

## Major Amendment to GST prior to its Implementation

Published on 03.05.2017

**BY CA Madhukar N Hiregange**

Dear Finance Minister,

Sub: Some Amendments in GST Act & Rules to Ensure GST is a Success

### **I. Forms to be Notified**

- a. For Rules Notified: The rules notified earlier have provided formats which are in the process of revision esp GST Return Related Rules. A period of **3 months** from the date of finalizing formats be provided to design/ configure the ERP/ Accounting systems.
- b. For Rules Not Notified: The new rules have been notified without the formats- these formats need to be finalised. Then a period of 3 months be given to implement.

Some rules like ITC credit, Weigh Bill are simply unworkable for the SME who constitute 90% of the tax payers. They need to be omitted or made substantially easy.

Everybody from Govt side is CANNOT BE READY- FAR FROM THAT due to above

### **II. Small Assesse**

- a. URD: in the current law, Rs. 20 lakhs exempted assesses CANNOT do business with a registered dealer as URD purchases liable under RCM, Rather
  - i. allow small assesse to get registered and give 20lacs Basic Exemption.
  - ii. Considering the ease of doing business there shall be monetary threshold limit for applicability of RCM else a small transaction purchase of Rs.200 will invoke RCM. Suggested Rs.10,000.
  - iii. Also, consider for 1 year keep URD out of GST.
- b. Composition suppliers / dealers:

- i. limit to be increased to Rs. 1 crore and
- ii. allow them to have stocks on interstate/ imported goods
- iii. Extend scheme to all service providers (works contractors) also.
- iv. Change from Regular Dealer to composition dealer be extended for 90 days from registration rather than 30 days.

### **III. Valuation Rules**

- a. to be mainly on transaction value - May need major revamp: Exception valuation of Goods as per Central excise valuation Rules, Services to be redrafted considering reality.
  - i. Open market Value will lead to unending 10 years of litigation.

### **IV. Input Tax Credit**

- a. Condition of Valid Return filed by supplier for availing credit by Recipient shall be removed.
- b. Restricted credits: Restriction in Credits though promised to be of the past-reintroduced. Continuing litigation as also cascading of duty. All credits for business to be allowed.
- c. Matching concept only for GST above 5K for 1 year then reduced to 2k in 2nd year.
- d. ITC credit analysis- an impossibility even for any SME- to be only invoice wise to be segregated at year end.
- e. Pre-registration credits available for period + where payment of GST made for past.
- f. ISD Credit Rules be simplified

### **V. Transitional Provisions**

- a. Rule 1 of draft GST Transitional Provision Rules be replaced with data certified by an accounting professional, rather filing all the details.
- b. Filing of GSTR-Tran 1 shall be extended to 180 days, since assessee has business related reviews and works when migrated to GST and due time to be given to file the opening Return.

### **VI. Others**

- a. Payment Adjustment: Like credit adjustment any monies paid under CGST/SGST/IGST shall be inter setoff & be allowed.
- b. Import for personal uses- exempted up to Rs. 25,000/-
- c. No retrospectivity in exemptions.
- d. Exempt supplies not to include Reverse charge.
- e. POS: B2B transaction shall have seam less credit and not denied because of Place of supply Rules, Eg: Accommodation in Hotel, will raise invoice with CGST+SGST and other eligible assessee may not get the credit UNLESS they have place of business in such estate, which may not be the intention of the law.

