issue invoice in his own name, then the movement of goods from Principal to DCA will be deemed to be a supply and GST is payable by Principal. The subsequent movement of goods from DCA to Customer will also be deemed to be a supply and DCA is required to collect and pay GST on the value of such goods supplied to Customer. In such cases, the interest charged by DCA towards the loan extended to Customer shall be includable in the value of goods supplied in terms of Section 15(2)(d) of CGST Act, 2017.

{CIRCULAR NO. 73/47/2018 – GST DATED 05.11.2018}

The updates are - Compiled by Indirect Tax Division

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2. PROCEDURE PRESCRIBED FOR RECOVERY OF DUES UNDER EXISTING LAWS:

A new rule 142A has been inserted to prescribe the procedure for recovery of dues under the existing laws. Any dues towards the demand of tax, interest, penalty, fee or any other dues which becomes recoverable consequent to proceedings launched under the existing law before, on or after the appointed day shall be recovered under GST Law by way of upload of said details in Form GST DRC-07A electronically on the common portal. Further, the amounts demanded shall be posted in Part II of Electronic Liability Register in Form GST PMT-01.

Where the demand of an order uploaded under GST DRC-07A is rectified or modified or quashed in any proceedings, including in appeal, review or revision, or the recovery is made under the existing laws, a summary thereof shall be uploaded on the common portal in FORM GST DRC-08A and Part II of Electronic Liability Register in FORM GST PMT-01 shall be updated accordingly

{NOTIFICATION NO. 60/2018 – CENTRAL TAX DATED 30.10. 2018}

3. TEA BOARD SHALL BE REQUIRED TO COLLECT TAX FROM SELLERS AND AUCTIONEERS

Sec 52 of the CGST Act, 2017 provides for obligation to collect tax at source by the e-commerce operators from the tax payment made by the customers to the sellers registered on their e-commerce portal. Tea Board of India carry out e-auction for trading in tea across India wherein the buyers participated in auction make payment to an escrow account maintained by Tea Board. The said consolidated amount is subsequently disbursed to sellers (tea producers) towards the value of tea supplied by them and to auctioneers towards their brokerage for conduct of auction. It is clarified that the Tea Board shall be required to collect tax on the net value of supply payable to sellers (tea producers) and on the brokerage paid to auctioneers.

{CIRCULAR NO. 74/48/2018 – GST DATED 05.11.2018}

4. RELAXATION FROM THE REQUIREMENT OF TDS WHEN SUPPLY IS FROM ONE PSU TO ANOTHER:

Sec 51 of the CGST Act, 2017 provides for obligation to deduct tax at source by Government Departments and Agencies including Public Sector Undertakings (PSU) and the said requirement was brought into force w.e.f 1st October 2018. The present notification is issued to grant relaxation from the requirement of tax deduction in cases where the goods or services are supplied from a PSU to another PSU. The said relaxation is retrospective and is effective from 01st October 2018.

{NOTIFICATION NO. 61/2018 – CENTRAL TAX DATED 05.11.2018}